

# Arvind SmartSpaces Limited

10th Annual Report 2017-18



Arvind SMARTSPACES

## Board of Directors

Mr. Sanjay S. 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

## Nomination & Remuneration Committee

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

## Stakeholders Relationship Committee

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

## Corporate Social Responsibility Committee

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

## Management Committee

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

## Key Managerial Personnel

Mr. Mehul Shah	: Chief Financial Officer
Mr. Prakash Makwana	: Company Secretary

## Auditors

M/s. SRBC Co & LLP,  
2<sup>nd</sup> Floor, Shivalik Ishaan, Near C. N. Vidhayalaya,  
Ambawadi, Ahmedabad-380015.

## Arvind SmartSpaces Limited

CIN: L45201GJ2008PLCo55771  
24, Government Servant's Society,  
Nr. Municipal Market, Off C.G. Road, Navrangpura,  
Ahmedabad - 380009. Phone No. 079-30137000  
Email: investor@arvindinfra.com  
Website: www.arvindsmartspace.com

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## URGENT

### FOR THE ATTENTION OF SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

Shareholders are informed that in view of recent amendment to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, SEBI has mandated that transfer of securities would be carried out in dematerialised form only. Accordingly, effective from 5<sup>th</sup> December 2018, your Company will not be able to effect any request for transfer of shares held in the Company, in physical form. In view of this, all shareholders holding shares in physical form are requested to get their shares dematerialized latest by 5<sup>th</sup> December 2018 in order to protect the liquidity of their shares.

Shareholders are further informed that SEBI vide its Circular dated 20<sup>th</sup> April 2018 has also directed Issuer Companies through their RTAs to collect copy of PAN and BANK ACCOUNT details of the securities holders holding it in physical form. Your Company, through its RTA has initiated steps by sending a separate letter to all the shareholders holding shares in physical form for registration of their KYC details with supporting documents to RTA. Shareholders may please get in touch with the RTA or the Company Secretary for any further assistance in this regards immediately.

## 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  
E-mail id : ahmedabad@linkintime.co.in, Website : www.linkintime.co.in

## NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of the Company will be held on Friday, the 31<sup>st</sup> August, 2018 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 31<sup>st</sup> March, 2018 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay S. Lalbhai (holding DIN 00008329), 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 ratify the appointment of M/s. S R B C & Co LLP, Chartered Accountants as Statutory Auditors of the Company and 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 139, 142 and other applicable provisions, if any of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. S R B C & Co LLP, Chartered Accountants, having Firm Registration No. 324982E / E300003 as Statutory Auditor of the Company from this 10<sup>th</sup> Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration plus GST, Out-of-pocket expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

### 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 Section 148 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 31<sup>st</sup> March, 2019, 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.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

Registered Office:  
24, Government Servant's Society,  
Near Municipal Market,  
Off C.G. Road, Navrangpura,  
Ahmedabad - 380009

By Order of the Board

**Prakash Makwana**  
Company Secretary

Date: 1<sup>st</sup> May, 2018

### NOTES

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

A person can act as a proxy on behalf of members not exceeding fifty (50) 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. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and revised Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director under Item No. 2 of the Notice, are also annexed.
4. Members are requested to bring their copy of the Annual Report at the Annual General Meeting (AGM). The Members/Proxies should bring the Attendance Slip annexed hereto duly filled in for attending the AGM.
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 AGM.
6. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held by them in electronic form and to the

Company's Registrars and Transfer Agents, 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 in case the shares are held by them in physical form.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Pvt. Ltd at the address mentioned above.

SEBI has also mandated that for registration of transfer of securities, the transferee/s as well as transferor/s shall furnish a copy of their PAN card to the Company or Link Intime India Pvt. Ltd. for registration of transfer of securities.

7. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Pvt. Ltd. for assistance in this regards.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 21<sup>st</sup> August, 2018 to Thursday, the 23<sup>rd</sup> August, 2018 (both days inclusive) for the purpose of AGM.
9. 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 AGM of the Company.
10. The Notice of the AGM and Annual Report of the Company for the year ended 31<sup>st</sup> March, 2018 is posted on the Company's website [www.arvindsmartspaces.com](http://www.arvindsmartspaces.com) and may be accessed by the members.
11. Electronic copy of the Annual Report for the year ended 31<sup>st</sup> March, 2018 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 year ended 31<sup>st</sup> March, 2018 are being sent by the permitted mode.
12. Electronic copy of the Notice of the AGM 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 AGM 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. To support the 'Green Initiative', members who have not registered their email addresses are requested to register the same with depository participant / Link Intime India Pvt. Ltd.
14. The route map showing direction to reach the venue of the 10<sup>th</sup> AGM is annexed.
15. 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 year ended 31<sup>st</sup> March, 2018 to enable them to cast their votes through e-voting.

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By Order of the Board

**Prakash Makwana**  
Company Secretary

Date: 1<sup>st</sup> May, 2018

## EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013:

### Item No. 4

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 31<sup>st</sup> March, 2019 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 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2019.

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. 4 of the Notice.

**Annexure to Item No. 2 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	Sanjay S. Lalbhai		
Director Identification No. (DIN)	00008329		
Date of Birth	10 <sup>th</sup> April, 1954		
Nationality	Indian		
Date of Appointment on the Board	28 <sup>th</sup> March, 2015		
Qualifications	<div><div>1.</div><div>Bachelor of Science</div></div> <div><div>2.</div><div>Masters in Management Studies</div></div>		
Expertise in specific functional area	<div><div>•</div><div>Business Strategy,</div></div> <div><div>•</div><div>Product Development &amp; Branding,</div></div> <div><div>•</div><div>Operations and General Management</div></div>		
Number of shares held in the Company	200155 Equity Shares		
List of the directorships held in other companies (excluding Foreign, Private and Section 8 Companies)*	<div><div>1.</div><div>Arvind Limited</div></div> <div><div>2.</div><div>Adani Ports and Special Economic Zone Ltd.</div></div> <div><div>3.</div><div>Arvind Fashions Limited</div></div> <div><div>4.</div><div>Arvind Lifestyle Brands Limited</div></div> <div><div>5.</div><div>Anveshan Heavy Engineering Limited</div></div> <div><div>6.</div><div>The Anup Engineering Limited</div></div>		
Number of Board Meetings attended during the year.	2 out of 5 meetings held during the financial year 2017-2018		
Chairman/Member in the Committees of the Boards of companies in which he is Director.*	<b>Name of the Company</b>	<b>Committee</b>	<b>Chairman/Member</b>
	Arvind SmartSpaces Limited	Stakeholders’ Relationship Committee	Chairman
	Arvind Limited	Stakeholders’ Relationship Committee	Member
Relationships between Directors inter-se.	Mr. Sanjay S. Lalbhai is father of Kulin S. Lalbhai Non-Executive 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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 Ahmedabad - 380009

Date: 1<sup>st</sup> May, 2018

By Order of the Board

**Prakash Makwana**  
 Company Secretary



# DIRECTORS' REPORT

To, The Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the Audited Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March, 2018.

## 1. FINANCIAL RESULTS :

Highlights of the Financial Results for year are as under:

[₹ in lacs]

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	14,216.01	9,484.30	20,224.07	15,874.13
<b>Profit before Finance costs, Depreciation and Amortisation &amp; Tax</b>	<b>5,068.99</b>	<b>3,234.66</b>	<b>6,495.41</b>	<b>4,421.25</b>
Less: Finance Costs	1,465.22	1,158.03	1,539.29	1,158.03
Less : Depreciation and Amortisation	85.25	82.17	109.39	103.34
<b>Profit before share in profit/(loss) of Joint ventures &amp; Tax</b>	<b>3,518.52</b>	<b>1,994.46</b>	<b>4,846.73</b>	<b>3,159.88</b>
Share of Profit/(Loss) from Joint ventures	-	-	(12.74)	69.79
<b>Profit before tax</b>	<b>3518.52</b>	<b>1,994.46</b>	<b>4,833.99</b>	<b>3,229.67</b>
Less : Current Tax	536.16	(37.74)	1,679.47	1095.99
Less : Deferred Tax	4.33	(26.75)	10.44	(31.34)
<b>Profit for the year</b>	<b>2,978.02</b>	<b>2,058.95</b>	<b>3,144.08</b>	<b>2,165.02</b>
Other comprehensive income (net of tax)	(6.45)	(1.49)	(6.45)	(1.49)
<b>Total comprehensive income for the year</b>	<b>2,971.57</b>	<b>2,057.46</b>	<b>3,137.63</b>	<b>2,163.53</b>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the parent	-	-	3,011.05	2,026.57
Non-controlling interest	-	-	126.58	136.96

## 2. OPERATIONS :

The standalone total revenue of the company stood at ₹ 14,216.01 lacs compared to ₹ 9,484.30 lacs in the previous year, showing an increase of 50%. Total comprehensive income stood at ₹ 2,971.57 lacs as compared to ₹ 2,057.46 lacs in the previous fiscal, showing an increase of 44%.

The consolidated total revenue of the company stood at ₹ 20,224.07 lacs compared to ₹ 15,874.13 lacs in the previous fiscal, showing an increase of 27%. Total comprehensive income stood at ₹ 3,137.63 lacs as compared to ₹ 2,163.53 lacs in the previous fiscal, showing an increase of 45%.

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

## 3. DIVIDEND:

Keeping in mind the need 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, no amount is appropriated from Profit and Loss Account and transferred to any Reserve Account.

## 5. SHARE CAPITAL:

During the year, with the approval of the members at the Extraordinary General Meeting held on 25<sup>th</sup> January, 2018, the authorised share capital of the Company was increased to ₹ 50,00,00,000 by creation of additional 1,50,00,000 (One Crore Fifty lacs) equity shares of ₹ 10/- (Rupees Ten).

During the year 2017-18, the Company has allotted 2,83,243 equity shares of ₹ 10/- each to the eligible employee/s pursuant to the exercise of stock options granted to them under Employees Stock Option Scheme - 2013 (AIL ESOP 2013) and 31,75,000 equity shares of ₹ 10/- each to the warrant holders being promoter and promoter group entities pursuant to exercise of option of conversion of warrants by them under

Tranche II of the Preferential issue made in April 2016. Consequently, the paid up equity share capital of the Company as at 31<sup>st</sup> March, 2018 stood at ₹ 31,86,75,500/- consisting of 3,18,67,550 equity shares of ₹ 10/- each.

During the year under review, the Company has neither issued shares with differential voting rights nor sweat equity shares.

## 6. 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, 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 stock 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.

## 7. 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.

## 8. FINANCE :

During the year, the Company has made fresh borrowings of ₹ 6,668.73 lacs for its working capital requirements. Total Debt of the Company stands at ₹ 16,072.55 lacs as on 31<sup>st</sup> March, 2018.

## 9. DEPOSITS:

The Company has not accepted or renewed any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence furnishing the details of deposit in terms of Chapter V of the Companies Act, 2013 is not applicable to the Company. Further there are no outstanding deposits as at 31<sup>st</sup> March, 2018.

## 10. 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.

## 11. INDIAN ACCOUNTING STANDARDS (IND AS):

In terms of Section 133 of Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, the Company, its subsidiaries, joint venture and associates companies have adopted IND AS w.e.f. 1<sup>st</sup> April, 2017 and these financial results alongwith the comparatives have been prepared accordingly.

## 12. CONSOLIDATED FINANCIAL STATEMENTS:

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

## 13. 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 Rural Development Programme at its project sites at Nasmed and Adhana villages at Kalol, Gandhinagar, Gujarat which activities is included in Schedule VII of the Companies Act, 2013. The brief details of Corporate Social Responsibility Policy and the amount spent during the financial year 2017-18 on the said activity is enclosed as **Annexure - B**.

## 14. 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.

## 15. 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 products, availability of consumer finance and liquidity. These factors can affect the demand for both our forthcoming and ongoing projects.

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.

**16. 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.

**17. 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 [https://arvindsmartspaces.com/wp-content/uploads/2018/05/whistleblower-Policy\\_AIL.pdf](https://arvindsmartspaces.com/wp-content/uploads/2018/05/whistleblower-Policy_AIL.pdf)

In order to achieve the purpose of the whistle blower policy of the Company i.e. to conduct the business of the Company in fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and by developing a culture where it is safe for all its stakeholders to report concerns about any unethical/improper practices and events of misconduct, the Company has organised workshops for its vendors, contractors and employees in Ahmedabad and Bangalore where the Company has its various projects to spread awareness of this platform.

**18. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

As on 31<sup>st</sup> March, 2018, the Company has 9 subsidiaries including one wholly owned subsidiary and 2 Joint venture Companies.

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](http://www.arvindsmartspaces.com).

**19. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Board of Directors consist of 7 Directors out of which 1 is Executive Director, 2 are Non-Executive Non-Independent Directors and 4 are Non-Executive Independent Directors

including Woman Director which is in compliance with the 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. Sanjay S. Lalbhai (DIN 00008329) 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.

**20. 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 which are broadly in compliance with the Guidance Note on Board Evaluation issued by SEBI vide its Circular dated 5<sup>th</sup> January, 2018. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**21. 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.

**22. 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 [https://arvindsmartspaces.com/wp-content/uploads/2018/05/Familiarisation\\_Programee\\_for\\_IDs.pdf](https://arvindsmartspaces.com/wp-content/uploads/2018/05/Familiarisation_Programee_for_IDs.pdf)



**23. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES:**

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

During the year under review, 5 meetings of the Board of Directors, 4 meetings of Audit Committee, 1 meeting of Nomination and Remuneration Committee, 4 meetings of Stakeholders' Relationship Committee, 2 meetings of Corporate Social Responsibility Committee and 16 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.

**24. 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:

- (a) in the preparation of the annual accounts for the year ended on 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) 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;
- (c) 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;
- (d) they have prepared annual accounts on a going concern basis;
- (e) they have laid down proper internal financial controls, which are adequate and are operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**25. RELATED PARTY TRANSACTIONS:**

All transactions with Related Parties are placed before the Audit Committee and the Board for their approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all the related party transaction specifying the nature, value and terms and conditions of the transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

All the related party transactions are entered into 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 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 IND AS - 24.

The Policy on Related Party Transactions as approved by the Board is posted on Company's website at <https://arvindsmartspaces.com/wp-content/uploads/2018/05/AIL-Related-Party-Transaction-Policy.pdf>

**26. 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.

**27. AUDITORS:****(a) Statutory Auditor:**

In terms of Section 139 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at its 9<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> September, 2017 approved the appointment of M/s. S R B C & Co LLP, Chartered Accountants, having Firm Registration No. 324982E/E300003, as the Statutory Auditors of the Company for the term of 5 years commencing from the 9<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company subject to ratification of their appointment by the Members at every intervening Annual General Meeting.

M/s. S R B C & Co LLP, Statutory Auditors of the Company 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 ratification of appointment of M/s. S R B C & Co LLP as the Statutory Auditors of the Company.

The members are requested to ratify the appointment of M/s. S R B C & Co LLP, Chartered Accountants and a Resolution seeking Members' ratification for the appointment of M/s. S R B C & Co LLP, Chartered Accountants, as Statutory Auditors, is included at item No. 3 of the notice convening the Annual General Meeting.

Further, the Report given by M/s. S R B C & Co LLP, Chartered Accountants on the financial statements along with the notes to the financial statements of the Company for the financial year 2017-2018 is forming part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Companies Act.

**(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 2018-19 under Section 148 of the Companies Act 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014. M/s Kiran J. Mehta & Co. have confirmed that they are free from disqualification specified under Section 141 (3) and proviso to Section 148 (3) read with Section 141 (4) of the Companies Act, 2013 and that their appointment meets the requirements of Section 141(3)(g) of the Companies Act, 2013. They have further confirmed their independent status and an arm's length relationship with the Company.

The remuneration payable to the Cost Auditors is required to be ratified by the Members in a general meeting. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s Kiran J. Mehta & Co., Cost Auditors is included at item No. 4 of the notice convening the Annual General Meeting.

**(c) Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s N. V. Kathiria & Associates, a firm of Company Secretaries in Practice to conduct the Secretarial Audit of the Company for the financial year 2017-18. Report of the Secretarial Audit in Form MR-3 for the financial year 2017-18 is enclosed as **Annexure – C**. The said Report does not any qualification, reservation or adverse remark or disclaimer.

**28. ENHANCING SHAREHOLDERS VALUE:**

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

**29. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS:**

The Corporate Governance Report and Management Discussion & Analysis, which form part of this Report, is set out as separate Annexure, together with the Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules,

2014 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity. There were no foreign Exchange Earnings or Outgo during the period under review except on foreign travelling.

**31. EXTRACT OF ANNUAL RETURN IN FORM MGT - 9 :**

The details forming part of the extract of Annual Return in form MGT-9 is attached as **Annexure - D**.

**32. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are given in **Annexure - E** to this report.

**33. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for Sexual Harassment at Workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

Arvind Real Estate Internal Complaints Committee ("AREICC") is formed by the Company which is working under purview of group level Committee i.e. Arvind Internal Complaints Committee ("AICC"), the details of which are declared across the organization. All the members of AREICC are trained by the subject experts on handling the investigations and proceedings as defined in the policy.

During the financial year 2017-18 the Company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31<sup>st</sup> March, 2018.

**34. ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to express its sincere thanks to all the employees, customers, suppliers, bankers, investors, lenders, regulatory and government authorities and stock exchanges for their support.

By Order of the Board

**Sanjay S. Lalbhai**  
Chairman

Date: 1<sup>st</sup> May, 2018  
Place: Ahmedabad