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MVL™

8TH ANNUAL REPORT
2014-2015

CONTENTS



MVL Limited

Board of Directors	1
Directors' Report	2
Report on Corporate Governance	12
Management Discussion and Analysis	49
Auditors' Report	52
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Notes to the Financial Statements	59

Consolidated Accounts

Auditors' Report	73
Balance Sheet	74
Statement of Profit & Loss	75
Cash Flow Statement	76
Notes to the Financial Statements	77



MVL Limited

BOARD OF DIRECTORS

Mr. Prem Adip Rishi

Mr. Rakesh Gupta

Mr. Praveen Kumar

Mr. Vinod Kumar Malik

Mr. Vijay Kumar Sood

Mrs. Kalpana Gupta

Ms. Chetna Tyagi

Managing Director

**Whole Time Director &
Chief Financial Officer**

Whole Time Director

Independent Director

Independent Director

Independent Director

Company Secretary

Statutory Auditors

M/s Arun Kishore & Co.
Chartered Accountants, New Delhi

Bankers

Canara Bank
UCO Bank
Dena Bank
IFCI Limited
IFCI Factors Limited
SICOM Limited

Registered Office

1201 B, 12th Floor,
Hemkunt Chamber,
89 Nehru Place,
New Delhi-110019

Corporate Office

MVL iPark, 6th Floor,
Near Red Cross Society,
Chandan Nagar, Sector-15 (II),
Gurgaon – 122001 Haryana (India)

Registrars and Share Transfer Agents

Alankit Assignments Limited,
205-208, Anarkali Complex,
Jhandewalan Extension,
New Delhi-110055
Ph: 42541234, 23541234
Fax: 91-11-42541967
E-mail: info@alankit.com

**DIRECTORS' REPORT****To the Members**

Your Directors are pleased to present the Eighth Annual Report and Company's Audited Financial Statement for the Financial Year ended 31st March, 2015.

1. FINANCIAL RESULTS

The company's financial performance, for the year ended March 31st, 2015 is summarized below :

(Rs. In lacs)		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Total Income	4147.88	7200.46
Profit from Ordinary activities before Exceptional Item	55.16	52.81
Profit from Ordinary activities before Tax	55.16	52.81
Less: Provision for Tax		
Current Tax	15.00	25.00
Deferred Tax	-	(5.41)
Profit from Ordinary activities after Tax	40.16	33.22
Add: Write back of Excess Provisions	(14.43)	(788.24)
Net Profit for the period from Ordinary activities after Tax	54.59	821.46
Net Profit for the period	54.59	821.46

2. FINANCIAL OUTLOOK AND OPERATIONS

The Standalone revenue from operations of the Company for year ended March 31, 2015 was down by 42.39% to Rs. 4147.88 Lacs. The decline in turnover reflects volatile market conditions in real estate during the year. Standalone Profit before Tax increased by 4.45% on a year on year basis from Rs. 52.81 Lacs to Rs. 55.16 Lacs. Standalone Profit after Tax was higher by 20.89% at Rs. 40.16 Lacs as against Rs. 33.22 Lacs in the previous year. There was some delay in getting the approvals from competent authorities and therefore some prominent projects of the Company could not be started on time. However, your Company will witness a growth oriented year 2015 as many new projects will commence during the year as their statutory approvals are likely to be obtained within current financial year.

The Consolidated revenue from operations of the Company for year ended March 31, 2015 was down by 42.39% to Rs. 4147.88 Lacs. Consolidated Profit before Tax increased by 4.98% on a year on year basis from Rs. 51.61 Lacs to Rs. 54.18 Lacs.

3. PRESENT STATUS OF BANK LOANS

- (i) During the year, Canara Bank has declared the loan account as NPA. The Company has objected to the said classification because it is in contravention to the guidelines issued by Reserve Bank of India, and has invoked the arbitration clause. The matter is pending for adjudication.
- (ii) UCO Bank has declared the loan account as NPA and has filed application under Section 19(4) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Debts Recovery Tribunal-II, Delhi vide application dated 10.7.2014 for recovery of Rs. 43.62 crores along with interest upto the date of payment. UCO Bank has also issued notice dated 5.3.2014 under Section 13 (2) of Securitization and Reconstruction of Financial Assets & Enforcement

of Security Interest Act, 2002 (SARFAESI Act, 2002) claiming dues of the value of Rs. 40.00 crores along with further interest up to the date of payment. The issue of notice under SARFAESI Act, 2002 has been challenged by the company vide letter dated 6.5.2014.

- (iii) Dena Bank has declared the loan account as NPA and company's restructuring proposals is under consideration of the Bank.
- (iv) IFCI Ltd has declared the Loan Account as NPA and has filed application under section 19(4) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Debts Recovery Tribunal-I Delhi vide application dated 19.12.2012 for recovery of Rs. 49.24 crores along with interest upto the date of payment. IFCI Ltd has also issued notice dated 8.12.2014 under section 13(4) of SARFAESI Act, 2002 claiming their dues, and the same has been challenged by the company under section 17 before DRT Jaipur. An interim stay has been granted by DRT Jaipur vide its Order dated 11.02.2015.

4. DIVIDEND

Keeping in view the future growth plans of the Company and requirement of fund for such plans, the directors of your Company do not recommend any dividend for the year under review.

5. FIXED DEPOSITS

The Company has not accepted any public deposit and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and the Articles of Association of the Company, Mrs. Kalpana Gupta and Mr. Vijay Kumar Sood, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year under review, Mr. Vinod Kumar Khurana has ceased to exist as Director of the Company w.e.f. 12th January, 2015. Mr. Vinod Kumar Malik has also resigned from directorship of the Company w.e.f. 22nd March, 2015 and again has been appointed as Additional Director of the Company w.e.f. 23rd March, 2015. It is also proposed to appoint him as Independent Director and a resolution is proposed for approval of shareholders.

During the year under review, Mr. Rakesh Gupta has been re-designated as Whole Time Director & Chief Financial Officer of the Company with effect from 1st February, 2015.

In terms of Section 149(7) of the Companies Act, 2013, Mr. Vijay Kumar Sood, Mr. Vinod Kumar Malik and Mrs. Kalpana Gupta, Independent Directors of the Company have given declarations to the Company to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Brief resumes of Directors proposed to be appointed or re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and their memberships/ chairmanships on Board Committees of various Companies, have been provided in the Corporate Governance Report. However, brief resume of Mr. Rakesh Gupta re-designated as Whole Time Director & Chief Financial Officer of the Company, as required under Clause 49 of the Listing Agreement and Companies Act 2013, forms part of the Notice convening the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. POLICIES OF THE COMPANY

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.mvl.in.

The following policies of the Company are attached herewith marked as **Annexure I** and **Annexure II**:

- a) Policy for selection of Directors and determining Directors independence; and
- b) Remuneration Policy for Directors, Key Managerial Personnel and other employees.

9. CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report and attached as **Annexure III**. The requisite certificate from Mr. V. Ramasamy, Proprietor of V. Ramasamy & Co., a firm of Practicing Company Secretary (Membership No. FCS 6191, C.P. No. 6618) confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

10. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

11. RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Your Directors draw attention of the members to Note 45 to the financial statement which sets out related party disclosures.

In accordance with Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements with related parties, referred to in Section 188(1) of the Companies Act, 2013, in the prescribed **Form AOC.2** are attached as **Annexure - IV** to this Report.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

13. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

The Company has four wholly owned Subsidiaries, namely MVL Developers Limited, Creative Pools Developers Private Limited, Parisar Property Developers Private Limited and Udyan Horticultures Private Limited as on 31st March, 2015. The Company has no Joint Venture Company. The Company has two Associate Companies, namely Falcon Technosystems Limited and Shri Tirupati Balaji Electronics Private Limited. There has been no material change in the nature of the business of the subsidiaries and Associate Companies.

A report on the performance and financial position of each of the Subsidiaries and Associates Companies as per the Companies Act, 2013 is provided in the prescribed **Form AOC.1** as **Annexure A** to the Consolidated Financial Statement.

The Company is also presenting its Audited Consolidated Financial Statements, which form part of the Annual Report as required by the Listing Agreement with the stock exchanges.

Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2015 is included in the Annual Report.

14. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

15. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate Internal Financial Controls with reference to Financial Statements. The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

16. PARTICULARS OF EMPLOYEES

The details as required in terms of the provisions of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure – V** to this Report.

However, information as per Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not given in this Report, as no employee of your Company is covered as per provisions contained therein.

17. AUDITORS

M/s. Arun Kishore & Co., Chartered Accountants, who are the Statutory Auditors of the Company, holds office till the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. Your Board recommends ratification of their appointment for the Financial Year 2015-16.

18. AUDITORS' REPORT

Point no. 4 of Auditor Report per se is the opinion of the Auditor on certain points of notes to accounts attached to the financial statement for the period ended 31.03.2015. Since notes to accounts are part of financial statement prepared by the Company, the Company in the relevant points has explained the each situation which has arisen this time. The relevant clauses of notes to accounts alongwith Board's response is as follows:-

- i. *Note No. 37 regarding non availability of confirmations in respect of some of the debit and/or credit balances:* The Board is of the view that the company has its own internal audit system to monitor the reconciliations periodically; hence confirmations of all outstanding balances at the year end are not taken.
- ii. *Note No. 38 regarding non provision of penal interest on loans declared as NPA:* The Banks & Financial Institutions are not providing interest on NPA Loans as per prudential norms of Reserve Bank of India. These loans are under settlement/restructuring with the Banks/Financial Institutions. Therefore, the Board is of the opinion that interest and penal interest will be booked after such settlement/ restructuring only. The Board has decided to follow uniform policy on this matter w.e.f. 1st April, 2014.
- iii. *Note No. 39 regarding non provision of interest with retrospective effect from 01.04.2014 vide Board Resolution dated 17.02.2015 on loans from banks and financial institutions declared as Non Performing Account (NPA):* The Board is of the opinion that as a result of non provision of said interest of Rs.32,39,14,890/- payable on NPA Account as per last agreed terms : -
 - a) Revenue from operation has been understated by Rs. 26,14,60,650/- arising out of percentage of completion (POC) method of accounting, due to non-capitalization of interest directly attributable to project work-in-progress.
 - b) Loss from operation has been understated by Rs. 6,24,54,240/- on account of non provision of interest of Rs.32,39,14,890/- and short booking of sales by Rs. 26,14,60,650/-.
- iv. *Note No. 40 regarding non provision of advance to an associate company considered doubtful of recovery and non provision of interest on the said loan:* The said loan was agreed to be provided to related company during financial year 2013-14, to clear their urgent liabilities towards Banks/ Financial Institutions. The Board is of the view that the Company is hopeful for their recovery during the ensuing year, so no provision has been created.

19. SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

The Board has appointed Mr. Manoj Sharma, Partner, RSMV & Co., Company Secretaries (Membership No. FCS 7516 and C.P. No. 11571), to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith and marked as **Annexure VI** to this Report.

The observations of Secretarial Auditor are self-explanatory except their remark on the below points alongwith Board's response is as follows:-

- i. *The company has granted loan to its related company. The company did not charge any interest from the related company :* The Board is giving their explanation to the same in their report to the shareholders at S.No. 18. iv above.
- ii. *The Report of the Statutory Auditors on the Financial Statement for the Financial Year 2014-15 is qualified on the basis of the Notes on Accounts (37, 38, 39 and 40):* The Board is giving their explanation to the same in their report to the shareholders at S.No. 18. i to 18.iv above.
- iii. *PF for the months of February 2015 & March 2015 and ESI for the months of January 2015 to March 2015 are yet to be paid to the authorities:* The Board explains that however, there are some delays in depositing PF and ESI during the year, but all liabilities pertaining to PF and ESI will be cleared very shortly.
- iv. *During the year Security Exchange Board of India (SEBI) has passed an order dated 19.12.2014 declaring violation of collective investment scheme for not taking advance permission in respect of collection received for IBC, Gurgaon project in terms of Section 11AA of SEBI ACT:* The Board explains that the company has challenged the said order, requiring the company to refund the total collection by filing an appeal before Securities Appellate Tribunal (SAT), which is pending for the final adjudication.
- v. *There are disputes with Income Tax Authorities, the proceedings of which are at various stages:* The Board is of the opinion that observation on this point is based on the facts and need no comments from the Board.

- vi. *Status of Bank Loans:* The Board is of the opinion that observation on this point is based on the facts and need no comments from the Board.
- vii. *There are 151 cases initiated by and against the company under the different Acts:* The Board is of the opinion that observation on this point is based on the facts and need no comments from the Board.

20. MEETINGS OF THE BOARD

Sixteen (16) meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

21. EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 furnished in **Form MGT-9** is annexed herewith as **Annexure VII**.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

As per the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, the Audit Committee consists of the following members:

- a. Mrs. Kalpana Gupta
- b. Mr. Vijay Kumar Sood
- c. Mr. Rakesh Gupta

The above composition of the Audit Committee consists of Independent Directors viz., Mrs. Kalpana Gupta and Mr. Vijay Kumar Sood who form the majority.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

23. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has set up a Stakeholders Relationship Committee comprising of Mrs. Kalpana Gupta (Chairman), Mr. Prem Adip Rishi and Mr. Vijay Kumar Sood as other Members. The details of the Committee are furnished at S.No. 3(b) of Report of Corporate Governance of this Annual Report.

24. NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has set up a Nomination and Remuneration Committee comprising of Mrs. Kalpana Gupta (Chairman), Mr. Vinod Kumar Malik and Mr. Prem Adip Rishi as other Members. The details of the Committee are furnished at S.No. 3(c) of Report of Corporate Governance of this Annual Report.

25. CONSERVATION OF ENERGY

Disclosure of particulars with respect to conservation of energy and technology absorption are not applicable to the Company.

26. RESEARCH AND DEVELOPMENT

Since the market scenario and technologies are changing rapidly, Research and Development (R&D) is important to ensure that Company increases its market share. The Company has always attempted to use the latest and advanced technology for its product lines, but keeping pace with current technological developments is becoming difficult for want of capital. The slow down in the economy and higher interest costs has also deterred the further research and development activities of the company to keep it abreast with the current technological changes.

27. FOREIGN EXCHANGE EARNING AND OUTGO

- | | |
|------------------------------|---------------|
| a) Foreign Exchange Earnings | Rs. Nil |
| b) Foreign Exchange Outgo | |
| For Traveling | Rs. 1.87 lacs |



28. RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

29. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board.

30. SIGNIFICANT AND MATERIAL ORDERS BY ANY COURTS OR TRIBUNALS

No significant and material orders have been passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.

However, during the year Securities and Exchange Board of India (SEBI) has passed an order dated 19.12.2014 declaring violation of Collective Investment Scheme for not taking advance permission in respect of collection received for IBC, Gurgaon project in terms of section 11AA of SEBI Act. The company has challenged the said order, requiring the company to refund the total collection by filling an appeal before Securities Appellate Tribunal (SAT), which is pending for final adjudication.

31. ACKNOWLEDGEMENT

Your Directors place on record their sincere gratitude for the continuous assistance and support received from the investors, bankers, regulatory and government authorities during the period.

Your Directors also place on record their appreciation for the contributions made by employees at various levels, to the growth and success of the Company.

**By Order of the Board of Directors
For MVL Limited**

**Place: New Delhi
Date : 25th August, 2015**

**Sd/-
(Prem Adip Rishi)
Managing Director**

**Sd/-
(Rakesh Gupta)
Whole Time Director &
Chief Financial Officer**

**Registered Office:
1201B, 12th Floor, Hemkunt Chamber,
89 Nehru Place,
New Delhi-110019
Tel: +91-11-41662674
E-mail: coporates@yahoo.com
Website: www.mvl.in
CIN : L45200DL2006PLC154848**