

DIRECTORS' REPORT

Your Directors present their Sixth Report together with the audited financial statements of your Company for the year ended 31st March 2016.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in cr.)	
	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Income		
Revenue from Operations(Gross)	1001.94	503.91
Less: Excise Duty	-	-
Revenue from Operations (Net).....	1001.94	503.91
Other Income	7.73	3.73
Total Income	1009.67	507.64
Expenses		
Cost of Raw Material and Components Consumed	771.89	403.62
(Increase)/decrease in inventories	(1.49)	(0.34)
Employee Benefit Expenses	45.92	24.11
Other Expenses	157.76	55.35
Depreciation and Amortization Expenses.....	2.79	1.33
Finance Costs	0.29	-
Total Expenses	977.16	484.07
Profit/(Loss) before Tax	32.51	23.57
Provision for Tax	11.45	8.34
Profit/(Loss) for the year from Continuing Operations	21.06	15.23
Balance of Profit from earlier years	53.28	38.05
Balance Carried Forward	74.34	53.28
Amount carried forward to Reserves	-	-
Networth	221.94	117.28

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

During the current fiscal, the Company revenues crossed the Rs. 1000 Cr. milestone (Almost twice of the FY15 revenues) on the back of an increased project execution volume. The Company posted a (PAT) Profit After Tax of Rs. 21 crores in FY16, Y-o-Y increase of 38%. During the year the Company also undertook construction of a 120 MW solar power project at a single location, the previous milestone was a 50 MW at a single location. The capacity target and allocation announcements by the Central and State Governments for further enhancing the solar contribution to the energy mix is encouraging and gives us confidence that the market and the Company should continue to post a robust growth in the coming years.

Although the market potential shows an upswing, the intense competition and high margin pressure in the space remains a challenge. The Company is taking various measures to counter competition and adapt to the market conditions. The Company continued to focus on innovation, product development – (Single axis tracker, Combiner box, Cleaning robot, DG – PV hybrid etc), business & operational excellence and achieving higher customer satisfaction to maintain its position as one of the leading players in the solar EPC space in India and thus become a preferred choice for developers.

During the year, the Company also leveraged the adjacencies from the Solar power project construction experience, to establish presence in the sustainable infrastructure construction space. To create bigger growth opportunities Machinepulse division of Mahindra Susten Pvt. Ltd. was incorporated as a separate Company and is now a wholly owned subsidiary of the Company w.e.f. 5th January 2016.

OPERATIONS OF THE SUBSIDIARY COMPANIES

Mahindra Renewables Private Limited (Renewables) (Formerly known as Mahindra Offgrid Services Private Limited)

The Renewables is exploring various opportunities in the renewable energy space. During the year under review, Renewables has made investments in its four wholly owned subsidiaries viz., Brightsolar Renewable Energy Private Limited, which is setting up a 10 MW AC solar power project at Anantapur District in the state of Andhra Pradesh, Cleansolar Renewable Energy Private Limited, which is setting up a 30 MW AC solar power project at Ranga Reddy District in the state of Telangana, Divine Solren Private Limited which is setting up a 50 MW AC solar power project at Nirmal, Adilabad District, Telangana and Neo Solren Private Limited which is setting up a 42 MW AC solar power project at Wadekothapally, Warangal District, Telangana.

Brightsolar Renewable Energy Private Limited (Brightsolar)

During the year the Brightsolar has commissioned its 10 MW AC solar power plant at Anantapur District in the state of Andhra Pradesh. The power generation has commenced and the first billing has been done.

Cleansolar Renewable Energy Private Limited (Cleansolar)

During the year the construction work on the 30 MW AC solar power plant at Ranga Reddy District in the state of Telangana is under progress and the plant is expected to be commissioned shortly.

Divine Solren Private Limited (Divine)

During the year Divine has entered into a power purchase agreement with Northern Power Distribution Company of Telangana Limited for setting up of 50 MW AC solar power plant at Nirmal, Adilabad District in the state of Telangana. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

Neo Solren Private Limited (Neo)

During the year Neo has entered into a power purchase agreement with Northern Power Distribution Company of Telangana Limited for setting up of 42 MW AC solar power plant at Wadekothapally, Warangal District, in the state of Telangana. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

BOARD OF DIRECTORS

Composition:

Sr. No.	Name of the Director	DIN	Executive/Non Executive	Independent/Non Independent	No of Board Meetings Attended
1	Mr. A. K. T. Chari	00746153	Non Executive	Independent	4
2	Mr. Noshir Dastur	00493177	Non Executive	Independent	5
3	Mr. Satish Kamat	01536698	Non Executive	Non Independent	3
4	Mr. Ranjan Pant	00005410	Non Executive	Non Independent	3
5	Ms. Anita Arjundas	00243215	Non Executive	Non Independent	3
6	Mr. Parag Shah	00374944	Non Executive	Non Independent	2
7	Mr. K. Chandrasekar	01084215	Non Executive	Non Independent	2

A Report on the performance and financial position of each of the subsidiaries is provided in Form AOC-1 and forms part of this Annual Report.

DIVIDEND

Your Directors have not recommended dividend with a view to conserve resources for the future growth of your Company.

SUBSIDIARIES

- Machine Pulse Tech Private Limited has become wholly owned subsidiary of the Company with effect from 5th January, 2016.
- Divine Solren Private Limited has become indirect subsidiary of the Company with effect from 8th May, 2015.
- Neo Solren Private Limited has become indirect subsidiary of the Company with effect from 1st July, 2015.
- Marvel Solren Private Limited has become indirect subsidiary of the Company with effect from 10th October, 2015
- Astra Solren Private Limited has become indirect subsidiary of the Company with effect from 14th October, 2015.

SHARE CAPITAL

The authorized share capital was rupees one hundred crore during the year under review.

During the year under review, your Company made the following allotments to Mahindra Holdings Limited on Rights Basis –

- Allotment of 48,27,586 equity shares of face value of Rs. 10/- each at the security premium of Rs. 19/- per share aggregating to Rs. 13,99,99,994 on 26th June, 2015.
- Allotment of 1,44,82,700 equity shares of face value of Rs. 10/- each at the security premium of Rs.19/- per share aggregating to Rs. 41,99,98,300 on 28th August, 2015.
- Allotment of 72,82,000 equity shares of face value of Rs. 10/- each at the security premium of Rs. 27.90/- per share aggregating to Rs. 27,59,87,800 on 25th January, 2015.

The paid-up share capital of your Company as on 31st March 2016 stood at Rs. 70,27,17,280 divided into 7,02,71,728 equity shares of face value Rs. 10/- each.

CHANGE OF NAME

The name of your Company has been changed from 'Mahindra EPC Services Private Limited' to 'Mahindra Susten Private Limited' with effect from 18th May, 2015.

Mr. Parag Shah was appointed as an Additional Director of the Company with effect from 9th October, 2015. The Company has received notice from a member, signifying its intention to propose Mr. Parag Shah as candidate for the office of Director at the forthcoming Annual General Meeting.

Mr. K Chandrasekar retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Mr. A. K. T. Chari and Mr. Noshir Dastur have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

NUMBER OF BOARD MEETING

The Board met Five times during the year under review, i.e. on 27th April, 2015, 29th July, 2015, 9th October, 2015, 23rd October, 2015 and 21st January, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual financial statements for the year ended 31st March 2016 the applicable accounting standards have been followed;
- they 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 at the end of the financial year on 31st March 2016 and of the profit of the Company for the financial year ended on that date;
- they have 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;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

FRAUDS REPORTED BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

EVALUATION OF PERFORMANCE:

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual Directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

- Mr. Basant Jain - Chief Executive Officer
- Mr. Roshan Gandhi - Chief Financial Officer
- Mr. Mohammed Slatewala - Company Secretary

COMMITTEES OF THE BOARD

Audit Committee

The Composition of Audit Committee is follows:-

Director	Designation	No of Meetings attended
Mr. A. K. T. Chari	Member	3
Mr. Noshir Dastur	Member	3
Mr. K. Chandrasekar	Member	0

The Audit Committee met thrice during year under review, i.e. on 27th April, 2015, 23rd October, 2015 and 21st January, 2016.

Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee is follows:-

Director	Designation	No of Meeting attended
Mr. A. K. T. Chari	Member	2
Mr. Noshir Dastur	Member	2
Mr. K. Chandrasekar	Member	0

The Nomination and Remuneration Committee met twice during year under review, i.e. on 27th April, 2015 and 23rd October, 2015.

Corporate Social Responsibility Committee

The composition of Corporate Social Responsibility Committee is follows:-

Director	Designation	No of Meeting attended
Mr. A. K. T. Chari	Member	1
Mr. Satish Kamat	Member	1
Mr. K. Chandrasekar	Member	0

The Corporate Social Responsibility Committee met once during year under review, i.e. on 23rd October, 2015.

Executives Stock Option Scheme Committee (ESOPS)

The composition of ESOPS Committee is follows: -

Director	Designation	No of Meetings attended
Mr. K. Chandrasekar	Member	1
Mr. Satish Kamat	Member	1
Mr. A. K. T. Chari	Member	0

The Executives Stock Option Scheme Committee (ESOPS) met once during year under review, i.e. on 28th March, 2016.

MEETING OF THE INDEPENDENT DIRECTORS

One meeting of the Independent Directors of the Company was held on 23rd October, 2015 without the presence of Non-Independent Directors, Chief Executive Officer and Chief Financial Officer of the Company.

The aforesaid Meeting was conducted in a formal but flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors) and to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of Directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors,
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this report.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the Company's Whistleblower Policy to enable the Directors and employees of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

STATUTORY AUDITORS

At the Fifth Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number - 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the fifth Annual General Meeting till the conclusion of Sixth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if

appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The provisions under Companies Act, 2013 related to appointed of Cost Auditor for the financial year 2015-16 was not applicable to the Company.

SECRETARIAL AUDITORS

Your Company has appointed Mr. Ashish Bhatt (FCS 4650, CP 2925), the practicing Company Secretary as the Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013 for the financial year 2015-16.

In terms of provisions of Sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Board Report, a secretarial audit report given by the Secretarial Auditors, and the said secretarial report, in prescribed form MR 3 at Annexure II, forms part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure III and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure IV and forms part of this report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits

falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Particulars of loans given and investments made pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 10 and 12 of the financial statements and the same forms part of this Report.

Particulars of guarantees provided pursuant to Section 186 of the Companies Act, 2013 is given in Annexure V and forms part of this report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule V thereto applicable to the parent Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC-2 as Annexure VI and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2016 in form MGT-9 is annexed as Annexure VII and forms part of this report.

EXECUTIVES STOCK OPTION SCHEME

During the year under review, the Company has granted 10,39,942 Stock Options to the employees under the Executive Stock Option Scheme. Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in Annexure VIII to this Report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including Sweat equity Shares) to employees of the Company under any scheme.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Director

Parag Shah
(DIN – 01536698)

Director

Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE I TO THE DIRECTORS' REPORT

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Susten Private Limited (formerly known as Mahindra EPC Services Private Limited).

“**Employee**” means employee of the Company including employees in the Senior Management Team of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Chief Executive Officer (CEO);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:
 - All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 - Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 - Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013

and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the GNRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

Senior Management personnel are appointed or promoted and removed/relieved with the authority of CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

We have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Ready now
2. Ready in 1 to 2 years
3. Ready in 2 to 5 years
4. Ready in more than 5 year

in order to ensure talent readiness as per a laddered approach.

B. Remuneration Policy for Directors, Key Managerial Personnel and Employees.

Overall Intent of Compensation Policy

At Mahindra Susten Private Limited (Susten) we want our employees to understand and appreciate their

role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy-

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual

officers to structure key benefits in a way that best suits individual personal and family requirements.

- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel

The company has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non- Executive Directors including Independent Directors:

The Nomination and Remuneration Committee shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors including Independent Directors whether as commission or otherwise. The Committee shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Companies Act 2013 and such other factors as the committee may consider deem fit for determining the compensation.

For and on behalf of the Board

Director

Parag Shah
(DIN – 01536698)

Director

Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
Mahindra Susten Private Limited
Mahindra Towers, Dr. G. M. Bhosle Marg,
P. K. Kurne Chowk, Worli,
Mumbai 400 018.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Susten Private Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner, which provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (Not applicable to the Company during audit period);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during audit period);

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable to the Company during audit period);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during audit period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure A attached herewith, applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities of the Company are not listed on any Stock Exchange hence no comment is made about Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors

and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not passed any special/ordinary resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Ashish Bhatt & Associates

Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: 28th April, 2016

ANNEXURE A

List of applicable laws to the Company

Under the Major Group and Head

1. Electricity Act 2003;
2. Electricity Rules 2005;
3. Industries (Development & Regulation) Act, 1951;
4. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
5. Acts prescribed under prevention and control of pollution;
6. Acts prescribed under Environmental protection;
7. Acts as prescribed under Direct Tax and Indirect Tax;
8. Land Revenue laws of respective States;
9. Labour Welfare Act of respective States;
10. Trade Marks Act 1999 & Copy Right Act 1957;
11. The Legal Metrology Act, 2009;
12. Information Technology Amended Act 2008 including applicable rules and regulations.

For Ashish Bhatt & Associates

Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: 28th April, 2016

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016.

A. CONSERVATION OF ENERGY

(i) **the steps taken or impact on conservation of energy:**

The operations of your Company are not energy – intensive.

However adequate measures have been initiated to reduce energy consumption.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption - None

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv. The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended 31 st March, 2016	For the Financial Year ended 31 st March, 2015
Total Foreign Exchange Earned	123.93	–
Total Foreign Exchange Outgo	27,632.30	27,311.16

For and on behalf of the Board

Director

Parag Shah
(DIN – 01536698)

Director

Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE IV TO THE DIRECTORS' REPORT

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

TO BE INCLUDED IN THE BOARD'S REPORT

- (1) Mahindra Susten Private Limited (Susten) is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of Susten is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, MEPC pledges 2% of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

Web-link to the CSR policy - <http://www.mahindrasusten.com/csr.html>.

- (2) The Composition of the CSR Committee.

The CSR Committee of the Board comprises of the following Board members:

Director	Designation	No of Meeting attended
Mr. A. K. T. Chari	Independent Director	1
Mr. Satish Kamat	Director	1
Mr. K. Chandrasekar	Director	0

- (3) Average net profit of the Company for last three financial years. Rs. 2627 Lacs
- (4) Prescribed CSR Expenditure - (two per cent of the amount as in item 3 above) Rs. 53 Lacs
- (5) Details of CSR spent during the financial year.
- (a) Total amount spent for the financial year: Rs. 57.91 Lacs
- (b) Amount unspent, if any; Nil
- (c) Manner in which the amount spent during the financial year is detailed below

S. No.	Particulars	
1	CSR project or activity identified	Education
2	Sector in which the project is covered	Education
3	Projects or programme (1) Local area or other Specify the state and district where projects or programs was undertaken	Nanhi Kali Program across India
4	Amount outlay (budget project or programme wise)	Rs. 57.91 Lacs
5	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programs Overheads	Rs. 57.91 Lacs -
6	Cumulative expenditure up to the reporting period	Rs. 57.91 Lacs
7	Amount Spent direct or through implementing agency	Through KC Mahindra Education Trust

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

Satish Kamat

Noshir Dastur

Mumbai, 28th April, 2016

ANNEXURE – V TO THE DIRECTORS’ REPORT

PARTICULARS OF GUARANTEES PROVIDED PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013

Details of guarantee/Security provided:-

Sr. No.	Name of Company	Amount(in lacs)	Type
1	Cleansolar Renewable Energy Private Limited	600	Performance Bank Guarantee
2	Brightsolar Renewable Energy Private Limited	250	Performance Bank Guarantee
3	Divine Solren Private Limited	1000	Performance Bank Guarantee
4	Neo Solren Private Limited	840	Performance Bank Guarantee

For and on behalf of the Board

Director
Parag Shah
(DIN – 01536698)

Director
Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE VI TO THE DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub Section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis- Nil
2. Details of material contracts or arrangements or transactions at arm's length basis.

Sl. No	Particulars	Party 1	Party 2
1	Name (s) of the related party & nature of relationship	a) Brightsolar Renewable Energy Pvt Ltd (Subsidiary Co.)	b) Cleansolar Renewable Energy Pvt Ltd (Subsidiary Co.)
2	Nature of Contracts/arrangements/ transaction	a) EPC Contract	b) EPC contract
3	Duration of the contracts/ arrangements/transaction	a) 9 months	b) 9 months
4	Salient terms of the contracts or arrangements or transaction including the value, if any	a) Construction of a solar power plant and related services for Rs. 7,012 Lacs	b) Construction of a solar power plant for Rs. 20,972 Lacs
5	Date of approval by the Board	23 rd October 2015	21 st January 2016
6	Amount Paid as Advances, if any	Nil	Nil

Note:

Contracts/transactions for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Director
Parag Shah
(DIN – 01536698)

Director
Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE VII TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return
As on the financial year ended on 31st March, 2016**

*[Pursuant to Section 92(3) of the Companies Act, 2013
And rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74990MH2010PTC207854
2.	Registration Date	19/09/2010
3.	Name of the Company	Mahindra Renewables Private Limited
4.	Category/Sub-Category of the Company	Limited by shares/Indian Non Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No	Name and Description of Main Product/ Services	NIC Code of the Product	% to total turnover of the Company.
1	Engineering, procurement and construction	42201	99.23

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U65993MH2007PLC175649	Holding Company	100	2(46)
2.	Mahindra Renewables Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U40300MH2010PTC205946	Subsidiary Company	100	2(87) (i) and(ii)
3.	MachinePulse Tech Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U72300MH2016PTC271679	Subsidiary Company	100	2(87) (i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	4,36,79,442	4,36,79,442	100%	-	7,02,71,728	7,02,71,728	100%	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total - A-(1)	-	-	-	-	-	-	-	-	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total - A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	4,36,79,442	4,36,79,442	100%	-	7,02,71,728	7,02,71,728	100%	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.									
b. Individual									
i. Individual shareholders holding nominal share capital upto rupees 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of rupees 1 Lakh	-	-	-	-	-	-	-	-	-

MAHINDRA SUSTEN PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA EPC SERVICES PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		4,36,79,442	4,36,79,442	100%	-	7,02,71,728	7,02,71,728	100%	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holdings Limited	4,36,79,441	100	-	7,02,71,727	100	-	Nil
2	Mahindra Holdings Limited Jointly with Mr Narayan Shankar*	1	-	-	1	-	-	Nil

The joint shareholder with Mahindra Holdings Limited is an employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions

iii. Change in Promoters' Shareholding:

Name of Promoter: Mahindra Holdings Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	4,36,79,441	100%	4,36,79,441	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on 26 th June, 2015	48,27,586	100%	4,85,07,027	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on 28 th August, 2015	1,44,82,700	100%	6,29,89,727	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on 25 th January, 2016	72,82,000	100%	7,02,71,727	100%
At the end of the year	7,02,71,727	100%	7,02,71,727	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
-		-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS - Nil

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ In Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2015	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
+ Addition	-	-	-	-
- Reduction	-	-	-	-
Net change	-	-	-	-
Indebtedness at the end of the financial year-31.03.2016	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-

MAHINDRA SUSTEN PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA EPC SERVICES PRIVATE LIMITED)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-
	Performance Bonus	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Amount (₹ in Lacs)	
	Noshir Dastur	AKT Chari
Fee for attending Board/Committee Meetings	1.80	1.60
Commission	5	5
Others	-	-
Total (1)	6.80	6.60

II. Other Non-Executive Directors:-

Other Non-Executive Directors	Total Amount (₹ In Lacs)
Fee for attending Board/Committee Meetings	-
Commission	-
Others	-
Total (2)	-

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Basant Jain CEO	Roshan Gandhi CFO	M Satewala CS	Total
1	Gross Salary				-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	1,07,09,607	27,20,730	-	1,29,88,657
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	39,600	-	-	39,600
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-	-
5.	Others Contribution to Provident Fund	2,82,900	-	-	2,82,900
6.	Performance Bonus	29,56,500	-	-	29,56,500
7.	Professional Fees	-	-	1,80,000	1,80,000
	Total (C)	1,39,88,607	27,20,730	1,80,000	1,64,47,657

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Director
Parag Shah
(DIN – 01536698)

Director
AKT Chari
(DIN – 00746153)

Mumbai, 28th April, 2016

ANNEXURE VIII TO THE DIRECTORS' REPORT

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION AND EMPLOYEE STOCK PURCHASE SCHEMES

The Board of Directors, shall, inter alia, disclose in the Directors Report for the year, the following details of the Employees Stock Option Scheme:

- (a) Options granted - 10,39,942
- (b) Options vested - 10,47,650
- (c) Options exercised - Nil
- (d) The total number of shares arising as a result of exercise of option - NIL
- (e) Options lapsed - 8,01,087
- (f) The exercise price - Rs. 35.81 per share
- (g) Variation of terms of options - NIL
- (h) Money realized by exercise of options - NIL
- (i) Total number of options in force - 43,25,682
- (j) Employee wise details of options granted to:
 - (i) Key Managerial Personnel - 2,96,040
 - (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year - NIL
 - (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant - NIL

For and on behalf of the Board

Director
Parag Shah
(DIN – 01536698)

Director
Noshir Dastur
(DIN – 00746153)

Mumbai, 28th April, 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA SUSTEN PRIVATE LIMITED (FORMERLY MAHINDRA EPC SERVICES PRIVATE LIMITED)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Susten Private Limited** (formerly Mahindra EPC Services Private Limited) ("the Company"), which comprise the balance sheet as at March 31, 2016, and the statements of profit and loss and cash flow for the year ended March 31, 2016 and a summary of significant accounting policies and other explanatory information thereon.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended March 31, 2016.

Emphasis of matter

9. We draw attention to Note 14 to the financial statements in respect of trade receivables from a customer aggregating Rs 46.24 crores at March 31, 2016 which management believes is fully recoverable in view of the actions initiated by it. We have relied on management representation in respect of recoverability of this amount.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on December 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 36 and 32 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.
 - iii. There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Mumbai, 28th April, 2016

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the financial statements of Mahindra Susten Private Limited for the year ended March 31, 2016

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a phased programme for physical verification of its fixed assets designed to cover all the items over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. A portion of the fixed assets have been physically verified by the management during the year in accordance with the program. The discrepancies reported on such verification have been properly dealt in the books of account.
- (iii) The Company's fixed assets do not include any immovable property and hence the provisions of para 3(i) (c) of the Order are not applicable to the Company.
2. The inventory has been physically verified by management during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company had in the prior year granted an unsecured loan to a subsidiary listed in the register maintained under Section 189 of the Act which has been repaid by that subsidiary during the year. Other than this the Company has not granted any loans to any parties listed in the register maintained under Section 189 of the Act and accordingly the provisions of paragraph 3(iii) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Act, have been complied with in respect of the loans granted, investments made, guarantees given and security provided as at March 31, 2016. We are informed that the Company has not given any security during the year.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.
6. In our opinion, and according to the information and explanations given to us, the Central Government of India has not specified the maintenance of cost records under Sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (i) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2016 for a period of more than 6 months from the date they became payable.
- (ii) According to the information and explanations given to us and the records of the Company examined by us, except Income tax matters, there are no dues of

sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.

The statement of disputed dues towards Income Tax matters is as listed below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum
Income Tax Act, 1961	Additions on account of disallowance	27,560,340	Financial Year 2012/13	CIT (Appeals)

8. According to the information and explanations given to us the Company did not have any borrowings from any financial institution, bank or Government nor has it issued any debentures during the year and hence the provisions of para 3(viii) of the Order are not applicable to the Company.
9. The Company has neither raised any money by way of initial public offer, further public offer (including debt instruments) nor has it availed of any term loan during the year and hence the provisions of para 3 (ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Mumbai, 28th April, 2016

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Susten Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended March 31, 2016.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants

Firm Registration Number: 105102W

Himanshu Chapsey
Partner

Membership Number: 105731

Mumbai, April 28, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	2015-2016 Rupees	2014-15 Rupees
I. Equity and Liabilities			
(1) Shareholder's Funds			
Share Capital.....	3	702,717,280	436,794,420
Reserves and Surplus.....	4	1,516,638,083	735,998,470
(2) Non-Current Liabilities			
Long term provisions.....	5	34,820,943	16,191,598
(3) Current Liabilities			
Trade payables.....	6	2,691,551,974	1,045,223,624
Other current liabilities.....	7	169,711,293	818,698,490
Short-term provisions.....	8	194,300,372	107,953,143
Total		5,309,739,945	3,160,859,745
II. Assets			
(1) Non-current assets			
Fixed assets			
(i) Tangible assets.....	9	154,090,677	76,462,170
(ii) Intangible assets.....		9,943,959	9,977,011
(iii) Capital work-in-progress.....		47,288,995	16,734,271
(2) Non-current investments	10	1,090,090,100	64,490,100
(3) Deferred tax assets (net)	27	61,320,523	34,091,118
(4) Non-current assets			
Other non-current assets.....	11	25,000	120,000
(5) Current assets			
Current investments.....	12	10,803,337	-
Inventories.....	13	285,065,782	252,065,991
Trade receivables.....	14	3,370,647,049	1,532,312,528
Cash and cash equivalents.....	15	62,639,726	47,187,112
Short-term loans and advances.....	16	163,261,444	1,100,361,885
Other current assets.....	17	54,563,353	27,057,559
Total		5,309,739,945	3,160,859,745

Per our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : 28th April, 2016

For and on behalf of the Board

Parag Shah
Director
(DIN – 01536698)

Basant Kumar Jain
Chief Executive Officer

Noshir Dastur
Director
(DIN – 00746153)

Roshan Gandhi
Chief Financial Officer

Mohammed Satewala
Company Secretary

Place : Mumbai
Date : 28th April, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note No.	2015-16 Rupees	2014-15 Rupees
Revenue from operations.....	18	10,019,431,634	5,039,122,421
Other Income.....	19	77,249,402	37,306,649
Total Revenue		10,096,681,036	5,076,429,070
Expenses			
Cost of materials consumed.....	20	7,718,941,439	4,023,781,411
Purchase of traded goods.....		-	12,469,791
(Increase)/decrease in inventory.....	21	(14,942,872)	(3,367,688)
Employee benefit expenses.....	22	459,229,779	241,074,865
Financial costs.....	23	2,918,974	-
Depreciation and amortization expenses.....		27,949,285	13,263,988
Other expenses.....	24	1,577,560,015	553,501,005
Total Expenses		9,771,656,620	4,840,723,372
(Loss)/Profit before tax		325,024,416	235,705,698
Tax expense:			
(1) Current tax.....	27	141,677,442	91,210,663
(2) Deferred tax.....		(27,229,405)	(7,843,120)
(Loss) /Profit for the year		210,576,379	152,338,155
Earning per equity share:			
(Face value Rs. 10/- per share)			
(1) Basic.....	26	3.67	5.42
(2) Diluted.....		3.46	4.74

Per our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : 28th April, 2016

For and on behalf of the Board

Parag Shah
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(DIN – 01536698)

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(DIN – 00746153)

Roshan Gandhi
Chief Financial Officer

Mohammed Satewala
Company Secretary

Place : Mumbai
Date : 28th April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before Tax		325,024,416		235,705,698
Adjustments for:				
Depreciation/Amortization	27,949,285		13,263,988	
Interest Income	(24,271,851)		(23,424,079)	
Dividend Income	(7,937,077)		(4,640,972)	
Interest expense	2,918,974	(1,340,669)	–	(14,801,063)
Operating Profit Before Working Capital Changes		323,683,747		220,904,635
Adjustments for:				
Increase/(decrease) in trade payables	1,646,328,351		879,703,647	
Increase/(decrease) in other current liabilities	(696,578,105)		786,815,071	
Increase/(decrease) in short term provisions.....	86,347,229		49,086,773	
Increase/(decrease) in long-term provisions.....	18,629,345		9,799,710	
Decrease/(Increase) in non current assets	95,000		–	
Decrease/(Increase) in inventories	(32,999,791)		(34,954,507)	
Decrease/(Increase) in trade and other receivables.....	(1,838,334,521)		(1,266,118,188)	
Decrease/(Increase) in short term loans and advances ...	749,783,751		(849,810,874)	
Decrease/(Increase) in other current assets	(19,661,898)		42,608,451	
Change in working capital		(86,390,639)		(382,869,918)
Cash used for Operations		237,293,108		(161,965,282)
Income taxes paid (net of refunds).....		(139,860,752)		(73,829,419)
NET CASH USED IN OPERATING ACTIVITIES		97,432,356		(235,794,701)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets.....		(88,508,554)		(59,427,746)
(Purchase)/sale of investments				
Investments in Subsidiaries		(696,100,000)		(63,000,000)
Investments in Mutual Funds		(10,803,337)		55,434,850
Investments in Others		–		(940,100)
ICD given		(263,000,000)		(185,500,000)
ICD given refunded		119,000,000		100,000,000
Interest Received		16,427,952		23,424,079
Dividend Income		7,937,077		4,640,972
NET CASH USED IN INVESTING ACTIVITIES.....		(915,046,862)		(125,367,945)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issuance of Share Capital.....		835,986,094		359,999,988
Interest expense		(2,918,974)		–

MAHINDRA SUSTEN PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA EPC SERVICES PRIVATE LIMITED)

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
NET CASH FROM FINANCING ACTIVITIES		833,067,120		359,999,988
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,452,614		(1,162,658)
CASH AND CASH EQUIVALENTS				
Opening Balance		47,187,112		48,349,770
Closing Balance		62,639,726		47,187,112
Cash & Cash Equivalents include:				
Cash and Cheques on hand.....		-		-
Balances with Scheduled Banks:				
(i) On Current Account	39,216,730		24,942,089	
(ii) On Fixed Deposit Account.....	23,422,996		22,245,023	
		62,639,726		47,187,112
		62,639,726		47,187,112

Per our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : 28th April, 2016

For and on behalf of the Board

Parag Shah
Director
(DIN – 01536698)
Basant Kumar Jain
Chief Executive Officer

Noshir Dastur
Director
(DIN – 00746153)
Roshan Gandhi
Chief Financial Officer

Mohammed Satewala
Company Secretary

Place : Mumbai
Date : 28th April, 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. Nature of Operations

Mahindra Susten Private Limited ('the Company'), a subsidiary of Mahindra Holdings Limited, is engaged in Engineering, Procurement and Construction of power plants in renewable energy and water management sector and related operations and maintenance activity.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 ('the Act'). Pursuant to Section 133 of the Act and read with Rule 7 of the Companies (Accounts) Rules, 2014 till the standards of accounting or any addendum thereto as prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956, [Companies (Accounting Standards) Rules, 2006], and other relevant provisions of the Companies Act 2013, shall continue to apply to the extent applicable.

The financial statements are prepared and presented in the form set out in Schedule III of the Act, so far as they are applicable thereto. All assets and liabilities have been classified as current/noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current/noncurrent classification of assets and liabilities.

These financial statements are presented in Indian rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Tangible and Intangible Assets:

(i) Tangible Fixed Assets:

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation. Borrowing costs relating to acquisition of fixed asset, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss. Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

(ii) Intangible Assets

Intangible assets are initially measured at cost and amortised on a straight line basis over their estimated useful lives not exceeding ten years.

Software are equally amortised over their estimated useful lives of three years from the year in which they are put to use.

(iii) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

d) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Land considered as stock-in-trade is valued at lower of cost or net realisable value. Cost comprises of all cost attributable to the acquisition of land.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

e) Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

The Company uses foreign currency forward contracts to hedge its risk associated with the foreign currency fluctuations relating to firm commitments. In respect of forward exchange contracts covered under AS 11, "The effect of changes in foreign exchange rates", any premium or discount rising at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

Pursuant to the announcement made by the Institute of Chartered Accountants of India (ICAI) regarding "Accounting for Derivatives", provision for losses in respect of forward exchange contracts classified as derivatives is made on mark to market valuation of such contracts. Gains on mark to market valuation, if any, on such derivatives are not recognised in financial statements.

f) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from fixed price EPC contracts is recognized on percentage of completion method measured on the basis of stage of completion determined on the basis of certifications done internally or by external consultants or customers as well as on the basis of billing schedule agreed.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income is recognized on time proportion basis.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(vi) Insurance claim

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

g) Investments

Investments are classified under Non-current and Current categories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

'Non-current Investments' are carried at acquisition/amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

h) Employee Benefits:

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service. Provision for short term compensated absences is made on arithmetic basis.

(ii) Post employment employee benefits

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

i) Employee Stock Option Scheme:

Stock options granted under the employee stock option schemes (ESOS) are accounted by intrinsic value method in accordance with the Guidance Note on accounting for employee share based payments issued by ICAI. Accordingly, the excess of fair value of shares over the exercise price is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on a straight line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

j) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually

certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

k) Provisions and Contingent Liabilities:

(i) The Company provides for warranty obligation on substantial completion of contracts based on technical evaluation.

(ii) Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

l) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

m) Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Note no. 3: Share Capital	31 st March, 2016 Rupees	31 st March, 2015 Rupees
Authorized:		
100,000,000 (31 st March, 2015: 50,000,000)		
Equity Shares of Rs. 10 each	1,000,000,000	500,000,000
Total	1,000,000,000	500,000,000
Issued and Subscribed:		
70,271,728 (31 st March, 2015: 43,679,442)		
Equity Shares of Rs. 10 each, fully paid up.....	702,717,280	436,794,420
Total	702,717,280	436,794,420

a. Reconciliation of the shares outstanding at the beginning and at the end of the year:

	31 st March, 2016		31 st March, 2015	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity Shares:				
At the beginning of the period	43,679,442	436,794,420	28,000,000	280,000,000
Issued during the period	26,592,286	265,922,860	15,679,442	156,794,420
Outstanding at the end of the period.....	70,271,728	702,717,280	43,679,442	436,794,420

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding Company:

Entire equity Shares of the Company are held by Mahindra Holdings Limited, the Holding Company.

d. Details of shareholders holding more than 5% shares in the company:

	31 st March, 2016		31 st March, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares:				
Mahindra Holdings Limited*.....	70,271,728	100%	43,679,442	100%

* This includes 1 nominee share held by an individual on behalf of the holding company.

Note no. 4: Reserves and Surplus:	31 st March, 2016 Rupees	31 st March, 2015 Rupees
Share Premium		
Opening balance	203,205,568	-
Add: Premium on shares issued during the year...	570,063,234	203,205,568
Closing balance	773,268,802	203,205,568
Surplus in the Statement of Profit and Loss		
Balance as per the last financial statement	532,792,902	380,454,747
(Loss)/Profit for the year	210,576,379	152,338,155
Closing balance	743,369,281	532,792,902
Total	1,516,638,083	735,998,470

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note no. 5: Long-term Provisions:	31st March, 2016 Rupees	31st March, 2015 Rupees	Note no. 7: Other current liabilities:	31st March, 2016 Rupees	31st March, 2015 Rupees
Provision for employee benefits:			Advance from customers	24,674,967	756,420,339
Provision for gratuity.....	13,026,312	7,069,005	Salary and reimbursements	50,181,123	40,334,062
Leave encashment.....	21,794,631	9,122,593	Provided Fund and other funds payable.....	3,538,362	1,856,201
Total	34,820,943	16,191,598	Payable to statutory authorities (including TDS, VAT, Service tax etc.).....	43,725,933	19,687,888
			Payables for capital expenditure.....	47,590,908	-
			Other liabilities	-	400,000
Note no. 6: Trade payables:	31st March, 2016 Rupees	31st March, 2015 Rupees	Total	169,711,293	818,698,490
Trade payables			Note no. 8: Short term provisions:		
Other than Micro and Small Enterprises	2,691,551,974	1,045,223,624	Provision for employee benefits:		
Total	2,691,551,974	1,045,223,624	Provision for gratuity.....	267,341	61,531
			Leave encashment.....	1,971,724	774,160
			Provision for warranties.....	192,061,307	107,117,452
			Total	194,300,372	107,953,143

Note no. 9: Fixed Assets

Description of Assets	Gross Block (At Cost)			Depreciation/Amortization			Net Block			
	As at 31 st March, 2015	Additions/ adjustments	Deductions/ adjustments	As at 31 st March, 2016	As at 31 st March, 2015	For the year	Deductions and Adjustments of Depreciation/ Amortization	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1. Tangible Assets:										
Plant and Machinery	30,327,110	61,679,404	-	92,006,514	3,409,422	2,307,990	-	5,717,412	86,289,102	26,917,688
Office Equipment.....	31,319,688	15,534,561	-	46,854,249	2,540,262	8,779,449	-	11,319,711	35,534,538	28,779,426
Computers	20,103,671	18,709,687	-	38,813,358	5,674,171	10,426,111	-	16,100,282	22,713,076	14,429,500
Furniture & Fixture.....	2,684,227	722,329	-	3,406,556	179,380	387,103	-	566,483	2,840,073	2,504,847
Vehicles	3,982,297	3,407,818	-	7,390,115	151,588	524,639	-	676,227	6,713,888	3,830,709
Total	88,416,993	100,053,799	-	188,470,792	11,954,823	22,425,292	-	34,380,115	154,090,677	76,462,170
2. Intangible Assets:										
Software	16,621,403	5,490,941	-	22,112,344	6,644,392	5,523,993	-	12,168,385	9,943,959	9,977,011
Total	16,621,403	5,490,941	-	22,112,344	6,644,392	5,523,993	-	12,168,385	9,943,959	9,977,011
Total	105,038,396	105,544,740	-	210,583,136	18,599,215	27,949,285	-	46,548,500	164,034,636	86,439,181
Previous year total	47,348,172	58,378,312	688,088	105,038,396	5,638,740	13,263,988	303,513	18,599,215	86,439,181	41,709,432

Note no. 10: Non-current Investments	31st March, 2016 Rupees	31st March, 2015 Rupees	Note no. 11: Non - Current assets	31st March, 2016 Rupees	31st March, 2015 Rupees
(valued at cost unless stated otherwise):				Units	Units
i) Unquoted Trade Investment - In subsidiary			Deposit account with maturity of more than 12 months as at Balance Sheet Date.....	25,000	120,000
1,08,910,000 equity shares (31 March, 2015 Rs. 63,500,000) of Rs. 10/- each of Mahindra Renewables Pvt Ltd	1,089,100,000	63,500,000	Total	25,000	120,000
ii) Unquoted Non Trade Equity investments					
2,000 equity shares (31 March, 2015 Rs. 50,000/-) of Rs. 25/- each of The Zoroastrian Co-operative Bank Ltd.	50,000	50,000	Note no. 12: Current Investments	31st March, 2016 Rupees	31st March, 2015 Rupees
iii) Unquoted Non Trade Equity investments			(value or cost):		
94,010 Convertible Preference Shares (31 March, 2015 Rs. 940,100) of Rs. 10/- each of Renew Solar Energy (TN) Private Ltd.	940,100	940,100	Investments In Mutual Funds - Unquoted		
Total	1,090,090,100	64,490,100	Investments In Mutual Funds.....	10,803,337	-
			Total	10,803,337	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Unquoted investments	Units	31st March, 2016		31st March, 2016	31st March, 2015
Birla Sun Lifecash Plus-Instl-Daily Dividend-Reinvestment	51,261	5,127,135	Note no. 16: Short-term loans and advances	Rupees	Rupees
Birla Sun Lifecash Plus-Daily Dividend-Reinvestment	56,230	5,627,838	Unsecured, considered good		
Sundaramoney Fund Regular Daily DR	4,791	48,364	Inter Corporate Deposits	-	185,500,000
Total		10,803,337	Advances to suppliers	51,393,611	879,861,061
			Advances to employees	7,936,376	-
			Security deposits	11,705,795	5,505,000
			Balance with Government Authorities	112,500	67,000
			Earnest Money Deposits	2,885,480	1,756,700
			Service tax/VAT receivable	68,949,571	5,577,323
			Advance income tax (net of provisions)	20,278,111	22,094,801
			Total	163,261,444	1,100,361,885
Note no. 13: Inventories	31st March, 2016	31st March, 2015			
	Rupees	Rupees	Note no. 17: Other current assets	31st March, 2016	31st March, 2015
(valued at lower of cost and net realisable value):			Unsecured, considered good	Rupees	Rupees
Land held as stock in trade	251,021,345	248,264,426	Interest accrued on Bank Fixed Deposits	387,472	2,213,871
Spares	15,300,000	-	Interest receivable from customers	34,513,985	24,843,688
Work in Progress	18,744,437	3,801,565	Insurance Claim receivable	16,149,576	-
Total	285,065,782	252,065,991	Prepaid expenses	3,512,320	-
			Total	54,563,353	27,057,559
Note no. 14: Trade Receivable	31st March, 2016	31st March, 2015	Note no. 18: Revenue from Operations	2015-2016	2014-2015
	Rupees	Rupees		Rupees	Rupees
Trade Receivables:			Revenue from EPC Contracts	9,862,095,133	4,963,494,892
Unsecured, considered good:			Sale of Products	-	14,827,244
Outstanding for period exceeding more than six months from the date they are due for payment..	91,920,734	138,794,829	Income from Services	88,419,364	60,800,285
Others	3,278,726,315	1,393,517,699	Other Operating revenue	68,917,137	-
Considered Doubtful	-	-	Total	10,019,431,634	5,039,122,421
Total	3,370,647,049	1,532,312,528	Note no. 19: Other Income	2015-2016	2014-2015
				Rupees	Rupees
Note:			Interest income on		
The Company has an amount of Rs. 46.2 crores receivable from a customer. In view of bankruptcy proceedings filed by the customer's ultimate parent company in the US, as a precautionary measure the Company has initiated necessary legal proceedings in the jurisdictional High Court seeking appropriate relief. Based on its discussions with the management of the customer and the legal relief being sought, the Company believes that the amount of Rs. 46.2 crores is fully recoverable.			Bank deposits	2,092,397	4,673,284
			Inter corporate deposits	8,143,667	3,930,439
			Others	14,035,787	14,820,355
			Dividend income on		
Note no. 15: Cash and cash equivalents	31st March, 2016	31st March, 2015	Equity	7,500	7,500
	Rupees	Rupees	Debt Mutual Funds	7,929,577	4,633,472
Cash on hand	-	-	Insurance Claims	16,149,576	-
Balances with schedule banks:			Support Service Income	22,427,948	4,446,125
(i) in Current account	39,216,730	24,942,089	Other Non Operating Income	6,462,950	-
(ii) in Deposit account with maturity of less than 12 months as at Balance Sheet Date (held as margin money and with government authorities)	23,422,996	22,245,023	Gain on foreign exchange transaction	-	4,795,474
Total	62,639,726	47,187,112	Total	77,249,402	37,306,649

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note no. 20: Cost of Raw Material and Components Consumed	2015-2016 Rupees	2014-2015 Rupees	Note no. 24: Other Expenses:	2015-2016 Rupees	2014-2015 Rupees
Inventory at the beginning of the year	248,264,426	216,677,607	Travelling & Conveyance.....	52,952,793	24,319,075
Add: Purchases	7,736,998,358	4,055,368,230	Communication expenses.....	8,861,736	2,924,349
	<u>7,985,262,784</u>	<u>4,272,045,837</u>	Printing & Stationary.....	3,607,876	1,129,378
Less: Inventory at the end of the year			Loss on foreign exchange transaction (Net) ...	748,420	-
Raw Material Inventory	-	-	Legal and professional fees.....	42,380,627	24,964,666
Land held as stock in trade	251,021,345	248,264,426	Payment to auditor [Refer Note no 25]	882,760	787,500
Spares	15,300,000	-	Software Expenses	3,822,011	2,078,456
Total	<u>7,718,941,439</u>	<u>4,023,781,411</u>	Bank Charges	16,947,049	8,767,242
			Miscellaneous expenses	32,904,880	22,663,423
			Total	<u>1,577,560,015</u>	<u>553,501,005</u>
Note no. 21: (Increase)/Decrease in inventories/WIP	2015-2016 Rupees	2014-2015 Rupees	Note no. 25: Payment to Auditors include: (net of services tax)	2015-2016 Rupees	2014-2015 Rupees
Inventory at the end of the year			As Auditor	800,000	600,000
Work-in-progress.....	18,744,437	3,801,565	For Taxation Matters	75,000	175,000
Finished Goods	-	-	For Other Services.....	7,760	12,500
Less:			Total	<u>882,760</u>	<u>787,500</u>
Inventory at the beginning of the year					
Work-in-progress.....	3,801,565	-	Note no. 26: Earning per share (EPS):	2015-2016 Rupees	2014-2015 Rupees
Finished Goods	-	433,877	Profit/(Loss) after tax	210,576,379	152,338,155
Total	<u>(14,942,872)</u>	<u>(3,367,688)</u>	Weighted average number of equity shares used in computing basic earning per share ...	57,449,425	28,085,915
			Basic and Diluted earning per share (Rs.) ...	3.67	5.42
Note no. 22: Employee benefit expenses	2015-2016 Rupees	2014-2015 Rupees	(Face Value of Rs. 10 per Share)		
Salaries, wages and bonus.....	423,017,331	219,451,683	Weighted average number of equity shares used in computing diluted earning per share	60,946,457	32,172,742
Contribution to provident and other fund....	23,407,815	12,621,485	Diluted earning per share (Rs.).....	3.46	4.74
Staff welfare expenses.....	12,804,633	9,001,697	Note no. 27:	2015-16 Rupees	2014-15 Rupees
Total	<u>459,229,779</u>	<u>241,074,865</u>	The components of Deferred Tax liability and assets		
			Deferred Tax Liability:		
Note no. 23: Finance Cost	2015-2016 Rupees	2014-2015 Rupees	(i) On depreciation and amortization.....	17,973,782	8,105,679
Interest on Others.....	2,918,974	-		<u>17,973,782</u>	<u>8,105,679</u>
Total	<u>2,918,974</u>	<u>-</u>	Deferred Tax Asset:		
			(i) Provision for employee benefits	12,825,728	5,787,575
Note no. 24: Other Expenses:	2015-2016 Rupees	2014-2015 Rupees	(ii) Provision for warranty	66,468,577	36,409,222
Rent.....	32,033,405	22,043,801		<u>79,294,305</u>	<u>42,196,797</u>
Rates & Taxes	100	4,000	Deferred Tax Asset (Net).....	<u>61,320,522</u>	<u>34,091,118</u>
Insurance	11,518,909	522,359			
Subcontracting, hire and service charges....	1,226,161,570	341,327,976			
Operations and Maintenance.....	42,001,410	33,688,108			
Warranty Expenses (Net) [Refer Note 30]....	89,334,224	57,383,221			
Repairs and Maintenance	4,823,736	4,144,124			
Advertisement & Sales promotion	8,578,509	6,753,326			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note no. 28: List of Related parties

Name of Related Party	Description of Relationship	Name of Transaction	Transactions (Rupees)	Amount Outstanding at the end of year	
				Credit (Rupees)	Debit (Rupees)
Mahindra & Mahindra Limited	Ultimate Holding Company	Sale of Goods	166,865,183	58,108,190	-
			(136,045,309)	(47,001,846)	(87,540)
		Receiving of Services	3,997,381		
			(12,510,532)		
		Rendering Service	-		
			(89,025)		
Mahindra Holdings Limited	Holding Company	Reimbursement Paid	8,549,165		
			(4,922,214)		
		Reimbursement Received	-		
			(411,997)		
Mahindra India Limited	Fellow Subsidiary Company	Issue of Equity Shares	265,922,860	-	-
			(359,999,988)	(-)	(-)
Bristlecone India Limited	Fellow Subsidiary Company	Securities Premium	570,063,234		
			(-)		
Mahindra Consulting Engineers Ltd.	Fellow Subsidiary Company	Receiving of Services	7,619,220	2,111,223	-
			(-)	(-)	(-)
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	Receiving of Services	12,847,725	600,875	-
			(6,094,445)	(-)	(-)
Mahindra Logistics Limited	Fellow Subsidiary Company	Receiving of Services	962,392	234,383	-
			(708,615)	(108,873)	(-)
Mahindra Vehicle Manufactures Limited	Fellow Subsidiary Company	Receiving of Services	4,972,749	3,760,408	-
			(30,434)	(-)	(-)
		Reimbursement Paid	1,134,744	-	-
Mahindra World city (Jaipur) Limited	Fellow Subsidiary Company		(1,87,000)	(-)	(-)
		Services Rendered	19,469,875	-	16,022,803
Mahindra First Choice Services Limited	Fellow Subsidiary Company		(-)	(-)	(213,698)
		Reimbursement Received	13,661	-	-
Mahindra Renewable Private Limited	Subsidiary Company		(13,483)	(6,742)	-
		Reimbursement Received	-		(166,934)
Brightsolar Renewable Energy Private Limited	Subsidiary of Subsidiary Company	Sale of Goods	13,241,960		3,310,491
			(1,257,571)		(1,252,245)
		Investment in Equity Shares	696,100,000		
			(63,500,000)		
		ICD Given	263,000,000		
			(185,500,000)		
		ICD Given Refunded	119,000,000		
			(-)		
		Interest Income	9,041,043		
			(2,016,740)		
Brightsolar Renewable Energy Private Limited	Subsidiary of Subsidiary Company	Sales of Goods	636,924,952		62,979,336
			(-)		(-)
		Services Rendered	112,661,148		
			(1,352,402)		
		Guarantee Given	-		
	(25,000,000)				
	Reimbursement Received	-			
	(394,893)				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Name of Related Party	Description of Relationship	Name of Transaction	Transactions (Rupees)	Amount Outstanding at the end of year	
				Credit (Rupees)	Debit (Rupees)
Cleansolar Renewable Energy Private Limited	Subsidiary of Subsidiary Company	Sales of Goods	1,701,776,314		1,230,020,271
			(224,410)		(-)
		Services Rendered	75,602,687		
			(-)		
		Guarantee Given	-		
Divine Solren Private Limited	Subsidiary of Subsidiary Company	Reimbursement Received	(89,000,000)		
			-		
			(1,997,243)		
		Services Rendered	48,889,839		28,160,248
			(-)		(-)
Neo Solren Private Limited	Subsidiary of Subsidiary Company	ICD Given	1,200,000		
			(-)		
		ICD Given Refunded	1,200,000		
			-		
		Interest Income	54,443		
Mahindra Suryaprakash Private Limited	Associate of Holding Company		(-)		
		Services Rendered	5,040,000		-
			(-)		(-)
		ICD Given	1,200,000		
			(-)		
Mahindra Solar One Private Limited	Associate of Holding Company	ICD Given Refunded	1,200,000		
			(-)		
		Interest Income	54,443		
			(-)		
		Sales of Goods	-		43,712,479
Tech Mahindra	Associates of holding company		(94,414,198)		(39,248,761)
		Rendering Service	32,359,434		
			(30,989,251)		
		Interest Income	4,884,238		
			(7,922,288)		
Tech Mahindra	Associates of holding company	Reimbursement received	31,200		
			(901,815)		
		Rendering Service	6,210,886		71,862,331
			(4,678,816)		(65,116,137)
		Interest Income	5,860,537		
Tech Mahindra	Associates of holding company		(6,687,354)		
		Reimbursement Received	10,400		
			(173,780)		
		Sales of Goods	110,041,753		41,125,845
			(30,845,217)	(346,700)	(-)
Tech Mahindra	Associates of holding company	Rendering Service	18,578,790		
			(2,154,783)		

Previous year's figures are given in brackets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note no. 29:

Micro, Small and Medium enterprises have been identified on the basis of the information to the extent provided by the suppliers.

Total outstanding dues of the Micro and Small enterprises as on 31st March, 2016 is Rs. Nil.

Note no. 30:

Provision for warranty relates to provision made in respect of EPC Contracts, the estimated cost of which is accrued on corresponding revenue recognition.

The movement in the above provision is as follows:

	31 st March, 2016 Rupees	31 st March, 2015 Rupees
Balance as on 1 st April, 2015	107,117,452	58,682,966
Add: Provision made during the year.....	89,334,224	57,383,221
Less: Reversed during the year.....	-	-
Less: Utilised during the year	4,390,369	8,948,735
Balance as on 31st March, 2016	192,061,307	107,117,452

Note no. 31: Segment Information

The company operates only in one business segment viz. Engineering, Procurement and Construction Contracts.

The Companies operations only in India, hence there is no reportable geographical segment.

Note no. 32:

In respect of dues from a client of Rs. 422,03,283 the Company has accrued interest income of Rs. 3,45,13,985 as per the terms of the Contract with the client. Based on discussions with the client and their future plans, the Company is confident of recovery of these dues.

Note no. 33:

Disclosure regarding income from Engineering, Procurement and Construction Contracts:	31 st March, 2016 Rupees	31 st March, 2015 Rupees
i) The amount of contract revenue recognised as revenue during the year..	2,803,554,747	4,963,494,892
ii) The aggregate amount of cost incurred and recognised profits upto the close of the year	2,515,660,016	4,365,109,387
iii) The amount of advances received	-	756,420,339
iv) Amount due from customer	1,014,241,572	1,532,312,528
v) Amount due to customer	-	-

Note no. 34:

Details of consumption and purchases	31 st March, 2016 Rupees	31 st March, 2015 Rupees
a) Value of Imports on C.I.F Basis:		
Raw Material	2,758,981,655	2,729,764,043
Capital goods	-	-
Total	2,758,981,655	2,729,764,043
b) Expenditure in foreign currencies		
Travelling Expenditure.....	3,582,889	949,871
Software.....	665,110	402,271
Total	4,247,999	1,352,142

c) Consumption of components and spare parts

	31 st March, 2016		31 st March, 2015	
	Rupees	%	Rupees	%
Imported.....	2,758,981,655	36%	2,729,764,043	68%
Indigenous	4,959,959,784	64%	1,294,017,368	32%
Total	7,718,941,439	100%	4,023,781,411	100%

d) Particulars of consumption of raw materials:

	31 st March, 2015 Rupees	31 st March, 2014 Rupees
Modules	3,407,790,057	2,395,302,382
Invertors	637,825,735	216,144,400
MMS & hardware.....	904,373,397	443,566,252
HT Panels	116,750,765	29,614,595
Others (includes for trade)	2,652,201,485	939,153,782
Total	7,718,941,439	4,023,781,411

e) Purchase of traded goods:

Solar Inverter	-	12,469,791
Total	-	12,469,791

f) Sale of traded goods:

Solar Inverter	-	14,827,244
Total	-	14,827,244

Note no. 35:

Derivative instruments and unhedged foreign currency exposure:

	31 st March, 2016 Rupees	31 st March, 2015 Rupees
a) Derivatives outstanding as at the balance sheet date (2015 : Nil)	-	-
a) Particulars of unhedged foreign currency exposure as at balance sheet date Liabilities in (contracted rates net of advance)		
USD 16,933,233 (2015 : USD Nil)	1,107,323,004	-
Euro 1,562,800 (2015 : Euro 1,730,068)	112,193,568	117,056,381

Note no. 36:

Contingent liabilities and commitments

	31 st March, 2016 Rupees	31 st March, 2015 Rupees
Estimated amount of contracts remaining to be executed on capital account and not provided for	25,86,000	29,384,558
Outstanding Bank Guarantees.....	812,890,179	1,193,541,159
Claims against company not acknowledged as debts (Income Tax demand for AY 2013-14, appeal filed with the authorities)	27,560,340	-
Total	840,450,519	1,222,925,717

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note no. 37:

Disclosures as required under Accounting Standard 15 on "Employee Benefits" Revised

1) Defined benefit plan – Gratuity (Unfunded)

	31 st March, 2016 Rupees	31 st March, 2015 Rupees
a) Amount recognized in Balance Sheet		
Present value of Unfunded Obligations ...	12,990,712	6,978,617
Unrecognised past service cost	-	-
Amount not recognised as an asset (limit in Para 59(b)).....	-	-
Net Liability	12,990,712	6,978,617
Amounts in Balance Sheet		
Liability	12,990,712	6,978,617
Net Liability is bifurcated as follows:		
Current	131,334	76,546
Non current.....	12,859,378	6,902,071
Net liability.....	12,990,712	6,978,617
b) Expense recognized in Statement of Profit and Loss		
Current Service Cost.....	3,721,483	2,203,282
Interest on Defined benefit obligation	847,615	514,264
Expected return on plan assets.....	-	-
Net Actuarial losses/(gains) recognized in year	1,442,997	614,801
Past service cost	-	-
Losses/(Gains) on "Curtailments & Settlements".....	-	-
Losses/(Gains) on "Acquisition/divestiture"	-	-
Effect of the Limit in para 59(b).....	-	-
Total, included in "Employee benefit Expense".....	6,012,095	3,332,347
c) Reconciliation of benefit obligation and plan assets for the period Change in Defined Benefit Obligation		
Opening defined benefit obligation	6,978,617	3,646,270
Current service cost	3,721,483	2,203,282
Interest cost	847,615	514,264
Actuarial Losses/(Gain)	1,442,997	614,801
Past service cost	-	-
Actuarial Losses/(Gain) due to curtailment	-	-
Liabilities extinguished on settlements.....	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Exchange difference on foreign plans	-	-
Benefits paid.....	-	-
Closing defined benefit obligation	12,990,712	6,978,617
Change in Fair Value of Assets		
Opening fair Value of Plan Assets.....	-	-
Expected return on plan assets.....	-	-
Actuarial Losses/(Gain)	-	-
Assets distributed on settlements.....	-	-
Contributions by Employer	-	-
Assets acquired on acquisition/ (distributed on divestiture)	-	-
Exchange difference on foreign plans	-	-
Benefits paid.....	-	-
Closing Fair Value of Plan Assets.....	-	-
d) Assumptions:		
Discount Rate (p.a.)	7.95%	7.95%
Salary Escalation Rate (p.a.)	8.00%	8.00%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

e) The above figures does not include liability towards employees transferred from group companies amounting to Rs. 3,02,941/-.

2) Leave Encashment (Unfunded)

	As at 31 st March 2016 Rupees	As at 31 st March 2015 Rupees
Present value of unfunded obligations.....	23,376,607	9,735,383
Expense recognised in the Statement of Profit and Loss	13,641,224	6,806,361
Discount rate (p.a.).....	8.00%	7.95%
Salary escalation rate (p.a.)	8.00%	8.00%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Liability for Gratuity and Leave encashment for the current year are based on actuarial valuation. The liability for the last year was based on arithmetic basis, hence previous year comparative figures are not stated.

The above figures does not include liability towards employees transferred from group companies amounting to Rs. 389,748/-

Note no. 38: Employee Stock Option Scheme

In the 3rd Annual General Meeting held on 6th August, 2013, the shareholders approved the issue of Employee Stock Options under the Scheme titled MEPC – Key Executives Stock Option Scheme, 2013.

The ESOS is approved to grant options to Eligible Employees of the Company and Beneficiaries of Mahindra Partners Employee Options Trust.

The Exercise Price in respect of the Options granted under this Plan shall be decided by the Committee, provided however, that the Exercise Price shall not be less than the par value of the Shares of the Company and shall not be more than the fair market value of the equity shares of the Company as on the date of Grant of Options or such other date not earlier than six months before the date of Grant.

The options granted vest in a graded manner over a period as determined by the Committee which shall not exceed seven years. The options can be exercised from the date on which the shares of the Company get listed on a recognized stock exchange but not later than three years from the date of listing and in certain other conditions as detailed in the Scheme.

The Company has issued the ESOS in tranches on 22nd May, 2013 via ESOP Committee and 21st January, 2016 via Board Meeting at an exercise price of Rs. 17 per share and Rs. 35.81 per share respectively.

Since there is no difference between the fair value of the share underlying the options granted on the date of grant of option and the exercise price of the option, there is no adjustment required for the same in the Profit and Loss account.

Employee stock options details for ESOS as on the Balance Sheet date as are follows:

Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
	Options (Numbers)	Exercise Price	Options (Numbers)	Exercise price
A. Options outstanding at the beginning of the year	4,086,827	Rs. 17.00	4,086,827	Rs. 17.00
B. Granted during the year	1,039,942	Rs. 35.81	-	NA
C. Vested during the year..	1,047,650	Rs. 17.00	-	NA
D. Exercised during the year	-	-	-	NA
E. Lapsed during the year....	801,087	Rs. 17.00	-	NA
F. Options outstanding at the end of the year (A+B-D-E).....	4,325,682		40,86,827	Rs. 17.00

Note no. 39:

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Form AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of
Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Renewables Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 st April, 2015 to 31 st March, 2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	1,089,100,000
5.	Reserves & surplus	33,576,551
6.	Total assets	1,128,476,707
7.	Total Liabilities	1,128,476,707
8.	Investments	1,112,071,880
9.	Turnover	60,586,776
10.	Profit before taxation	36,711,682
11.	Provision for taxation	-
12.	Profit after taxation	36,711,682
13.	Proposed Dividend	-
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: **MachinePulse Tech Pvt. Ltd.**
- Names of subsidiaries which have been liquidated or sold during the year. N.A.

Part “B”: Associates and Joint Ventures

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to
Associate Companies and Joint Ventures: - “Not Applicable”**

Name of associates/Joint Ventures		Name
1.	Latest audited Balance Sheet Date	–
2.	Shares of Associate/Joint Ventures held by the company on the year end	–
No.		
Amount of Investment in Associates/Joint Venture		–
Extend of Holding%		–
3.	Description of how there is significant influence	–
4.	Reason why the associate/joint venture is not consolidated	–
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	–
6.	Profit/Loss for the year	–
	i. Considered in Consolidation	–
	ii. Not Considered in Consolidation	–

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Himanshu Chapsey

Partner

M. No. 105731

Place : Mumbai

Date : 28th April, 2016

Parag Shah

Director

(DIN – 01536698)

Basant Kumar Jain

Chief Executive Officer

Noshir Dastur

Director

(DIN – 00746153)

Roshan Gandhi

Chief Financial Officer

Mohammed Slatewala

Company Secretary

Place : Mumbai

Date : 28th April, 2016