

BOARD'S REPORT

Board's Report to the Members

Your Directors present their nineteenth report together with the audited financial statement of your Company for the year ended on 31st March, 2018.

FINANCIAL HIGHLIGHTS (STANDALONE)

	(₹ in lakh)	
	Financial Year 2018	Financial Year 2017
Income from Operations	47,500	68,055
Other Income	8,222	7,265
Total Income	55,722	75,320
Profit Before Depreciation, Finance cost and Taxation	11,830	10,686
Less : Depreciation	396	434
Profit Before Finance cost and Taxation	11,434	10,252
Less : Finance Cost	3,541	3,197
Profit Before Taxation	7,893	7,055
Less : Provision for Taxation		
• Current Tax	2,566	2,349
• Deferred Tax (including MAT Credit)	15	(188)
Profit After Tax	5,312	4,894
Add: Balance of Retained earnings of earlier years	53,216	50,187
Add: Transfers from other reserves	-	1,030
Retained earnings available for appropriation	58,528	56,111
Add: Other Comprehensive Income / (Loss)*	(15)	68
Less: Dividend paid on Equity Shares**	3,079	2,462
Less: Income-tax on Dividend paid**	416	501
Retained earnings carried forward	55,018	53,216

* Re-measurement of (loss)/gain (net) on defined benefit plans, recognised as part of retained earnings.

**Pursuant to applicable provisions of Indian Accounting Standards, the amount of dividend paid and income tax thereon mentioned in the columns for 2018 and 2017 represents the dividend amount paid and tax paid thereon for the financial years 2017 and 2016, respectively.

DIVIDEND

For the Financial Year 2017-18, your Directors have recommended a dividend of ₹ 6 per equity share of the face value of ₹ 10 each of the Company, i.e. 60 percent, payable to those shareholders whose names appear in the Register of Member as on the Book Closure Date.

The equity dividend outgo for the proposed dividend on equity shares for the financial year 2017-18, inclusive of tax on

distributed profits and net of tax on distributed profits on dividend proposed from the subsidiaries during the current financial year, amounts to ₹ 3,283.06 lakh. The dividend shall be paid out of the profits for the financial year 2017-18.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the Board of Directors of the Company at its meeting held on

27th October, 2016 has formulated and adopted 'Dividend Distribution Policy'. The Dividend Distribution Policy is attached herewith and marked as **Annexure 1** and is also available on the Company's website at <https://www.mahindralifespaces.com/media/1315/dividend-distribution-policy.pdf>.

RESERVES

Out of the profits available for appropriation, no amount has been transferred to any reserves for the year under review.

OPERATIONS / STATE OF THE COMPANY'S AFFAIRS

India witnessed a marginal decline in macro-economic performance in 2017-18. According to estimates released by the Central Statistics Office (CSO), India's GDP growth is estimated at 6.6 percent in 2017-18, down from 7.1 percent in 2016-17. The deceleration was broad-based with a decline in both industrial and agricultural growth. More recently, quarterly growth has shown an upward trajectory and there has been a rebound in private consumption. As a result, the growth outlook for the Indian economy for 2018-19 has also turned positive with the RBI projecting the GDP growth to strengthen to 7.4 percent in 2018-19.

The Company sold 1,357 residential units aggregating to 1.16 million square feet of saleable area in 2017-18 compared to 863 units aggregating to 0.91 million square feet in the previous year. The sales growth of 57 percent and 27 percent by area sold was achieved in spite of the Company having to defer the launch of three of its projects in Mumbai due to High Court related restrictions and two of its projects, one each in Pune and Chennai, due to pending approvals. The launch of its third affordable housing projects, Happinest, Palghar met with a tremendous response with over 389 units sold in 45 days of launch.

The focus on execution continued during the year with the completion of construction aggregating to 0.68 million square feet and the handover of 1,592 units to customers.

In the affordable housing segment, where efficiencies are a critical component of the business plan, the two Happinest projects in Avadi and Boisar saw around 75 percent of the total launched phases being completed and around 1,155 units have already been handed over to the customers since construction commenced in 2015-16.

The Company is currently developing 3.97 million square feet with another 4.44 million square feet available in the form of forthcoming projects, new phases of ongoing projects and new projects that are in various stages of planning, for launch in the future.

In the Integrated cities and industrial clusters segment, around 62 acres of land leases were concluded during the year across the two operational World Cities in Jaipur and Chennai. In 2018-19, the Company expects to benefit from the ability to market to a wider customer base at Jaipur with the conversion of the sector-

specific SEZs into a multi-product SEZ in April, 2018. During the year, the Company also launched its new brand for mid-sized acres industrial clusters called '**ORIGINS by Mahindra World City**'. The first two of these clusters, near Chennai and Ahmedabad, are in various stages of planning and development.

A more detailed account of the Company's operations is provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

The standalone and consolidated financial statements for financial year 2017-18 have been prepared in accordance with applicable Indian Accounting Standards (INDAS).

The consolidated total income of your Company stood at ₹ 64,413 lakh in 2017-18 as compared to ₹ 83,102 lakh in 2016-17. The consolidated Profit before tax (PBT) stood at ₹ 13,454 lakh in 2017-18 as compared to ₹ 13,890 lakh in 2016-17, whereas the consolidated profit after tax (PAT) and minority interest was ₹ 10,100 lakh in 2017-18 as compared to ₹ 10,224 lakh in 2016-17.

Total income of your Company as a standalone entity was ₹ 55,722 lakh as compared to ₹ 75,320 lakh in 2016-17. PBT was ₹ 7,893 lakh as compared to ₹ 7,055 lakh in 2016-17, whereas PAT was ₹ 5,297 lakh as compared to ₹ 4,962 lakh in 2016-17. Total income in 2017-18 includes dividend income of ₹ 666 lakh from Mahindra World City (Jaipur) Limited and ₹ 370 lakh from Mahindra Integrated Township Limited, subsidiaries of the Company. In 2016-17, the Company had received dividend income of ₹ 824 lakh from Mahindra World City (Jaipur) Limited, a subsidiary of the Company.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

AWARDS AND RECOGNITION

Your Company and its subsidiaries received several awards and recognitions during the financial year 2017-18. Some of the prestigious awards are:

- Mahindra Lifespace Developers Ltd was ranked 29th in the list of Great Places to Work in India, in the 'Mid-sized Companies' category.
- Mahindra Lifespace Developers Ltd was the only real estate company to receive 'Golden Peacock Environment Management Award 2017'.
- Mahindra World City, Jaipur received the award for 'Best Public Private Partnership Model' by Business World Smart Cities Conclave & Awards 2017.
- Mahindra World City, Chennai received awards for:
 - 'Best Environment Friendly Project' by Golden Globe Tigers Awards 2017.
 - 'CSR Excellence in Waste Management' by Bureaucracy Today.
 - 'Highest Exports in SEZ Developer Category (2015-

16)' and was adjudged runner up for 'Highest Employment in SEZ Developer Category (2014-15)' by Madras Export Processing Zone.

- Mahindra Lifespace Developers Ltd received "Social Media Campaign of the year" at CMO Asia 2018 for 'IAMGREENARMY' campaign.
- L'Artista by Mahindra Lifespace Developers Ltd received the 'Best Residential Project under Ultra Luxury Segment' award at the CNBC-AWAAZ Real Estate Awards 2017-18.
- Bloomdale by Mahindra Lifespace Developers Ltd received the 'Best Residential Project under Affordable Segment' award at the CNBC-AWAAZ Real Estate Awards 2017-18.
- Nova in Mahindra World City, Chennai received 'Low Cost Housing Apartment Project' at the 5th NDTV Property Awards.
- Two projects by Mahindra Lifespace Developers Ltd — Vivante in Andheri, Mumbai and Happinest in Boisar, Maharashtra were conferred with the 2nd and 3rd prize respectively for Vishwakarma award for Health, Safety and Environment by the Construction Industry Development Council.

SHARE CAPITAL

During the year, the Company has allotted 11,200 equity shares of ₹ 10 each at an exercise price of ₹ 10 per share to the eligible grantees pursuant to exercise of stock options granted under Employee Stock Option Scheme-2012 (ESOS-2012). No Stock Options were exercised under Employee Stock Option Scheme-2006 (ESOS-2006).

The Company also allotted 10,263,388 equity shares with a face value of ₹ 10 each for cash at a price of ₹ 292 per equity share including a premium of ₹ 282 per equity share in the ratio of 1 (one) Right Equity Share for every 4 (four) fully paid-up equity shares of the Company held by the Equity Shareholders on the Record Date i.e. 31st March, 2017. The proceeds from the Rights Issue have been fully utilized for the objects of the Rights Issue as mentioned in the Letter of Offer filed with the Securities and Exchange Board of India.

Consequently, during the year, the issued equity share capital has increased from ₹ 4,109.44 lakh to ₹ 5,137.92 lakh and the subscribed and paid-up equity share capital of the Company has increased from ₹ 4,105.36 lakh to ₹ 5,132.81 lakh.

In April 2018, the Company has allotted 5,600 equity shares of ₹ 10 each at an exercise price of ₹ 10 per share to the eligible grantees pursuant to exercise of stock options granted under ESOS-2012. Consequently, the issued equity share capital has increased from ₹ 5,137.92 lakh to ₹ 5,138.48 lakh and the subscribed and paid-up equity share capital of the Company has increased from ₹ 5,132.81 lakh to ₹ 5,133.37 lakh.

The allotment of 51,063 equity shares of the Company has been kept in abeyance in accordance with Section 206A of

the Companies Act, 1956 (now corresponding to Section 126 of the Companies Act, 2013), till such time the title of the bonafide owners of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of offenses relating to transactions in Securities).

During the year, Company has not issued any equity shares with differential rights or any sweat equity shares.

NON-CONVERTIBLE DEBENTURES

On 4th April, 2013, the Company had issued and allotted 5,000 – Secured Listed Rated Redeemable 10.78 percent YTM, Non-Convertible Debentures (NCDs) with a face value of ₹ 10 lakh each for cash at par, aggregating ₹ 50,000 lakh (Rupees Fifty Thousand Lakh Only) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue were fully utilized for the purposes of the issue.

Series I, II and III of Secured Listed Rated Redeemable 10.78 percent YTM, comprising of 1,250, 1,750 and 2,000 Non-Convertible Debentures (NCDs) with a face value of ₹ 10 lakh each aggregating ₹ 50,000 lakh (Rupees Fifty Thousand Lakh Only) were redeemed in accordance with the terms of NCDs on 4th April, 2016, 3rd April, 2017 and 4th April, 2018, respectively along with redemption premium and interest thereon.

EMPLOYEE STOCK OPTIONS SCHEME

During the year, in accordance with the ESOS-2012, the Nomination and Remuneration Committee had on 25th July, 2017 and 30th January, 2018, approved grant of total 21,000 Stock Options to the eligible employees, at an exercise price of ₹ 10 each which is equal to the face value of the equity share of the Company. During the year, no Stock Options have been granted under ESOS – 2006.

There is no scheme as envisaged under section 67 of the Companies Act, 2013 in respect of shares on which voting rights are not directly exercised by the employees.

There are no material changes made to the existing schemes i.e. ESOS-2006 and ESOS-2012. The existing schemes are implemented in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable Regulations and Circulars in force from time to time.

The Information that the Company is required to disclose in relation to ESOS-2006 and ESOS-2012 under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is uploaded on the website of the Company at <https://www.mahindralifespaces.com/investors/disclosures-under-sebi>

HOLDING COMPANY

At the beginning of the Financial Year 2017-18, the Promoter and the Holding Company i.e. Mahindra and Mahindra Limited (M&M) was holding 2,08,46,126 equity shares representing 50.78 percent of the total paid-up equity capital of the Company. Consequent to the allotment of equity shares in the Rights Issue

of the Company, M&M, holds 2,64,39,850 equity shares of the total paid-up equity capital of the Company. Consequent to the allotment of equity shares in the Rights Issue and the exercise of stock options during this year the percentage holding of M&M, at the end of the year has changed to 51.51 percent of the paid-up equity capital of the Company.

The Company continues to be a Subsidiary Company of M&M. All subsidiary companies of the Company are consequently subsidiary companies of M&M.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AS PER COMPANIES ACT, 2013

A report highlighting performance of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013, and their contribution to the overall performance of the Company is provided in the Consolidated Financial Statement at Note no. 44.

The policy for determining material subsidiaries is available on the Company's website at <https://www.mahindralifespaces.com/media/1323/policy-for-determining-material-subsidiaries.pdf>

SUBSIDIARY COMPANIES

Mahindra World City (MWC), Chennai, is implemented by **Mahindra World City Developers Limited (MWCDL)**, currently an 89:11 joint venture between the Company and the Tamil Nadu Industrial Development Corporation Limited (TIDCO), respectively. It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC. Mahindra World City, Chennai, was launched in September 2002, and currently has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social zone. At the end of 2017-18, the project had a total area of 1,524 acres. With greater stabilization in the business zone, the focus is now on developing the residential and social infrastructure.

Mahindra World City, Jaipur, is being implemented by **Mahindra World City (Jaipur) Limited (MWCJL)**, a 74:26 joint venture between the Company and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise, respectively. Mahindra World City, Jaipur is being developed as a Multi-Product Special Economic Zone and a Domestic Tariff Area for which 2,913 acres have already been acquired. Currently, the project has five SEZ zones (2 in IT / ITES, 1 each in Handicrafts, Engineering & Related Industries, Gems & Jewellery), a Domestic Tariff Area and a Residential and Social zone. The Ministry of Commerce and Industry (Department of Commerce) Government of India vide its notification dated 17th April, 2018 has approved consolidation of the sector specific Special Economic Zones (SEZs) into a multi-product SEZ and has re-notified the areas of these SEZs as a Multi-Product SEZ. The recognition as a Multi-

Product SEZ will enable diverse sectors including those earlier notified, to establish their export units in the Multi-Product SEZ which may see increased exports and job opportunities from the export units set up in the Multi-Product SEZ. The focus is currently on lease of industrial land in the project as well as on developing the blueprint for the launch of the Residential and Social zone.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing the residential township area at Mahindra World City, Chennai. Its current developments include 'Iris Court' and 'Nova'. Additionally, MITL is in the process of obtaining approvals for its next project at MWC, Chennai. After excluding the area under the above projects, MITL still has approximately 122 acres to be developed in phases for offering products in different formats and segments. MITL is 96.30 percent owned by the Company.

Mahindra Residential Developers Limited (MRDL), which is a wholly owned subsidiary of Mahindra Integrated Township Limited (MITL), and a co-developer is developing a gated residential community in approximately 55 acres within Mahindra World City, Chennai, under the name 'Aqualily'.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between the Company and B.E. Billimoria & Co. Limited (BEBL), respectively. MBDL is developing a gated residential community 'Bloomdale' across approximately 25.2 acres at Multi-modal International Hub Airport at Nagpur (MIHAN). During 2016-17, certain disputes arose between the main contractor of Bloomdale BEBL and MBDL under the Construction Contract, which remained sub-judice on the date of this report. During the year, certain disputes arose under Shareholders Agreement (SHA) between the Company and BEBL. The Company has exercised its Call Option under the SHA and has called upon BEBL to tender its entire shareholding of 30%, in MBDL, for transfer to the Company. The disputes amongst BEBL, the Company and MBDL remained sub-judice on the date of this report and the Company and MBDL, in consultation with lawyers, have taken necessary steps to protect the interests of customers of Bloomdale and of the Company and MBDL.

Mahindra Homes Private Limited (MHPL), is a 74.98 : 25.02 joint venture between the Company and SCM Real Estate (Singapore) Private Limited (SCM), respectively and is developing in collaboration with a developer and land owning companies, a group housing project "Luminare" at NCR on approximately 6.80 acres and a residential project "Windchimes" at Bengaluru on approximately 5.90 acres. The Company is exploring the possibility of undertaking additional projects in the mid-premium residential segment in India.

Mahindra Happinest Developers Limited (MHDL) incorporated on 6th September, 2017, is a 51:49 joint venture between MLDL and HDFC Capital Affordable Real Estate Fund – I, respectively. Thus, MHDL is a Subsidiary of the Company and consequently, a subsidiary of the ultimate holding Company M&M.

MHDL launched its first affordable housing project in Palghar, Maharashtra, on approximately 8.35 acres, under the brand 'Happinest'.

Mahindra Industrial Park Chennai Limited (MIPCL), is a 60:40 joint venture between MWCDL and Sumitomo Corporation, Japan, respectively. Accordingly, MIPCL is a subsidiary of MWCDL and consequently, a subsidiary of the Company. MIPCL is setting up an industrial cluster in North Chennai (the NH-16 corridor) on approximately 264 acres under the brand 'Origins by Mahindra World City'.

Industrial Cluster Private Limited (ICPL) a wholly owned subsidiary of the Company has acquired approximately 268 acres of contiguous land at Jansali near Ahmedabad for setting up an industrial cluster. During the year, the Company partnered with International Finance Corporation (IFC), a member of the World Bank Group and received funding from IFC for the upcoming project at Jansali. The project will be marketed under the brand 'Origins by Mahindra World City'.

Mahindra Infrastructure Developers Limited (MIDL), a wholly owned subsidiary of the Company, is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project.

Mahindra World City (Maharashtra) Limited (MWCML), is a wholly owned subsidiary of the Company, which was set up to undertake large format development. The Company is looking out for an appropriate business opportunity to take up projects in real estate development. During the year, consequent to the order of the Hon'ble National Company Law Tribunal pursuant to the scheme of arrangements, Raigad Industrial and Business Park Limited, a wholly owned subsidiary of the Company and Kismat Developers Private Limited, Topical Builders Private Limited, associate companies of the Company merged with Mahindra World City Maharashtra Limited (MWCML). As a result, Deep Mangal Developers Private Limited, which was a subsidiary of Topical Builders Private Limited became a subsidiary of MWCML and consequently a subsidiary of the Company and of the ultimate holding company. Deep Mangal Developers Private Limited is exploring the possibility of undertaking a large format development on the southern coast of Maharashtra where it already owns land. Also as a result of the merger, Mahindra Construction Company Limited and Moonshine Construction Private Limited became subsidiary companies of the Company. The merger process was initiated with the purpose of reducing non-operative entities and compliance costs thereby eliminating overheads. In the current year, the Company will continue the process of identifying other non-operating entities for merger to streamline the numbers of entities and eliminate overheads of such entities.

Knowledge Township Limited (KTL), a wholly owned subsidiary of the Company will be developing an industrial park in Maharashtra under the brand 'Origins by Mahindra World City'

for which the company is in the process of procuring the required land area.

Industrial Township (Maharashtra) Limited (ITML), a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development.

Anthurium Developers Limited (ADL) a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development projects.

Mahindra Water Utilities Limited (MWUL) is engaged in the business of operation and maintenance service for water and sewerage facilities at Tirupur, India and is a 98.99 percent subsidiary of Mahindra Infrastructure Developers Limited and consequently, a subsidiary of the Company.

JOINT VENTURE COMPANIES

There is no direct joint venture company of the Company, except, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Homes Private Limited, Mahindra Bebanco Developers Limited and Mahindra Happinest Developers Limited which are all joint venture subsidiary companies and have been covered in the section on Subsidiary Companies.

ASSOCIATE COMPANIES

Mahindra Knowledge Park (Mohali) Limited is an associate company of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The audited consolidated financial statement of the Company prepared in accordance with the applicable Accounting Standards along with all relevant documents and the Auditors' Report forms part of this Annual Report.

The financial statements of Subsidiary companies under the Companies Act, 2013 are not attached along with the financial statements of the Company. Separate audited financial statement of each of the subsidiaries is placed on the website of the Company at web link: <https://www.mahindralifespaces.com/investors/financial-information>

The Company will provide the financial statements of subsidiaries upon receipt of a written request from any member of the Company interested in obtaining the same. The financial statement of subsidiaries will also be available for inspection at the Registered Office of your Company during working hours up to the date of the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms part of this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under

Para E of Schedule V of the SEBI LODR forms part of this Annual Report.

SUSTAINABLE DEVELOPMENT AND BUSINESS RESPONSIBILITY REPORT

Your Company has been at the forefront of the real estate industry in India to achieve mission of 'Transforming urban landscapes by creating sustainable communities'. Sustainability is thus a core agenda for the Company. The details of the Company's approach to sustainability are covered in the Business Responsibility Report.

Presently, the requirement of publishing Business Responsibility Report (BRR) under Regulation 34(2)(f) of SEBI LODR is not applicable to the Company. However, the Company has voluntarily provided the BRR for the financial year 2017-18 which forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. The Company, in every financial year, in line with the new Companies Act, 2013, pledges to spend, two percent, of the average net profits made during the three immediately preceding financial years towards CSR initiatives.

The Company has constituted a Corporate Social Responsibility Committee comprising Mr. Arun Nanda — Non-Executive Non-Independent Director, Mr. Shailesh Haribhakti — Non-Executive Independent Director and Ms. Anita Arjundas — Managing Director. The role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's web link at <https://www.mahindralifespaces.com/media/1050/corporate-social-responsibility-csr-policy.pdf>

The Company's CSR activities have traditionally focused on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives;
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders;

- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called Employee Social Options.

The Company's commitment to CSR will be manifested by investing resources in any of the areas stipulated in Schedule VII to the Companies Act, 2013. The Company gives preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Of the total committed CSR expenditure of ₹ 389.09 lakh for financial year 2017-18 (including ₹ 39.11 lakh being unspent amount of the previous year), the Company has spent ₹ 291.89 lakh as per the approved CSR plan for financial year 2017-18. During the year, the Company had committed CSR expenditure of ₹ 157.20 lakh for the establishment of the "Centre of Excellence for sustainable habitats" and for research work therein by TERI, of which an amount of ₹ 60 lakh has been spent during the year and a balance amount of ₹ 97.20 lakh shall be paid, based on milestones to be achieved by TERI, during Financial Year 2019.

In view of the above, the Board has approved that an amount of ₹ 97.20 lakh be carried forward to the next year and the carried forward amount shall be over and above the next year's CSR allocation equivalent to at least 2 percent of the average net profit of the Company of the immediately preceding three years.

The annual report on the CSR activities in the prescribed format is at **Annexure 2** to this Report.

DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013 and Article 116 of the Articles of Association of the Company, Dr. Anish Shah (DIN: 02719429) Non-Executive Non-Independent Director retires by rotation at the 19th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Pursuant to Section 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Ameet Hariani (DIN: 00087866), a Non-Executive Independent Director who was appointed as an Additional Director with effect from 4th September, 2017, shall hold office as per the provisions of Section 161 of the Companies Act, 2013, till the date of the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Ameet Hariani is proposed at the ensuing Annual General Meeting as Non-Executive Independent Director for a term of 5 year with effect from 4th September, 2017.

Brief resume of Dr. Anish Shah and Mr. Ameet Hariani, nature of their expertise in specific functional areas, names of

companies in which they hold directorships and memberships / chairmanships of Board, Committees and shareholding in the Company as stipulated under Regulation 36(3) of SEBI LODR, are provided in the Corporate Governance Report forming part of the Annual Report. None of the Directors of the Company are inter-related to each other. Both Directors i.e. Dr. Anish Shah and Mr. Ameet Hariani are not disqualified from being re-appointed / appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, two Independent Directors of the Company, Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors effective 30th July, 2017 on expiry of their second term of office. The Board of Directors appreciated their dedicated efforts and thanked them for their immense contribution to the Company during their tenure.

Pursuant to the provisions of the Companies Act, 2013 and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. The performance evaluation of the Chairman of the Company was also carried out by Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. Structured questionnaires were prepared in accordance with the SEBI Guidelines on Board Evaluation covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. All Directors unanimously expressed that the evaluation outcome reflect the overall engagement of the Board and its Committees with the Company and its management and they are fully satisfied with the same.

The Company has received declarations from each of the Independent Directors confirming that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI LODR.

The details of familiarization programme for Independent Directors have been disclosed on website of the Company and is available at the link <https://www.mahindralifespaces.com/media/4810/familiarisation-programme-for-independent-directors.pdf>

The following policies of the Company are attached herewith and marked as **Annexure 3**, **Annexure 4** and **Annexure 5**:

1. Policy on appointment of Directors and Senior Management (**Annexure 3**)
2. Policy on Remuneration of Directors (**Annexure 4**) and
3. Policy on Remuneration of Key Managerial Personnel and Employees (**Annexure 5**)

The Managing Director draws remuneration only from the Company and does not receive any remuneration or commission from any of its subsidiary companies / holding company.

KEY MANAGERIAL PERSONNEL (KMP)

The Company has following persons as Key Managerial Personnel under the Companies Act, 2013:

Sr. No.	Name of the Person	Designation
1	Ms. Anita Arjundas	Managing Director (Managing Director & Chief Executive Officer upto 31 st March, 2018)
2	Ms. Sangeeta Prasad	Chief Executive Officer (with effect from 1 st April, 2018)
3	Mr. Suhas Kulkarni	Company Secretary
4	Mr. Jayant Manmadkar	Chief Financial Officer

The Board at its meeting held on 30th January, 2018 re-designated, Ms. Sangeeta Prasad, CEO - Integrated Cities and Industrial Clusters, as the Chief Executive Officer (CEO) of the Company effective 1st April, 2018.

Ms. Sangeeta Prasad, aged 50 years is an Engineer from Jadavpur University, Kolkata and a post graduate from Indian Institute of Management, Lucknow and has over 25 years of experience which includes a long stint in the steel industry prior to her joining as the COO of Mahindra World City Developers Limited in 2008. In 2013, she was promoted as CEO – Integrated cities and Industrial clusters at Mahindra Lifespace Developers Limited. A Chevening scholar, Ms. Sangeeta Prasad was recognised as one of the Top 30 emerging Women Leaders in India by Business Today Magazine in the year 2010. Ms. Sangeeta Prasad is a member of the Board of Governors of Indian Institute of Management, Lucknow and on the Board of various companies.

MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, the revised Secretarial Standards – 1 (SS-1) issued by the Institute of Company Secretaries of India and SEBI LODR.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) they had 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 at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) they had 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) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the Financial Statements. The Audit Committee of the Board reviews the internal control systems, the adequacy of internal audit function and significant internal audit findings with the management, Internal Auditors and Statutory Auditors.

AUDIT COMMITTEE

The Audit Committee of the Company as on 31st March, 2018 comprised of two Independent Directors, namely Mr. Shailesh Haribhakti, Mr. Bharat Shah, and one Non-Executive Non-Independent Director, Dr. Anish Shah. Mr. Shailesh Haribhakti is the Chairman of the Committee. At the close of the meeting of the Audit Committee held on 27th April, 2018, Mr. Shailesh Haribhakti resigned as the Chairman of the Audit Committee. Mr. Shailesh Haribhakti continues to be a member of the Audit Committee. The Board at its meeting held on 27th April, 2018, has appointed Mr. Ameet Hariyani, Independent Director as a member of the Audit Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, the Managing Director, Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee. The Board has accepted all recommendations made by the Audit Committee from time to time.

VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

The Company has established a vigil mechanism by adopting

a Whistle Blower Policy for stakeholders including directors and employees of the Company and their representative bodies to report genuine concerns in the prescribed manner to freely communicate their concerns / grievances about illegal or unethical practices in the Company, actual or suspected, fraud or violation of the Company's Code or Policies. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of stakeholders who use such mechanism. It provides a mechanism for stakeholders to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell consisting of Head - Legal & Secretarial, Chief Financial Officer and Chief Ethics Officer (Head-Human Resources). During the year, no person was denied access to the Chairman of the Audit Committee or to the Chairman of the Company or to the Corporate Governance Cell. The Whistle Blower Policy of the Company is available at web link <https://www.mahindrallifespaces.com/media/1318/whistle-blower-policy.pdf>

RISK MANAGEMENT

The Company has in place a process to inform the Board about the risk assessment and minimisation procedures. It has an appropriate risk management system in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, Regulation 21 of the SEBI LODR with respect to Risk Management Committee is not applicable to your Company. However, the Company has constituted a "Risk Management Committee" consisting of Mr. Shailesh Haribhakti, Non-Executive Independent Director, Ms. Anita Arjundas, Managing Director of the Company, and the Chief Financial Officer of the Company, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board reviews implementation and monitoring of the risk management plan for the Company including identification of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

AUDITORS

The Shareholders of the Company at the 18th Annual General Meeting of the Company held on 25th July, 2017, had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting until the conclusion of the 23rd Annual General Meeting to be held in the calendar year 2022 (Subject to ratification of their appointment at every Annual General Meeting) to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a

written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

Accordingly, the members are requested to ratify the appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every Annual General Meeting. The clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 18th Annual General Meeting held on 25th July, 2017 provides for ratification of the appointment of Statutory Auditor at every Annual General Meeting, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

The notes of the financial statements referred to in the Auditors' Report issued by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai for the financial year ended on 31st March, 2018 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The Board of Directors, on recommendation of the Audit Committee, has appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, as Cost Auditor of the Company to conduct audit of the cost records maintained by the Company for the financial year 2017-18. CMA Vaibhav Prabhakar Joshi has confirmed that his appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and has also certified that he is free from any disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Shareholders in a General Meeting for their ratification. Accordingly, a resolution seeking Shareholders' ratification for the remuneration payable to CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant is included in the Notice convening the Annual General Meeting.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct the secretarial audit of the Company for the financial year(s) commencing on and from 1st April,

2014. The Secretarial Audit report for the financial year ended 31st March, 2018, is annexed herewith and marked as **Annexure 6** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the standalone financial statement at Note no. 8.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at Note no.7.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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 view of the above, the requirement of giving particulars of contracts / arrangements / transactions made with related parties, in Form AOC-2 are not applicable for the year under review.

The Policy on materiality of related party transactions and on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link <https://www.mahindralifespaces.com/media/1322/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf>

The Directors draw attention of the members to Note no. 36 to the standalone financial statement which sets out related party disclosures.

DEPOSITS, LOANS AND ADVANCES

The Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI LODR are provided in the standalone financial statement at Note no. 41.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the **Annexure 7** to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 8** to this Report.

Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours up to the date of the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website at: <https://www.mahindralifespaces.com/investors/disclosures-under-sebi>

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 9** and forms part of this Report.

GENERAL

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- No fraud has been reported during the audit conducted by the Statutory Auditors, Secretarial Auditors and Cost Auditors of the Company.
- During the year under review, no revision was made in the previous financial statement of the Company.
- During the year ended on 31st March, 2018, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

DISCLAIMER

The Company shall be registering its forthcoming projects at an appropriate time in the applicable jurisdictions / States under the Real Estate (Regulation and Development) Act, 2016 (RERA) and Rules thereunder. Till such time, the forthcoming projects are registered under RERA, none of the images, material, projections, details, descriptions and other information that are mentioned in the Annual Report for the year 2017-18, should be deemed to be or constitute advertisements, solicitations, marketing, offer for sale, invitation to offer, or invitation to acquire within the purview of the RERA. The Company uses carpet areas as per RERA in its customer communication. However, the data in saleable area terms has been presented in the Annual Report for the year 2017-18 to enable continuity of information to investors and shall not be construed to be of any relevance to home buyers / customers.

ACKNOWLEDGMENT

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by employees of the Company.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Date: 27th April, 2018
Place: Mumbai