

Arvind SmartSpaces Limited

2016-17
9th Annual Report



ARVIND SMARTSPACES

Board of Directors

Mr. Sanjay Lalbhai	: Chairman & Non-Executive Director
Mr. Kamal Singal	: Managing Director & CEO
Mr. Kulin S. Lalbhai	: Non-Executive Director
Mr. Pratul Shroff	: Independent Director
Mr. Prem Prakash Pangotra	: Independent Director
Dr. Indira J. Parikh	: Independent Director
Mr. Nirav Kalyanbhai Shah	: Independent Director

Audit Committee

Mr. Pratul Shroff	: Chairman
Mr. Prem Prakash Pangotra	: Member
Dr. Indira J. Parikh	: Member
Mr. Kamal Singal	: Member
Mr. Nirav Kalyanbhai Shah	: Member

Stakeholders Relationship Committee

Mr. Sanjay Lalbhai	: Chairman
Mr. Pratul Shroff	: Member
Mr. Prem Prakash Pangotra	: Member
Mr. Kamal Singal	: Member

Nomination & Remuneration Committee

Mr. Prem Prakash Pangotra	: Chairman
Mr. Pratul Shroff	: Member
Mr. Sanjay Lalbhai	: Member

Corporate Social Responsibility Committee

Mr. Sanjay Lalbhai	: Chairman
Mr. Prem Prakash Pangotra	: Member
Dr. Indira J. Parikh	: Member
Mr. Kamal Singal	: Member

Management Committee

Mr. Sanjay Lalbhai	: Chairman
Mr. Kulin S. Lalbhai	: Member
Mr. Kamal Singal	: Member

Company Secretary

Mr. Prakash Makwana

Chief Financial Officer

Mr. Mehul Shah

Arvind SmartSpaces Limited (formerly Arvind Infrastructure Ltd.)

CIN: L45201GJ2008PLCO55771

Registered Office : 24, Government Servant's Society,
Nr. Municipal Market, Off C.G. Road, Navrangpura,
Ahmedabad - 380009. Phone No. 079-30137000
Website: www.arvindsmartspaces.com

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Auditors

M/s. S R B C Co & LLP,
2nd Floor, Shivalik Ishaan, Near C. N. Vidhayalaya,
Ambawadi, Ahmedabad-380015.

Bankers

HDFC Bank Limited
Axis Bank Limited
ICICI Bank Limited

Registrar And Transfer Agent

Link Intime India Private Limited,
506-508, Amarnath Business Centre-1 (abc-1),
Beside Gala Business Centre, Near St. Xavier's College Corner,
Off C G Road, Ellisbridge, Ahmedabad 380006.
Tel No : +91 79 26465179/86/87

Important communication to members

Please refer to page No. 111 of this report to support
Green Initiative of MCA. We request you to
register and send the details.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of the Company will be held on Thursday, the 14th September, 2017 at 10:00 a.m. at J B Auditorium, Ahmedabad Management Association, Opp. Apang Manav Mandal, IIM Road, Dr V S Marg, Ahmedabad 380015 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended 31st March, 2017 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kulin S. Lalbhai (holding DIN 05206878), who retires by rotation in terms of Article 149 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint the Statutory Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. S R B C & Co LLP, Chartered Accountants (ICAI Firm Registration Number: 324982E/E300003) be and are hereby appointed as the Statutory Auditors of the Company to hold office for a term of five years commencing from the 9th Annual General Meeting of the Company till the conclusion of the 14th Annual General Meeting (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus GST, out-of-pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nirav Kalyanbhai Shah (holding DIN 00397336), who was appointed as an Additional Director in the category of Independent Director of the Company by the Board of Directors with effect from

9th June, 2017, who holds office until the date of the ensuing Annual General Meeting and relating to whom the Company has received a Notice under Section 160 of the Companies Act, 2013 signifying the intention of proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 8th June, 2022 and that his office as Independent Director shall not be subject to retirement by rotation.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad having Firm Registration No. 000025, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year ending 31st March, 2018, amounting to Rs. 75,000 (Rupees Seventy Five Thousand only) as also the payment of GST as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

Registered Office:

24, Government Servant's Society,
Near Municipal Market,
Off C.G. Road, Navrangpura,
Ahmedabad - 380009
Date: 8th August, 2017

By Order of the Board

Prakash Makwana
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy form is annexed hereto. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto.
4. Members are requested to bring their copy of the Annual Report to the meeting. The Members/Proxies should bring the Attendance Slip annexed hereto duly filled in for attending the meeting.
5. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
6. The members, holding shares in physical form, are requested to intimate any change in their addresses or bank details to the Company or its Registrar and Transfer Agent (RTA) viz. Link Intime India Pvt. Ltd., Unit: Arvind SmartSpaces Limited, 506-508, Amarnath Business Centre-1 (abc-1) Beside Gala Business Centre, Near St. Xavier's College Corner. Off C G Road, Ellisbridge, Ahmedabad 380006.

Those holding shares in dematerialized form may intimate any change in their addresses or bank details / mandates to their Depository Participants (DP) immediately. The Company or its RTA cannot act on any request directly received from any member holding shares in dematerialized form for any change in such details. Such changes are to be advised only to the DP of the members.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 4th day of September, 2017 to Wednesday, the 6th day of September, 2017 (both days inclusive).
8. Documents referred to in the Notice and the Explanatory Statement attached hereto are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day up to and including the date of the Annual General Meeting of the Company.
9. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2017 is posted on the Company's website www.arvindsmartspaces.com and may be accessed by the members.
10. Details under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
11. Electronic copy of the Annual Report for the financial year 2016-17 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for the financial year 2016-17 are being sent by the permitted mode.
12. Electronic copy of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
13. Instructions for e-voting

A separate sheet containing the complete details of the instructions for e-voting is being sent to all the shareholders along with the Annual Report for the financial year 2016-17 to enable them to cast their votes through e-voting.

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By Order of the Board

Prakash Makwana
Company Secretary

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013:**Item No. 4**

Pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and subject to the approval of shareholders of the Company, Mr. Nirav Kalyanbhai Shah was appointed as an Additional Director in the category of Independent Director of the Company by the Board of Directors with effect from 9th June, 2017, who holds office for five consecutive years upto 8th June, 2022. A notice has been received from a member proposing Mr. Nirav Kalyanbhai Shah as a candidate for the office of the Director of the Company.

Mr. Nirav Shah is a Managing Director of Jayatma Informatics Private Limited and joint Managing Director – Santaram Spinners Limited. He is third generation entrepreneur and has management experience of 20 years. He holds Bachelor's degree in Commerce and has done his Post-Graduate Credit Course in International Business Strategy and Corporate Finance from London School of Economics. Mr. Shah was the President of Gujarat Electronics and Software Industries Association for two consecutive years (2008-2010). He was the Chairman of the Confederation of Indian Industry – Gujarat IT Task Force (2010-2012). He has also been the Co-Chair of the Industry Committee as well as the IT Committee of the Gujarat Chamber of Commerce and Industry for the year 2001-2002.

He is holding 15 equity shares of the Company and is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees in other Companies held by Mr. Nirav Kalyanbhai Shah are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Memberships
1	Santaram Spinners Limited	Audit Committee	Member
		Stakeholders' Relationship Committee	Member
2	Jayatma Spinners Limited	Audit Committee	Member
		Stakeholders' Relationship Committee	Member
3	Jayatma Informatics Private Limited	-	-
4	Niyati (Tex) Private Limited	-	-
5	Dharmanath Textile Private Limited	-	-
6	Jayatma Comtex Private Limited	-	-
7	DMCC Oil Terminals (Navlakhi) Limited	-	-

In the opinion of the Board, Mr. Nirav Kalyanbhai Shah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A copy of the Letter of Appointment of Mr. Nirav Kalyanbhai Shah as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Nirav Kalyanbhai Shah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Nirav Kalyanbhai Shah as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Nirav Kalyanbhai Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under SEBI Listing Regulations 2015.

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year ending 31st March, 2018 at a remuneration of ₹ 75,000 (Rupees Seventy Five Thousand only) plus GST and out of pocket expenses.

In accordance with the provisions of Section 148 (3) of the Act read with The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

The Board recommends the above resolution for your approval.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Annexure to Item No. 2 & 4 of the Notice

Details of Director seeking appointment and re-appointment at the forthcoming Annual General Meeting:

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Kulin S. Lalbhai	Nirav Kalyanbhai Shah
Director Identification No.	05206878	00397336
Date of Birth	13 th August, 1985	15 th June, 1973
Nationality	Indian	Indian
Date of Appointment on the Board	29 th March, 2013	9 th June, 2017
Qualifications	<ol style="list-style-type: none"> B.Sc. (Electrical Engineering), Stanford University, USA; MBA – Harvard Business School, USA. 	<ol style="list-style-type: none"> Bachelor's degree in Commerce; Post-Graduate Credit Course in International Business Strategy; Corporate Finance from London School of Economics.
Expertise in specific functional area	<ul style="list-style-type: none"> Consumer Business, Corporate Strategy, B2c Business, E-Commerce and Real Estate Business 	<ul style="list-style-type: none"> Electronics, Software development and Information Technology.
Number of shares held in the Company	Nil	15 equity shares
List of the directorships held in other companies (excluding Foreign, Private and Section 8 Companies)*	<ol style="list-style-type: none"> Arvind Limited Zydus Wellness Limited Arvind Fashions Limited Arvind Internet Limited 	<ol style="list-style-type: none"> Santaram Spinners Limited Jayatma Spinners Limited Jayatma Informatics Private Limited Niyati (Tex) Private Limited Dharmanath Textile Private Limited Jayatma Comtex Private Limited DMCC Oil Terminals (Navlakhi) Limited
Number of Board Meetings attended during the year.	3 out of 4 meetings held during the year 2016-17	-
Chairman/Member in the Committees of the Boards of companies in which he is Director.*	<ol style="list-style-type: none"> Zydus Wellness Limited: Audit Committee: Member 	<ol style="list-style-type: none"> Santaram Spinners Limited Audit Committee & Stakeholders Relationship Committee : Member Jayatma Spinners Limited Audit Committee & Stakeholders Relationship Committee : Member
Relationships between Directors inter-se.	Mr. Kulin S. Lalbhai is a son of Mr. Sanjay Lalbhai, Chairman and Non-Executive Director of the Company.	Mr. Nirav Kalyanbhai Shah is not related to any Director of the Company.
* Directorship includes Directorship of other Indian Public Companies and Committee membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).		

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Date: 8th August, 2017

By Order of the Board

Prakash Makwana
Company Secretary

DIRECTORS' REPORT

To, The Members,

Your Directors are pleased to present their Ninth Annual Report with the Audited Financial Statements of the Company for the period from 1st April, 2016 to 31st March, 2017.

1. FINANCIAL RESULTS :

Highlights of the Financial Results are as under:

[₹ in lacs]

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Operating Revenue	9,001.89	11,084.41	15,983.93	11,473.97
Profit before Finance costs, Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses	3,339.94	3,629.52	4,635.46	3,657.14
Less: Finance Costs	1,158.03	839.29	1,158.03	843.38
Profit before Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses	3,257.77	3,552.03	3,477.43	2,813.76
Less : Depreciation and Amortisation Expenses	82.17	77.50	105.57	92.32
Profit before Extraordinary Items & Tax Expenses	2,099.73	2,712.73	3,371.86	2,721.44
Less : Extraordinary Items	0.00	0.00	0.00	0.00
Profit before Tax	2,099.73	2,712.73	3,371.86	2,721.44
Less : Current Tax	0.00	952.10	1170.31	1,009.40
Less : Deferred Tax	9.68	30.02	5.42	33.29
Add: Adjustment of tax pertaining to earlier years	0.00	0.00	37.73	4.41
Less : MAT Credit Entitlement	37.73	0.00	0.00	0.00
Profit before minority interest	2,127.78	1,730.61	2,233.86	1,683.16
Less: Share of Profit/(Loss) of minority interest	0.00	0.00	136.96	(37.67)
Profit for the year	2,127.78	1,730.61	2,096.90	1,720.83
Balance of profit brought forward	4,360.47	2629.86	4,312.85	2,592.03
Balance carried forward to Balance Sheet	6,488.26	4,360.47	6,409.75	4,312.86

Note: Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

2. OPERATIONS :

The standalone revenue of the company stood at ₹ 9,001.89 lacs compared to ₹ 11,084.41 lacs in the previous year. The operating cash flows were however better, profit after tax stood at ₹ 2,127.78 lacs as compared to ₹ 1,730.61 lacs in the previous fiscal, showing an increase of 23%.

The consolidated revenue of the company stood at ₹ 15,983.93 lacs compared to ₹ 11,473.97 lacs in the previous fiscal, showing increase of 39%. The profit after tax stood at ₹ 2,096.90 lacs as compared to ₹ 1,720.83 lacs in the previous fiscal, showing an increase of 22%.

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report which forms part of this report.

3. DIVIDEND:

In order to conserve the resources for the future development of the Company, your Directors do not recommended any dividend on Equity Shares for the year under review.

4. TRANSFER TO RESERVES:

During the year under review, the Company has not transferred any amount to reserves.

5. CHANGE IN THE NAME OF THE COMPANY

The name of the Company was changed to "Arvind SmartSpaces Limited" from "Arvind Infrastructure Limited" with effect from 16th November, 2016. There was no change in the nature of business of the Company on account of the change in name. The new name Arvind SmartSpaces reflect that we represent trust, innovation and customer-centric thinking coming together to deliver a thoughtful realty experience that is the benchmark for the sector to aspire to.

6. SHARE CAPITAL:

During the year under review, the following changes were made in the capital structure of the Company:

- (a) The Company has allotted 10,000 equity shares of ₹ 10/- each to the eligible employee/ies pursuant to the exercise of stock options granted under Employees Stock Option Scheme-2013 (AIL ESOP 2013).
- (b) The Company has allotted 25,75,000 equity shares of ₹ 10/- each to the warrant holders pursuant to exercise of option of conversion of warrants by the warrant holders, being promoter and promoter group entities on Preferential basis under Tranche-I.

Consequently, the paid up Equity Share Capital of the Company stood at ₹ 2840.93 lacs.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

7. EMPLOYEE STOCK OPTION SCHEME:

The Company has instituted the Arvind Infrastructure Limited (now Arvind SmartSpaces Limited) - Employees Stock Option Scheme-2013 (AIL ESOP 2013) to grant equity based incentives to certain eligible employees and directors of the Company and its Subsidiary Companies. During the year under review, the Company has not granted any stock options.

Details of equity shares issued upon exercise of options by the eligible employee/s under AIL ESOP 2013 and disclosure in compliance with Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 are set out in **Annexure - A** to this report.

8. DISCLOSURE UNDER SECTION 67(3)(C) OF THE COMPANIES ACT, 2013:

No disclosure is required under section 67 (3) (c) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

9. FINANCE :

During the year, the Company has made fresh borrowings of ₹ 12,850 lacs for its working capital requirements. Total Long Term Debt of the Company stands at ₹ 4,531.56 lacs as on 31st March, 2016.

10. FIXED DEPOSITS:

The Company has not accepted or renewed any deposits falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits), Rules 2014 during the year under review. Hence, the requirement for furnishing of details of deposits, which are not in compliance with Chapter V of the Act is not applicable.

11. PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS UNDER SECTION 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

12. INDIAN ACCOUNTING STANDARDS (IND AS):

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company, its Subsidiaries and Joint Venture Company will adopt "IND AS" with effect from 1st April, 2017.

13. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India form part of this Annual Report.

14. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Arvind SmartSpaces Limited undertakes "Corporate Social Responsibility" (CSR) initiatives through Strategic Help Alliance for Relief to Distressed Area ("**SHARDA**") Trust and Narottam Lalbhai Rural Development Fund ("**NLRDF**"). SHARDA & NLRDF have been active in improving the quality of life of the urban poor & rural poor respectively.

As a part of initiatives under CSR, the Company has undertaken Projects for setting up of primary health medical centre and for the development of underprivileged children for promoting education which are largely in accordance with Schedule VII of the Companies Act, 2013. The brief details of Corporate Social Responsibility Policy and the amount spent during the financial year 2016-17 on each activity is enclosed as **Annexure - B**.

15. HUMAN RESOURCES:

The Company believes that Human Resources will play a significant role in its future growth. With an unswerving focus on nurturing and retaining talent, the Company provides avenues for learning and development through functional, behavioural and leadership training programs, knowledge exchange conferences, communication channels for information sharing to name a few. The Company provides various opportunities to the employees to develop and hone their skills to take up higher responsibilities in the organization.

A well - defined competency framework outlines the leadership behaviours expected from employees to be successful in Arvind Group. The Company also uses various communication channels to seek employees' feedback about the overall working environment and the necessary tools and resources they need to perform at their best potential.

Diverse employee engagement initiatives are launched to ensure employees of various age and background continue to be effective in their roles and build meaningful career at Arvind. The Group's Corporate Human Resources plays a critical role in company's talent management process.

16. RISK MANAGEMENT:

The Real Estate market is inherently a cyclical market and is affected by macroeconomics conditions, changes in governmental schemes, changes in supply and demand for projects, availability of consumer finance and liquidity. These factors can affect the demand for both our forthcoming and ongoing projects. The Company follows certain policies such as leveraging of Balance sheet, building projects in an asset light mode.

The Company has developed and implemented Risk Management Policy. The policy identifies the threat of such events which if occurred will adversely affect either/or, value to shareholders, ability of Company to achieve objectives, ability to implement business strategies, the manner in which the Company operates and reputation as "Risks". Further, such risk are categorized into Strategic Risks, Operating Risks and Regulatory Risks.

Under the framework, the Company has laid down a Risk Management Policy which defines the process for identification of risks, its assessment, mitigation measures, monitoring and reporting. While the Company, through its employees and Executive Management, continuously assess the identified Risks, the Audit Committee reviews the identified Risks and its mitigation measures annually.

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has an Internal Audit department with adequate experience and expertise in internal controls, operating system and procedures. In discharging their role and responsibilities, the department is supported by an external audit firm.

The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency.

The Internal Audit Department reviews the adequacy of internal control system in the Company, its compliance with operating systems and laid down policies and procedures. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board of Directors from time to time.

18. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a vigil mechanism named Whistle Blower Policy to deal with the instances of fraud or mismanagement, if any. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the company at www.arvindsmartspaces.com.

19. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

As on 31st March, 2017, the Company has 9 subsidiaries including one wholly owned subsidiary and 1 Joint venture Company.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 a statement containing salient features of financial statements of subsidiaries, associates and joint venture Companies in Form AOC-1 is attached to the Financial Statements. The separate audited financial statements in respect of each of the subsidiary shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same.

The Company has framed a policy for determining material subsidiaries, which has been posted on company's website at www.arvindsmartspaces.com.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors consist of 6 Directors out of which 1 is Executive Director, 2 are Non-Executive Non-Independent Directors and 3 are Non-Executive Independent Directors including Woman Director which is in compliance Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the provisions of Section 152 (6) of the Companies Act, 2013 and the Company's Article of Association, Mr. Kulin S. Lalbhai (DIN 05206878) shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as the Director of the Company.

The Independent Directors hold office for a fixed period of five years from the date of their appointment at the Annual General Meeting and are not liable to retire by rotation. In accordance with Section 149(7) of the Companies Act 2013, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are disqualified from being appointed as Directors as specified in section 164 of the Companies Act, 2013. The profile of Directors forms part of the Corporate Governance Report.

As per the provisions of Section 203 of the Companies Act, 2013, Mr. Kamal Singal – Managing Director & CEO, Mr. Mehul Shah - Chief Financial Officer and Mr. Prakash Makwana - Company Secretary are the key managerial personnel of the Company.

21. FORMAL ANNUAL EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees on the basis of criteria formulated by the Nomination and Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

22. REMUNERATION POLICY :

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is explained in the Corporate Governance Report forming part of this Report.

23. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of

the familiarization programme are explained in the Corporate Governance Report. The same is also posted on the website of the Company at www.arvindsmartspaces.com.

24. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES:

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year under review, 4 meetings of the Board of Directors, 4 meetings of Audit Committee, 3 meetings of Nomination and Remuneration Committee, 3 meetings of Stakeholders' Relationship Committee, 2 meetings of Corporate Social Responsibility Committee and 14 meetings of Management Committee of Board of Directors were convened and held, the details of which are provided in the Corporate Governance Report forming part of this Report.

25. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts for the year ended on 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- that they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared annual accounts on a going concern basis;
- they have laid down proper internal financial controls, which are adequate and are adequate and are operating effectively;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

26. RELATED PARTY TRANSACTIONS:

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are

provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on Related Party Transactions as approved by the Board is posted on Company's website at www.arvindsmartspaces.com.

27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS :

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

28. AUDITORS:

(a) Statutory Auditor:

M/s. S R B C & Co LLP, Chartered Accountants, having Firm Registration No. 324982E/ E300003 allotted by the Institute of Chartered Accountants of India (ICAI), the Statutory Auditors of the Company, will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for appointment as per Section 139 of the Companies Act, 2013.

M/s. S R B C & Co LLP have expressed their willingness to be appointed as the Statutory Auditors of the Company and has furnished a certificate of their eligibility and consent under Section 141 of the Companies Act, 2013 and the rules framed there under. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI. The Board, based on the recommendation of the Audit Committee, recommends the appointment of M/s. S R B C & Co LLP as the Statutory Auditors of the Company.

The members are requested to appoint M/s. S R B C & Co LLP, Chartered Accountants as Auditors to hold office for a term of five years commencing from the 9th Annual General Meeting of the Company till the conclusion of the 14th Annual General Meeting (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) and to authorise the Board to fix their remuneration.

Further, the report of the Statutory Auditors along with notes to Financial Statements is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

(b) Cost Auditors:

On the recommendation of the Audit Committee, the Board of Directors appointed M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 000025), as Cost Auditors of the Company for the year 2017-18 under Section 148 of the Companies Act 2013 read with the Companies (Cost Records and Audit) Amendment Rules,