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Smart living since 2008

## 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
Mr. Nirav Shah	: Independent Director

## Audit Committee

Mr. Pratul Shroff	: Chairman
Mr. Prem Prakash Pangotra	: Member
Mr. Nirav Shah	: Member
Mr. Kamal Singal	: Member

## Stakeholders Relationship Committee

Mr. Sanjay S. Lalbhai	: Chairman
Mr. Prem Prakash Pangotra	: Member
Mr. Nirav Shah	: Member
Mr. Kamal Singal	: Member

## Nomination & Remuneration Committee

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

## Corporate Social Responsibility Committee

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

## Management Committee

Mr. Sanjay S. Lalbhai	: Chairman
Mr. Kamal Singal	: Managing Director & CEO
Mr. Kulin S. Lalbhai	: Non - Executive Director

## Key Managerial Personnel

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

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## Registered Office

Arvind SmartSpaces Limited  
CIN: L45201GJ2008PLCO55771  
24, Government Servant's Society,  
Nr. Municipal Market, Off C.G. Road, Navrangpura,  
Ahmedabad - 380009. Phone No. 079-6826 7000  
Fax : 079 - 6826 7021  
Email: investor@arvindinfra.com  
Website: www.arvindsmartspaces.com

## Auditors

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

## 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.  
Phone & Fax No. 079-26465179/86/87  
E-mail id : ahmedabad@linkintime.co.in, Website : www.linkintime.co.in



## Message from MD & CEO:

Dear Shareholders,

It is indeed an honour for me to present before you the Annual Report of the company for the financial year 2018-19. If I were to define the year gone by for the Indian real estate industry, in one phrase, then it would be 'a year of consolidation'. Changes like RERA and GST were pivotal in driving the consolidation process that saw non-serious and unorganized players phasing out and ensuring that only credible developers drive the market. At Arvind SmartSpaces – our single line vision statement clearly states our endeavour to redefine trust in the real estate industry and I must say that the structural reforms enacted by the government in the last few years have certainly ushered in much needed transparency and accountability in the sector.

### Performance highlights

I am elated to report that your company has done extremely well in the financial year 2018-19. The same is indicated by our overall sales performance in the year under review – wherein we have achieved a record fresh sale of Rs. 277 crore, an impressive increase of 120% compared to the previous year. During the period, we have also been able to create a strong pipeline by doubling our inventory to 2,600 units from 1,300 units last year. I am also happy to share that we have already delivered seven projects measuring approx. 2.8 million sq. ft. and are currently having another set of eight projects totalling 13 million sq. ft. under various stages of development and slated for completion in next 3-4 years. It is of immense satisfaction that we've been able to achieve these milestones despite the sectoral challenges such as implementation of structural reforms and pressures of liquidity in financial markets. This reaffirms the trust that the end customers have reposed in brand Arvind along with the efforts being put in by the dedicated and motivated team at Arvind SmartSpaces.

Let me now talk about few of the strategic priorities that we will continue to focus on:

#### 1. Invest aggressively in growing the business

In the coming years, your company shall continue to invest in acquiring new projects to grow the business. To fund growth, the company intends to utilize the surplus generated out of business and is also actively looking at other forms of capital including both equity and debt. The company is also particularly keen to explore and evaluate asset light ways to scale up its business which includes the Joint Development Model, Development Management Model and so on. The company intends to take 3 to 4 new projects in the year 2019-20. The company shall continue to invest in building a strong team ahead of time to ensure that it has enough management bandwidth as it grows.

#### 2. Optimum Leveraging

Your company has been and it intends to remain true to its belief that "leveraging" as a growth engine is an option which needs to be used in a very judicious manner. Accordingly the company has refrained from any aggressive land banking through leveraging. As a strategy that we embarked on since last several years, land is treated as a typical raw material and as a professional developer, our endeavour has been to quickly convert this important and capital intensive raw material into world class finished product and sell. With this approach the company has been successful in keeping its overall capital structure extremely balanced and healthy. This is indicated by the fact that our Debt/Equity ratio has remained significantly below 1/1 for the several quarters. Besides, this also leaves us with enough resources to exploit any market opportunity which may come in due to corrections in land markets.

## Message from MD & CEO

### 3. Focussed expansion

While your company is fully aware of the vast potential that Indian real estate industry offers to any organised player, it intends to remain focussed on specific geographical, product and pricing segments in medium to long term. Being less capital intensive and less prone to cyclical changes, the company remains focussed on mid priced and affordable housing segment. The company remains majorly focussed on its current markets of Bangalore, Ahmedabad and Pune. Last year, the company decided to venture into the Pune market owing to the synergy of its product positioning and brand appeal vis-à-vis demand and customer segment in the city. Our mid-market products targeted towards the middle and upper middle class consumers are a perfect fit for the consumer segment in Pune, mostly working in the flourishing IT and manufacturing sectors. We are very encouraged with the initial response in Pune market. The company continues to believe that it is important to penetrate deep in every single market it enters and every new geography requires careful understanding of the - local opportunities and challenges that it presents. As an ongoing process, the company keeps its eyes on markets like Surat, Mumbai and Hyderabad for any future expansion.

### 4. Product and customer focus :

Your company has always focussed on product design and innovations. In the process, company has partnered with some of the top professionals and firms in the business for product design and deliveries. The company has now established a strong track record of on-time delivery of world class products. Value for money for the customer has been another important pillar of our overall strategy and we have been successfully delivering the same through our various innovations and initiatives towards cost and time management. The company is investing further into human resources, IT and other infrastructure to further create benchmarks in cost efficiencies and on-time deliveries.

### 5. Maintain the sales momentum

The sales momentum that the company has achieved during the last fiscal year was remarkable and it intends to build on that. The impact of slew of changes brought by the Government is now settling down coupled with affordability at very attractive levels. The initiatives to formalise the sector are likely to be reflected at the customer end as well, as they seek spaces developed by established and trusted names like Arvind. Given the strong value proposition of our products along with our brand equity, I am confident that we are well poised to capture the opportunity.

### 6. Environmental, Social and Governance

I have been associated with Arvind group for nearly two decades

now and I can assure you that among some of the closely guarded corporate values of the group – “Corporate Governance” and “Inclusive and Sustainable Development” are right on the top. At Arvind SmartSpaces, we endeavour to continuously contribute not just to the growth and development of the society but also to the environment we operate in. Apart from highest quality standards, ensuring sustainability of every project that we undertake is our commitment to environment. From planting more than 4000 trees in our flagship project Uplands, building large numbers of efficiently functional recharge wells, using fly ash blocks, rejuvenating water bodies to undertaking social initiatives – related to slum re-development, rural education and healthcare and providing basic medical services at our construction sites. ESG (Environment, Sustainability and Governance) has been at the core of our business approach. We shall unfailingly continue to ensure that it remains an essential part of our strategy.

As for the future outlook – it seems that the government’s continuous thrust of giving priority to the real estate sector is making it more attractive for the customers. Initiatives like reduction in GST rates on residential projects, tax incentives for home buyers, gradual easing of interest rates etc. are helping further in improving demand for end consumption. However, some medium-term challenges still remain. Liquidity crisis and corresponding interest rates for real estate developers are yet to come down to the pre-crisis level. Demand, although better as compared to a few quarters earlier, is yet to fully recover and lesser excitement in investors for real estate as an asset class are some of the challenges that the industry continues to face. However, I maintain an overall positive outlook for the industry as there are several credible indicators which point towards further stabilization and improvement in overall demand cycle. Also, the clear mandate in the 2019 General Elections will ensure that the focus on affordable housing and augmentation of infrastructure will be among the key agenda of the Government of India for next 5 years.

Finally, I would like to say that at Arvind SmartSpaces, backed by strong brand equity of ‘Arvind’, along with the credibility achieved through already delivered projects, advantages of positive macro environment indicators and opportunities, the stage is all set to aggressively expand and grow. I am confident that you will share my optimism and enthusiasm as we take next steps forward in this exciting journey.

With warm regards

**Kamal Singal**

**MD & CEO**

## NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on Monday, 5<sup>th</sup> August, 2019 at 10:00 a.m. at H. T. Parekh Hall, Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Ahmedabad-380015, Gujarat, India to transact the following Business:

### ORDINARY BUSINESS

- To receive, consider and adopt the Audited Standalone Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended 31<sup>st</sup> March, 2019 and the Reports of the Directors and Auditors thereon.
- To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2019.
- To appoint a Director in place of Mr. Kulin S. Lalbhai (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.

### SPECIAL BUSINESS

- 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) and the remuneration of ₹ 85,000/- (Rupees Eighty Five Thousand Only) plus applicable taxes and re-imbursement of out of pocket expenses incurred in connection with the audit, 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, 2020 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  
Date: 2<sup>nd</sup> May, 2019

**By Order of the Board**

**Prakash Makwana**  
**Company Secretary**

## NOTES

- 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.

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 AGM. 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.

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. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

- 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. 3 of the Notice, is also annexed.
- Members are requested to bring their copy of the Annual Report at the AGM. The Members/Proxies should bring the Attendance Slip annexed hereto duly filled in for attending the AGM.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 30<sup>th</sup> July, 2019 to Monday, 5<sup>th</sup> August, 2019 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the AGM.
- The dividend on equity shares for the year ended 31<sup>st</sup> March, 2019, if declared at the meeting, will be paid/dispatched on due date to those members whose names appear on the Company's Register of Members on 5<sup>th</sup> August, 2019 or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on 29<sup>th</sup> July, 2019.
- 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.
- 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.

8. 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.
9. In case of joint holders attending the AGM, the members whose name appears at the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
10. 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.
11. The Notice of the AGM and Annual Report of the Company for the year ended 31<sup>st</sup> March, 2019 is posted on the Company's website [www.arvindsmartspaces.com](http://www.arvindsmartspaces.com) and may be accessed by the members.
12. Electronic copy of the Annual Report for the year ended 31<sup>st</sup> March, 2019 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(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, 2019 are being sent by the permitted mode.
13. 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

Participant(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.

14. 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.
15. The route map showing direction to reach the venue of the 11<sup>th</sup> AGM is annexed.
16. 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, 2019 to enable them to cast their votes through e-voting.

Registered Office:

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

Date: 2<sup>nd</sup> May, 2019

**By Order of the Board**

**Prakash Makwana**  
**Company Secretary**

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

### **Item No. 4**

The Board of Directors at its Meeting held on 2<sup>nd</sup> May, 2019, upon the recommendation of the Audit Committee, approved the appointment of M/s Kiran J. Mehta & Co., Cost Accountants (Firm Registration Number 000025), to conduct the audit of the cost records of the Company on a remuneration of ₹ 85,000/- (Rupees Eighty Five Thousand Only) plus applicable taxes and re-imbursement of out of pocket expenses to be incurred in connection with the audit for the financial year ending 31<sup>st</sup> March, 2020.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2020, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

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. 3 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 and Revised Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India)

Name of the Director	Kulin S. Lalbhai
Director Identification No.	05206878
Date of Birth	13 <sup>th</sup> August, 1985
Nationality	Indian
Date of Appointment on the Board	29 <sup>th</sup> March, 2013
Qualifications	B.Sc. (Electrical Engineering), Stanford University, USA; MBA – Harvard Business School, USA.
Expertise in specific functional area	<ul style="list-style-type: none"> <li>• Consumer Business,</li> <li>• Corporate Strategy,</li> <li>• B2c Business,</li> <li>• E-Commerce and Real Estate Business</li> </ul>
Number of shares held in the Company	Nil
Number of Board Meetings attended during the year.	4 out of 4 meetings held during the financial year 2018-2019
Terms and conditions of appointment or re-appointment	Non - Executive Director liable to retire by rotation
Details of remuneration sought to be paid	Nil
Last drawn remuneration	Nil
List of the directorships held in other companies (excluding Foreign, Private and Section 8 Companies)*	<ul style="list-style-type: none"> <li>• Arvind Ltd</li> <li>• Arvind Fashions Ltd</li> <li>• Zydus Wellness Ltd</li> <li>• Arvind Goodhill Suit Manufacturing Ltd</li> <li>• Arvind Internet Ltd</li> </ul>
Chairman/Member in the Committees of the other companies in which he is Director	Member of Audit Committee of Zydus Wellness Ltd.
Relationships between Directors inter-se.	Mr. Kulin S. Lalbhai is a son of Mr. Sanjay S. Lalbhai, Chairman and Non-Executive Director of the Company.
* Directorship includes Directorships of other Indian Public Companies and Committee membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).	

Registered Office:  
24, Government Servant's Society,  
Near Municipal Market, Off C.G. Road,  
Navrangpura, Ahmedabad - 380009  
Date: 2<sup>nd</sup> May, 2019

**By Order of the Board**

**Prakash Makwana**  
**Company Secretary**

## DIRECTORS' REPORT

To, The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2019.

### 1. FINANCIAL RESULTS:

Highlights of the Financial Results for year are as under:

[ ₹ in lacs]

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	25,006.90	14,216.01	26,434.81	20,224.07
<b>Profit before Finance costs, Depreciation and Amortisation &amp; Tax</b>	<b>7,916.57</b>	<b>5,068.99</b>	<b>7,024.08</b>	<b>6,495.41</b>
Less: Finance Costs	2,013.56	1,465.22	2,126.36	1,539.29
Less : Depreciation and Amortisation	87.57	85.25	115.21	109.39
<b>Profit before share in profit/(loss) of Joint ventures &amp; Tax</b>	<b>5,815.44</b>	<b>3,518.52</b>	<b>4,782.51</b>	<b>4,846.73</b>
Share of Profit/(Loss) from Joint ventures	-	-	(3.52)	(12.74)
<b>Profit before tax</b>	<b>5,815.44</b>	<b>3,518.52</b>	<b>4,778.99</b>	<b>4,833.99</b>
Less : Current Tax	-	536.17	-	1,679.47
Less : Deferred Tax	1,212.23	4.33	1,661.11	10.44
<b>Profit for the year</b>	<b>4,603.21</b>	<b>2,978.02</b>	<b>3,117.88</b>	<b>3,144.08</b>
Other comprehensive income (net of tax)	(2.85)	(6.45)	(2.85)	(6.45)
<b>Total comprehensive income for the year</b>	<b>4,600.36</b>	<b>2,971.57</b>	<b>3,115.03</b>	<b>3,137.63</b>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the parent	-	-	3,064.15	3,011.05
Non-controlling interest	-	-	50.88	126.58

### 2. OPERATIONS:

The standalone total revenue of the Company has increased to ₹ 2,50,007 lacs in the FY 2018-19 against ₹ 14,216 lacs in FY 2017-18, an increase of 76%.

The consolidated total revenue of the Company has increased to ₹ 26,435 lacs in the FY 2018-19 against ₹ 20,224 lacs in FY 2017-18, an increase of 31%.

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

### 3. DIVIDEND:

Your Directors have recommended a dividend of 15% i.e. ₹ 1.50 per equity share of ₹ 10 each for the year ended on 31<sup>st</sup> March, 2019. The dividend, if approved by the members, would involve a cash outflow of ₹ 636.11 lacs (inclusive of tax on dividend).

### 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 2018-19, the Company has allotted 30,00,000 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 the Preferential issue made in January, 2018 and 3,66,000 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). Consequently, the paid up equity share capital of the Company as at 31<sup>st</sup> March, 2019 stood at ₹ 35,23,35,500/- consisting of 3,52,33,550 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) as well as Arvind Infrastructure Limited - Employees Stock Option Plan - 2016 (AIL ESOP - 2016) 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 granted 3,70,000 stock options to its Managing Director & CEO under AIL ESOP - 2016.

Details of grant made / equity shares issued upon exercise of stock options by the eligible employee/s under AIL ESOP - 2013 and AIL ESOP 2016 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 ₹ 936.67 lacs for its working capital requirements. Total Debt of the Company stands at ₹ 17,098.26 lacs as on 31<sup>st</sup> March, 2019.

## 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, 2019.

## 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. 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.

## 12. 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 and 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 continued to support initiatives of social renewal around the areas of its operations in Nasmed and Adhana villages in Tal. Kalol, Dist. Gandhinagar, Gujarat where your Company's signature real estate project "Arvind Uplands" is located. The brief details of Corporate Social Responsibility Policy and the amount spent during the financial year 2018-19 on the said activity is enclosed as **Annexure - B**.

## 13. 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.

## 14. RISK MANAGEMENT:

The Real Estate market is inherently a cyclical market and is affected by macroeconomic 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 adverse events which may affect shareholder's value, ability of Company to achieve objectives or implement business strategies. 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.

## 15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Moreover, the Company's Internal Audit department has 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.

## 16. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Board of Directors of the Company vide its circular resolution dated 30<sup>th</sup> March, 2019 has revised its existing Whistle Blower Policy named as vigil mechanism in line with SEBI (Prohibition of Insider Trading) (Amendment), Regulation, 2018, to deal with instances of fraud and mismanagement, if any. The details of the revised 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/2019/04/Whistleblower-Policy.pdf>

## 17. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

As on 31<sup>st</sup> March, 2019, the Company has 10 subsidiaries including 1 wholly owned subsidiary and 2 Joint venture Companies. Further, during the financial year, the Company became subsidiary of Aura Securities Private Limited.

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 <https://arvindsmartspaces.com/wp-content/uploads/2018/05/AIL-Policy-on-Material-Subsidiaries.pdf>

## 18. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As on 31<sup>st</sup> March, 2019 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 a Woman Director. The composition 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 Articles 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.

Dr. Indira J. Parikh, an Independent Director has resigned from the Board of Directors of your Company effective from closing business hours of 31<sup>st</sup> March, 2019, due to age criterion prescribed under Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015. The Board of Directors places on record its deep sense of appreciation for the valuable guidance and counsel provided by Dr. Indira J. Parikh during her tenure as an Independent Director of your 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.

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.

## 19. 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 evaluation of independent directors which includes the performance of directors, fulfilment of criteria of independence specified in these regulations and their independence from the Management, its own performances as well as evaluation of working of its Committees on the basis of criteria formulated by