

2021 - 2022



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14<sup>th</sup>

ANNUAL REPORT

#### **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
Ms. Pallavi Vyas : Independent Director
Mr. Vipul Roongta : Nominee 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. Kamal Singal : Member
Mr. Pratul Shroff : Member
Mr. Prem Prakash Pangotra : Member

#### **Nomination & Remuneration Committee**

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

#### **Corporate Social Responsibility Committee**

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

#### **Management Committee**

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

#### **Chief Financial Officer**

Mr. Ankit Jain

#### **Company Secretary**

Mr Prakash Makwana

#### **Auditors**

M/s. S R B C Co & LLP, 21<sup>st</sup> Floor, B Wing, Privilon, Ambli BRT Road, B/h. Iskon Temple, Off S. G. Highway, Ahmedabad-380059 Gujarat, India.

Website: <u>www.arvindsmartspaces.com</u>

#### **Bankers**

Axis Bank Limited
HDFC Bank Limited
ICICI Bank Limited
SBM Bank (India) Limited
YES Bank Limited

#### **Registered Office**

Arvind SmartSpaces Limited
24, Government Servant's Society,
Nr. Municipal Market, Off C.G. Road, Navrangpura
Ahmedabad - 380009, Gujarat, India.
Email: investor@arvindinfra.com

### Registrar And Transfer Agent

Link Intime India Private Limited, 5th Floor, 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, Gujarat, India.

Phone Nos.: 079-26465179/86/87

Fax No.: 079-26465179

:-mail : <u>ahmedabad@linkintime.co.in</u>

Website: www.linkintime.co.in



#### Dear Shareholders,

As your Company enters its 14th year of operations and 7th year as a listed entity, I would like to express my sincere gratitude for your continued support and trust. Your Company has emerged from the pandemic stronger and more agile, ready to capitalize on opportunities to grow our market share. FY 2021-22 was another record breaking year in our journey on several parameters and it is in this background that I present your company's annual report for the financial year 2021-22.

#### The Industry Rebounds

The Financial Year 2021-22 began on a tough note with the country being in the cusp of second wave of the pandemic and the year ended with the third wave at its peak. However the absence of nationwide lockdowns and relative normalcy in the movement of materials and labour across the country ensured that the economic effects of the second and third waves were not as severe as the first. Smaller regional lockdowns and restrictions did impact the construction sector in parts, however governments across the country did a commendable job in balancing the health and safety of people along with aiding in the recovery of the economy. The real estate sector continued to be shining light amongst all the sectors in the economy with sales reaching greater levels.

than those seen pre-pandemic. In fact, housing sales in the top 7 cities in Q4 FY 22 reached close to 1 lakh units which is the highest level since 2015. Developers too responded to this surge in demand by launching a slew of projects across markets. While Q1FY22 saw a drop in launches largely attributable to the second wave of Covid, the launches in the subsequent 3 quarters of the year were higher than their respective corresponding pre-pandemic periods.

While the real estate industry showed great exuberance on the sales side, developers were severely impacted by a steep rise in input costs over the year. While input costs have been rising at above average levels for about 18 months now, the last 6 months of the financial year saw dramatic jumps in the prices of raw materials, especially metals, PVC and glass. Steel and aluminum for example saw jumps of 30% and 22% YoY respectively in Q4 FY 2022 over the same period last year. Developers across the board responded to this drastic increase by raising prices to cushion their margins.

The pandemic accentuated the trend of consolidation in the sector and companies with great brands, strong corporate governance frameworks and healthy balance sheets stand to benefit greatly from this trend. As the industry gets more corporatized, companies like Arvind SmartSpaces are uniquely positioned to take advantage of these opportunities and leapfrog competition to remain amongst the fastest growing organization in the sector.

#### Overview of FY 2021-22

The financial year 2021-22 has been a record breaking year for your Company. Not only has your Company achieved the highest fresh sales in its history of Rs. 601 Crores which was a 14% growth over the previous financial year, the Company has also achieved the highest net collection in its history of Rs. 595 Crores which was an 83% growth Year-on-Year. This record breaking collection has enabled your Company to further deleverage its already strong balance sheet and the net interest bearing funds at the end of the year stood at negative Rs. 107 Crores which means that the Company has built up strong internal accruals to enable it to successfully fund the growth in the focus markets as your Company heads into the new financial year.

For the year as a whole, your Company's revenue from operations stood at Rs. 257 Crores which is a 72% growth over the same period last year and profit after tax stood at Rs. 25 Crores which is a 186% growth over FY 2020-21. In addition to a strong financial performance, your Company has also been working to strengthen the project pipeline, technology systems and also establish partnerships that will be value accretive to the Company in the long run. Some of the highlights for the year are as follows:

Project Pipeline - Your Company has a total area of 14 million Square Feet under execution with an additional 6.5 million Square Feet of area across various new projects and phases yet to be launched. Your Company continues to look at deepening its penetration in the focus markets of Ahmedabad, Bangalore and Pune. Over the last year, the Company has completed the acquisition of approximately 60 acres of land in the proposed plotted development project in North Bangalore. Additionally the Company has also signed a joint development agreement for an 18 acre parcel of land in Sarjapur in Bangalore. Your Company has also entered into a preliminary agreement to acquire a 35 acre land parcel in Pune. Deepening its presence in the

focus markets is one of the core priorities of your Company and is continuously on the lookout for value accretive land parcels to add to the portfolio.

Project Delivery - Your Company is committed to deliver high quality products to its customers on time. In that spirit, I am delighted to inform you that during the year, your Company has successfully obtained the Occupancy Certificates for two of its projects, the first being Arvind Aavishkaar in Ahmedabad and the second being Arvind Oasis in Bangalore. These two projects comprising of a total of 1026 units are now in the process of being handed over to customers. Further during the year, your Company also received the Building Use permission for 24 villas and the clubhouse for its ongoing Project Uplands in Ahmedabad.

Technology - Your Company is a strong believer in the potential of technology to deliver breakthrough business results. In FY 2021-22, your Company has taken several initiatives to strengthen its internal IT backbone as well as leverage technology to enhance sales and customer experience. Your Company has launched its new website in January 2022. This refreshed website is better designed, more user friendly and is Google core web vitals optimized. This ensures a faster, smoother and mobile first experience to our customers. Your Company has also launched a first of its kind end-to-end digital sales platform. This pilot project gives the customer all the tools and technology required to book a home right from their mobile phones. This platform brings complete transparency to the home booking process and for the first time in the industry, customers will be able to see inventory and pricing in real time. Your Company has completed the process of shifting its backend enterprise resource planning platform to SAP. This system is more robust and tailor made for the real estate industry. This new platform and the process that it creates is better

Partnerships - One of the most significant developments over the financial year 2021-22 was the partnership with HDFC Capital Advisors Ltd in Q2 FY 2021-22 wherein HDFC Capital Advisors Ltd acquired an 8.8% stake in your Company on a fully diluted basis. Pursuant to this acquisition, Mr. Vipul Roongta, MD & CEO of HDFC Capital Advisors Ltd, has joined the board of your

Company. The coming together of two of India's most trusted brands will create immense value for all the stakeholders of your Company.

Infusion of Equity Capital by Promoters - During the year, the Promoter Group of your Company infused Rs.35 Crores in equity capital which is equivalent 6.18% on fully diluted basis to maintain the growth momentum of projects and to create sustainable project pipe Line. This initiative by Promoters demonstrate their interest and confidence in the business of your Company.

#### Looking Ahead:

While India economy has successfully navigated through the uncertainties brought on by the pandemic, the current inflationary scenario across the world is likely to cause short to medium term turbulence across sectors. The effects of rising interest rates across the globe and the volatility in commodity prices need to be monitored closely and companies need to be able to pivot their strategies quickly to cater to these changes. Your Company, with its agile business model and strong balance sheet, is well poised to manage this uncertainty. Looking ahead, the core priorities of your Company is as follows:

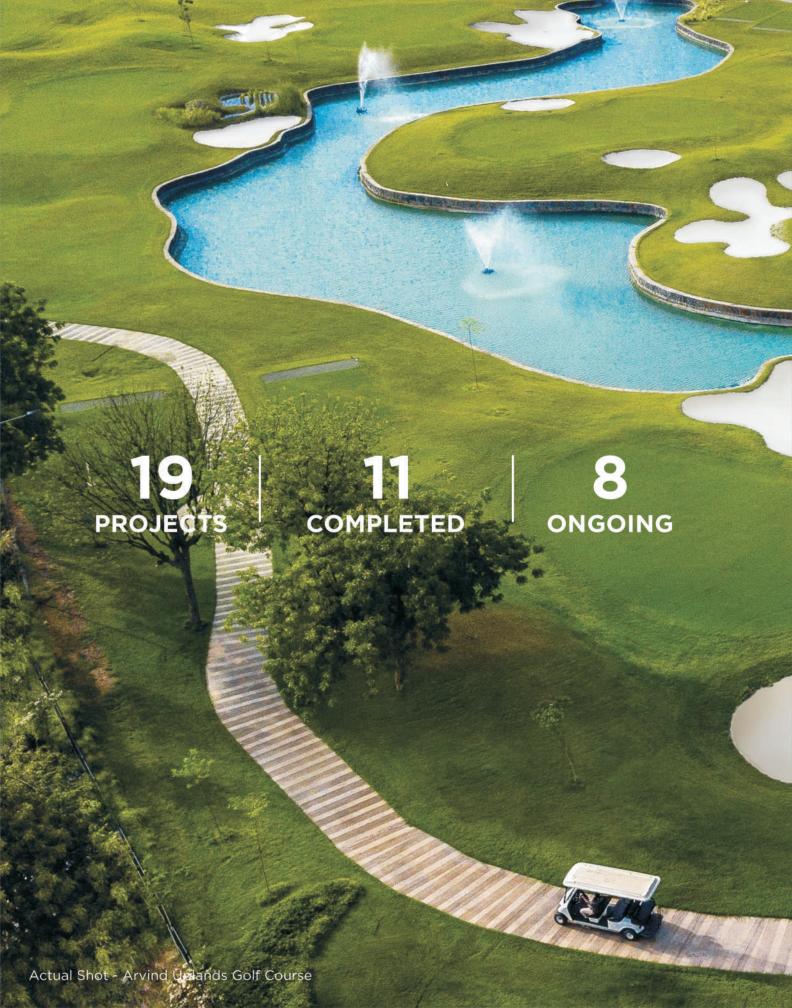
Profitable Growth- The strategy of your Company of strengthening its balance sheet over the last two years and ensuring a healthy cash flow from operations has given it a strong platform on which to restart its growth ambitions. After a hiatus of about 2 years due to the pandemic, your Company restarted its investment into new projects in FY 2021-22. Moving forward, your Company will continue to invest in land as a raw material, either through outright purchases or through joint developments, with the objective of converting these parcels into inventory in the shortest possible time. The focus of your Company will continue to remain on its core markets of Ahmedabad, Bangalore and Pune while it will also explore the Mumbai Metropolitan Region for suitable opportunities in line with its strategy.

Customer Centricity- Your Company prides itself or providing its customers with products and services that are designed to inspire them to lead better lives. You Company is working hard to build a customer centric work culture and ensure that your Company understands the needs and aspirations of every customer or prospective customer. This understanding is translated into better products and services that elevate the customer experience at every touchpoint, be it the experience they receive when they visit the sales office or the transparency built into their home buying process or the level of service a customer receives when he stays in an Arvind home. Your Company will continue to build on this understanding of the customer and translate that into best in class products and services.

Operational Efficiency - Your Company has always maintained a strong focus on effective project execution. Over the last year, the Company has strengthened its pre-execution and execution teams through the induction of key senior resources in design, costing, quality and safety. Over the next year, your Company intends to build robust processes around time, safety, quality and cost which will help to strengthen its robust foundation of high quality on time execution and build a platform which allows it to scale the execution capabilities across geographies and projects in line with its ambitions.

The financial year 2021-22 was indeed an exciting year for your Company. With the country emerging from the pandemic, your Company restarted its investment cycle. Your Company's low leverage combined with strong operating cash flows has put it in a very sweet spot to raise capital to fund the growth. The demand for good quality homes from trustworthy brands continues to be high and your Company will continue to set benchmarks for transparency and accountability in the sector. The year ahead promises to be an exciting one for your Company and I look forward to your continued patronage of the Arvind SmartSpaces brand.

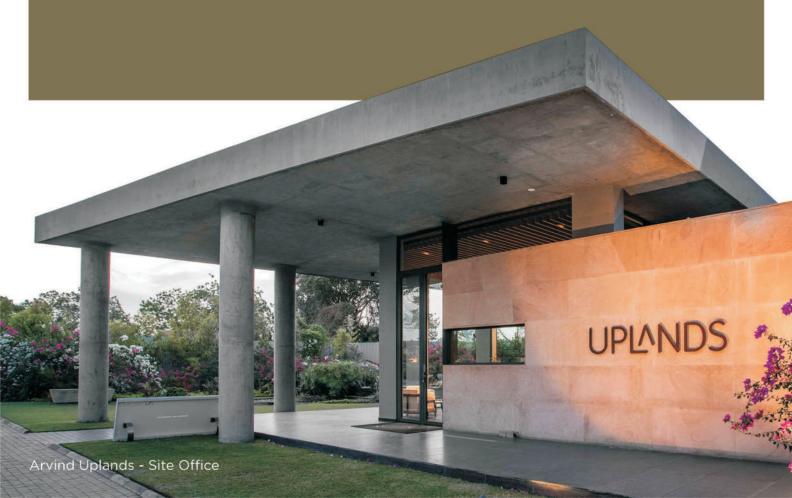
With warm regards, Kamal Singal MD & CEO





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## **NOTICE**

NOTICE is hereby given that the 14<sup>th</sup> (Fourteenth) Annual General Meeting of the members of the Company will be held on Friday, 12<sup>th</sup> August, 2022 at 02:30 pm through Video Conference ("VC") / Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following Business:

#### **ORDINARY BUSINESS**

- To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended on 31<sup>st</sup> March, 2022 and the Reports of the Directors and Auditors thereon.
- To appoint a Director in place of Mr. Sanjay S. Lalbhai (DIN: 00008329), who retires by rotation in terms of Article 187 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- 3. To re-appoint M/s. S R B C Co. & LLP, Chartered Accountants as statutory auditors of the Company.

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

"RESOLVED THAT pursuant the provisions of Section 139, 142 and any 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 thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. S R B C Co & LLP, Chartered Accountants, Firm Registration No. 324982E/E300003, be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years, who shall hold office from the conclusion of this 14<sup>th</sup> Annual General Meeting till the conclusion of the 19<sup>th</sup> Annual General Meeting to be held in 2027 on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

#### **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 of Rs. 1,00,000/- (Rupees One Lakh 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 31st March, 2023 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: 20<sup>th</sup> May, 2022

Prakash Makwana Company Secretary

By Order of the Board

#### **Notes**

- In view of the outbreak of the Covid-19 pandemic and pursuant to the General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 followed by General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021, General Circular No. 21/2021 dated 14th December, 2021 and General Circular No. 02/2022 dated 5<sup>th</sup> May, 2022 issued by the Ministry of Corporate Affairs ("MCA") (hereinafter collectively referred to as "MCA Circulars"), the Annual General Meeting ("AGM") can be held through video conferencing (VC) or other audio visual means (OAVM) without the physical presence of Members at a common venue. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for AGM shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is explained at Note No. 18 below.
- 2. The Notice of the AGM along with the Annual Report for the financial year 2021-22 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated 13<sup>th</sup> May, 2022. Members may note that the Notice of AGM and Annual Report for the financial year 2021-22 will also be available on the Company's website <a href="https://www.arvindsmartspaces.com">www.arvindsmartspaces.com</a>; websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at <a href="https://www.nseindia.com">www.nseindia.com</a> and <a href="https://www.nseindia.com">www.bseindia.com</a> respectively.
- Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map are not annexed to the Notice.
- 4. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
- In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 6. The Members can join the AGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members may note that the facility of participation at AGM through VC/OAVM will be made available for 1,000 Members on a "first come first serve" basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of "first come first serve" basis.

- 7. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the businesses under Item No. 3 and 4 of the Notice, are annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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.
- 8. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 6<sup>th</sup> August, 2022 till Friday, 12<sup>th</sup> August, 2022 (both days inclusive).
- 9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, PAN, 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 DPs 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. in case the shares are held by them in physical form.
- 10. SEBI vide its notification dated 24<sup>th</sup> January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA Link Intime India Private Limited, for assistance in this regard.
- Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime India Pvt. Ltd., the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
- 2. Nomination facility: As per the provisions of Section 72 of the Companies Act, 2013, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt-out or cancel the earlier nomination and record a fresh nomination, the Member may submit the same in Form ISR-3 or Form SH-14, as the case may be.
  - The said forms can be downloaded from the Company's website at <a href="https://www.arvindsmartspaces.com/investors/downloads/">https://www.arvindsmartspaces.com/investors/downloads/</a>. Members are requested to submit the said form to their DPs in case the shares are held in electronic form and to the RTA at <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a> in case the shares are held in physical form, quoting their folio no(s).
- 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.