

## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

### The Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report together with the audited the accounts of your Company for the Financial Year ended 31<sup>st</sup> March, 2015.

### Performance of the Company

Your Company is yet to commence operations during the year under review.

The Financial Highlights of the Company are given below:

### FINANCIAL RESULTS:

|   | (Rupees in Lakhs) |                |
|---|-------------------|----------------|
|   | 2015              | 2014           |
| <b>Income:</b>                          |                   |                |
| Revenue from operations                 | –                 | –              |
| Other Income                            | –                 | –              |
| <b>Total Income</b>                     | –                 | –              |
| Total Expenditure                       | <b>0.81</b>       | <b>0.53</b>    |
| <b>Profit/(Loss) before Tax</b>         | <b>(0.81)</b>     | <b>(0.53)</b>  |
| Provision for Income Tax                | –                 | –              |
| Net Profit/(Loss) after Tax             | (0.81)            | (0.53)         |
| Balance brought forward                 | (12.03)           | (11.50)        |
| <b>Balance carried to Balance Sheet</b> | <b>(12.84)</b>    | <b>(12.03)</b> |

### Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also did not propose to transfer any amount to reserves.

### Holding Company:

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Auditors' Report

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at 31<sup>st</sup> March, 2015.

### Extract of the annual return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

### Directors

#### Appointment of Director

Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3<sup>rd</sup> June, 2014.

Mr. Ravindera Nath Khanna, Mr. Dinesh Shetty and Mr. Ajay Agrawal was appointed as Directors w.e.f. Annual General Meeting (AGM) held on 26<sup>th</sup> September, 2014.

#### Retirement by Rotation of Director

Since Mr. Dinesh Shetty had retired by rotation and had been reappointed in the AGM held in 2014 and Mr. Ravindera Nath Khanna and Mr. Ajay Agrawal were appointed as Director in the aforesaid AGM, pursuant to Section 152(6) of the Act, it was mutually agreed among the Directors that Mr. Ravindera Nath Khanna shall retires by rotation, and being eligible, has offered himself for re-appointment.

#### Resignation of Director

Ms. Vimla Dorairaju, resigned as the Director of the Company w.e.f. the close of the business hours on 30<sup>th</sup> September, 2014. The Board places on record the valuable contribution made by her during her tenure as Director of the Company.

#### Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

#### Number of meetings of the Board of Directors

During the year under review, the Board met five times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

#### Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2015

During the year, the Company did not grant any loans or given any guarantees or made any investments under Section 186 of the Act.

**Particulars of contracts or arrangements with related parties:**

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transaction (RPT) under sub-section (1) of Section 188 of the Act which was not at arms length and not in Ordinary course of business.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 2.8 to the financial statements which sets out related party disclosure.

**Statutory Auditors**

Messrs Anil Nair & Associates, Chartered Accountants, Chennai (ICAI Registration Number 000175S), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting (AGM) held on 26<sup>th</sup> August, 2014 till the conclusion of AGM to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the Annual General Meeting.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

**Material Changes and Commitments, if any, affecting the financial position of the Company**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e 31<sup>st</sup> March, 2015 and the date of the Directors' Report.

**Internal Financial Controls**

Your Company has adequate internal financial controls with reference to financial statements.

**Deposits and Loans/Advances**

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

**Significant and Material Orders passed by the Regulators or Courts**

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

**Conservation of energy, technology absorption and foreign exchange earnings and outgo**

The Company did not carry out any operations during the year hence Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 shall not be applicable to the Company.

**Statement concerning development and implementation of Risk Management Policy of the Company**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

**Directors' Responsibility Statement**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view the state of affairs of the Company at the end of 31<sup>st</sup> March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Acknowledgements**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the year under review.

For and on behalf of the Board of Directors

**Ravindera Nath Khanna**

**Ajay Agrawal**

Place: Chennai

Date: 23<sup>rd</sup> April, 2015

**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2015**

[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:**

|     |  |   |
|-----|--|---|
| i   | CIN  | U55101TN2007PLC063285   |
| ii  | Registration Date  | 26 <sup>th</sup> April, 2007  |
| iii | Name of the Company  | Mahindra Hotels And Residences India Limited  |
| iv  | Category/Sub-Category of the Company                           | Company Limited by Shares/Indian Non-Government Company   |
| v   | Address of the Registered office of the Company                | No.17 & 18, 2nd Floor, Mahindra Towers, 2nd Floor,<br>Pattulos Road, Chennai – 600002<br>Ph. No. - 044 – 3988 1000<br>Fax No. - 044 – 3027 7778<br>E- Mail - arun.khandelwal@mahindraholidays.com |
| vi  | Whether listed company   | No  |
| vii | Name, Address, contact details of Registrar and Transfer Agent | 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:-

| Sl. No. | Name and Description of main product/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1       | Not Applicable                                |                                 |                                    |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

| Sl. No. | Name and Address of the Company  | CIN/GLN               | Holding/Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|--|-----------------------|-------------------------------|------------------|--------------------|
| 1       | Mahindra Holidays & Resorts India Ltd<br>Mahindra Towers,<br>2 <sup>nd</sup> Floor, 17/18 Patullos Road, Chennai – 600 002 | L55101TN1996PLC036595 | Holding Company               | 100%             | 2(46)              |

**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<br>(01/04/2014) |               |               |                   | No. of Shares held at the end of the year<br>(31/03/2015) |               |               |                   | % Change during the year |
|--------------------------|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|                          | Demat   | Physical      | Total         | % of Total Shares | Demat   | Physical      | Total         | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |               |               |                   |   |               |               |                   |                          |
| <b>(1) Indian</b>        |   |               |               |                   |   |               |               |                   |                          |
| g) Individual/HUF        | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| h) Central Govt          | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| i) State Govt (s)        | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| j) Bodies Corp.          | –   | 50,000        | 50,000        | 100.00            | –   | 50,000        | 50,000        | 100.00            | –                        |
| k) Banks/Fl              | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| l) Any Other....         | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>Sub-total A (1):-</b> | –   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | –   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | –                        |
| <b>(2) Foreign</b>       |   |               |               |                   |   |               |               |                   |                          |
| a) NRIs – Individuals    | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| b) Other – Individuals   | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>(01/04/2014) |               |               |                   | No. of Shares held at the end of the year<br>(31/03/2015) |               |               |                   | % Change during the year |
|---|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total         | % of Total Shares | Demat   | Physical      | Total         | % of Total Shares |                          |
| c) Bodies Corp.   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| d) Banks/Fl   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| e) Any Other...   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Sub-total A (2):-</b>  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Total shareholding of Promoter (A)= (A)(1) + (A)(2)</b>                        | -   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | -   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | -                        |
| <b>B. Public Shareholding</b>   |   |               |               |                   |   |               |               |                   |                          |
| <b>1. Institutions</b>  |   |               |               |                   |   |               |               |                   |                          |
| a) Mutual Funds   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| b) Banks/Fl   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| c) Central Govt.  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| d) State Govt(s)  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| e) Venture Capital Funds  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| f) Insurance Companies  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| g) Flls   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| h) Foreign Venture Capital Funds  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| i) Others (specify)   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Sub-total (B)(1):-</b>   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>2. Non-Institutions</b>  |   |               |               |                   |   |               |               |                   |                          |
| a) Body Corp.   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| i) Indian   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| ii) Overseas  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| b) Individual   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| c) Others (specify)   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Sub-total (B)(2):-</b>   | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>                              | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Grand Total (A+B+C)</b>  | -   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | -   | <b>50,000</b> | <b>50,000</b> | <b>100.00</b>     | -                        |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                        | Shareholding at the beginning of the year (01/04/2014) |                                  |  | Shareholding at the end of the year (31/03/2015) |                                  |  | % 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 Holidays & Resorts India Limited | 50,000   | 100.00                           | –  | 50,000   | 100.00                           | –  | –  |
|         | <b>Total</b>                              | <b>50,000</b>  | <b>100.00</b>                    | <b>–</b>                                       | <b>50,000</b>                                    | <b>100.00</b>                    | <b>–</b>                                       | <b>–</b>                                 |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** No Changes during the Year

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Not Applicable

**(v) Shareholding of Directors and Key Managerial Personnel:** Not Applicable

**V. INDEBTEDNESS**

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

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year (01/04/2014)</b> |                                  |                 |          |                    |
| i) Principal Amount   | –                                | –               | –        | –                  |
| ii) Interest due but not paid   | –                                | –               | –        | –                  |
| iii) Interest accrued but not due                                       | –                                | –               | –        | –                  |
| <b>Total (i+ii+iii)</b>   | –                                | –               | –        | –                  |
| <b>Change in Indebtedness during the financial year</b>                 | –                                | –               | –        | –                  |
| • Addition  | –                                | –               | –        | –                  |
| • Reduction   | –                                | –               | –        | –                  |
| <b>Net change</b>   | –                                | –               | –        | –                  |
| <b>Indebtedness at the end of the financial year (31/03/2015)</b>       | –                                | –               | –        | –                  |
| i) Principal Amount   | –                                | –               | –        | –                  |
| ii) Interest due but not paid   | –                                | –               | –        | –                  |
| iii) Interest accrued but not due                                       | –                                | –               | –        | –                  |
| <b>Total (i+ii+iii)</b>   | –                                | –               | –        | –                  |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:** Nil

**B. Remuneration to other directors:** Nil

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:** Not Applicable

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

## INDEPENDENT AUDITOR'S REPORT

To The Members of  
**MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED**

### Report on the Financial Statements:

We have audited the accompanying financial statements of **MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED**, (the Company") which comprise the Balance sheet as at 31<sup>st</sup> March 2015, and the Statement of Profit and Loss account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the of these standalone 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. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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:

Our responsibility is to express an opinion on these standalone financial statements based on our audit. 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion:

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, 2015, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters included in the auditor's report and to the best of our information and according to the explanation given to us:
    1. The Company does not have any pending litigation on its financial position in its financial statements.
    2. The company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
    3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **ANIL NAIR & ASSOCIATES**  
Chartered Accountants  
Firm Regn No: 000175S

Place: Chennai  
Date: 23<sup>rd</sup> April, 2015

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of the Company on the standalone financial statements for the year ended on 31<sup>st</sup> March, 2015. We report that:

1. The Company does not carry any fixed assets in its books. Accordingly, reporting under Paragraph 3(i)(a) and (b) of the Order does not arise.
2. The Company does not carry any Inventory in its books. Accordingly, reporting under Paragraph 3(ii)(a),(b) and (c) of the Order does not arise.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, reporting under Paragraph 3(iii)(a) and (b) of the Order does not arise.
4. In our opinion, the Company has an internal audit system commensurate with its size and nature of business. During the course of our audit, we have not observed any major weakness or fraud in the internal control system.
5. The Company has not accepted any deposits from public, under the provisions of the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and hence, reporting under Paragraph 3(v) does not arise.
6. The Central Government has not prescribed the maintenance of Cost Records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Hence, reporting under Paragraph 3(vi) is not applicable.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is regular in depositing undisputed statutory dues including Income Tax, Value Added Tax, and other statutory dues as applicable with the appropriate authorities.
 

According to the information and explanations given to us, there were no outstanding statutory dues as at March 31, 2015 for a period of more than six months from the date they became payable.

(b) There are no dues which has not been deposited as on March 31, 2015 on account of disputes and hence, reporting under Paragraph 3(vii) does not arise.
8. The Company has accumulated losses at the end of the financial year. The Company has incurred cash losses in the current financial year and in the immediately preceding financial years.
9. According to the information given to us, the Company has not defaulted in the repayment of dues to any financial institutions or bank or debenture holders.
10. According to the information given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions wherein the terms and conditions of such loans are prejudicial to the interest of the Company.
11. The Company has not availed any term loans during the year. Hence, reporting under Paragraph 3(xi) of the Order does not arise.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noted or reported during the course of the audit.

**For ANIL NAIR & ASSOCIATES**  
Chartered Accountants  
Firm Regn No: 000175S

Place: Chennai  
Date: 23<sup>rd</sup> April, 2015

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

In Rs.

| Particulars   | Note     | As at<br>31-Mar-15 | As at<br>31-Mar-14 |
|---|----------|--------------------|--------------------|
| <b>EQUITY AND LIABILITIES</b>                         |          |                    |                    |
| <b>Shareholders' funds:</b>                           |          |                    |                    |
| Share capital   | 1.1      | 500,000            | 500,000            |
| Reserves and surplus                                  | 1.2      | (1,283,777)        | (1,202,833)        |
|   |          | <u>(783,777)</u>   | <u>(702,833)</u>   |
| <b>Current liabilities:</b>                           |          |                    |                    |
| Other current liabilities                             | 1.3      | 785,277            | 704,333            |
|   |          | <u>785,277</u>     | <u>704,333</u>     |
|   |          | <u>1,500</u>       | <u>1,500</u>       |
| <b>ASSETS</b>   |          |                    |                    |
| <b>Current assets:</b>                                |          |                    |                    |
| Cash and Bank balances                                | 1.4      | 1,500              | 1,500              |
|   |          | <u>1,500</u>       | <u>1,500</u>       |
|   |          | <u>1,500</u>       | <u>1,500</u>       |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | <b>2</b> |                    |                    |

The Notes referred above forms an integral part of Balance Sheet

This is the Balance Sheet  
referred to in our report of even date

For **Anil Nair & Associates**  
Chartered Accountants  
Firm Regn No :000175S

On behalf of the Board

**P. Narayanan**  
Partner  
Membership No :201758

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

Place : Chennai  
Date : 23<sup>rd</sup> April 2015



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

| <b>Particulars</b>   | <b>Note No</b> | In Rs.                      |                             |
|--|----------------|-----------------------------|-----------------------------|
|  |                | <b>Year ended 31-Mar-15</b> | <b>Year ended 31-Mar-14</b> |
| Revenue from operations                                      |                | -                           | -                           |
| <b>Total Revenue</b>   |                | <b>-</b>                    | <b>-</b>                    |
| <b>EXPENDITURE:</b>  |                |                             |                             |
| Other expenses   | 1.5            | 80,944                      | 52,849                      |
| <b>Total Expenses</b>  |                | <b>80,944</b>               | <b>52,849</b>               |
| <b>Profit before tax</b>                                     |                | <b>(80,944)</b>             | <b>(52,849)</b>             |
| <b>Less : Tax expense</b>                                    |                |                             |                             |
| – Current tax  |                | -                           | -                           |
| – Deferred tax   |                | -                           | -                           |
| <b>Profit/loss for the year</b>                              |                | <b>(80,944)</b>             | <b>(52,849)</b>             |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b> | <b>2</b>       |                             |                             |

The Notes referred above forms an integral part of the Statement of Profit & Loss

In terms of our report attached

For **Anil Nair & Associates**  
Chartered Accountants  
Firm Regn No :000175S

On behalf of the Board

**P. Narayanan**  
Partner  
Membership No :201758

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

|  | Year ended<br>31-Mar-15 | In Rs.<br>Year ended<br>31-Mar-14 |
|--|-------------------------|-----------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>          |                         |                                   |
| Net profit before taxation & extraordinary items       | (80,944)                | (52,849)                          |
| Adjustment for:  |                         |                                   |
| <b>Operating Profit before working capital changes</b> | <b>(80,944)</b>         | <b>(52,849)</b>                   |
| Adjustment for changes in working capital              | -                       | -                                 |
| Decrease in Sundry creditors and Other Payables        | 80,944                  | 52,849                            |
|  | <b>80,944</b>           | <b>52,849</b>                     |
| <b>Cash generated from Operation</b>                   | -                       | -                                 |
| Less: Taxes Paid                                       | -                       | -                                 |
| <b>Net Cash used in Operating Activity</b>             | -                       | -                                 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITY</b>            |                         |                                   |
| Net Cash used in Investing Activity                    | -                       | -                                 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITY</b>            |                         |                                   |
| Net cash from Financing Activity                       | -                       | -                                 |
| <b>Net decrease in Cash &amp; Cash Equivalent</b>      | -                       | -                                 |
| <b>Cash &amp; Cash Equivalents:</b>                    |                         |                                   |
| Opening Balance (See Note: 1.4)                        | 1,500                   | 1,500                             |
| Closing Balance (See Note: 1.4)                        | <b>1,500</b>            | <b>1,500</b>                      |

**Note to the cash flow statement**

1. *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand and balances with banks.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

|  | 31-Mar-15<br>Rs. | 31-Mar-14<br>Rs. |
|--|------------------|------------------|
| Cash on Hand & Balance with Bank             | 1,500            | 1,500            |
| <b>Cash and cash equivalents as restated</b> | <b>1,500</b>     | <b>1,500</b>     |

For **Anil Nair & Associates**

Chartered Accountants

Firm Regn No :000175S

**P. Narayanan**

Partner

Membership No :201758

Place : Chennai

Date : 23<sup>rd</sup> April 2015

On behalf of the Board

**Ajay Agarwal**

Director

Place : Chennai

Date : 23<sup>rd</sup> April 2015

**Ravindera Nath Khanna**

Director

Place : Chennai

Date : 23<sup>rd</sup> April 2015

## NOTES ON ACCOUNTS

### Note 1.1: Share Capital

| Particulars                            | In Rs.                    |                              |                           |                              |
|--|---------------------------|------------------------------|---------------------------|------------------------------|
|  | As at<br>31-Mar-15<br>Nos | As at<br>31-Mar-15<br>Amount | As at<br>31-Mar-14<br>Nos | As at<br>31-Mar-14<br>Amount |
| <b>A) Authorised:</b>                  |                           |                              |                           |                              |
| 50,000 equity shares of<br>Rs. 10 each | 50,000                    | 500,000                      | 50,000                    | 500,000                      |
|  | <u>50,000</u>             | <u>500,000</u>               | <u>50,000</u>             | <u>500,000</u>               |
| <b>B) Issued and Subscribed:</b>       |                           |                              |                           |                              |
| <b>Equity:</b>                         |                           |                              |                           |                              |
| 50,000 equity shares of<br>Rs. 10 each | 50,000                    | 500,000                      | 50,000                    | 500,000                      |
|  | <u>50,000</u>             | <u>500,000</u>               | <u>50,000</u>             | <u>500,000</u>               |

#### Notes:

- The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- Reconciliation of the Number of Shares and amount outstanding at the beginning and at the end of the reporting period :

| Particulars                     | As at                                  | As at                                     | As at                                  | As at                                     |
|---------------------------------|--|---|--|---|
|                                 | 31 <sup>st</sup> March,<br>2015<br>Nos | 31 <sup>st</sup> March,<br>2015<br>Amount | 31 <sup>st</sup> March,<br>2014<br>Nos | 31 <sup>st</sup> March,<br>2014<br>Amount |
| At the beginning<br>of the year | 50,000                                 | 500,000                                   | 50,000                                 | 500,000                                   |
| Add: Issued<br>during the year  | -                                      | -   | -                                      | -   |
| Closing Balance                 | <u>50,000</u>                          | <u>500,000</u>                            | <u>50,000</u>                          | <u>500,000</u>                            |

- Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

| Name of shareholder                       | No of shares | % held as<br>at 31 <sup>st</sup> March<br>2014 |
|---|--------------|--|
| Mahindra Holidays and Resorts India Ltd., | 49,994       | 99.99%   |

### Note 1.2: Reserves & Surplus

| Particulars   | In Rs.             |                    |
|---|--------------------|--------------------|
|   | As at<br>31-Mar-15 | As at<br>31-Mar-14 |
| <b>Surplus/(Deficit) in Profit &amp; Loss Account:-</b> |                    |                    |
| Opening balance   | (1,202,833)        | (1,149,984)        |
| Add:-   |                    |                    |
| Profit/(Loss) for the Year                              | (80,944)           | (52,849)           |
| Closing Balance   | <u>(1,283,777)</u> | <u>(1,202,833)</u> |

### Note 1.3: Other Current Liabilities

| Particulars               | In Rs.         |                |
|---------------------------|----------------|----------------|
|                           |                |                |
| Due to Holding Company    | 740,333        | 670,625        |
| Audit Fees Payable        | 33,708         | 33,708         |
| Other Outstanding Payable | 11,236         | -              |
|                           | <u>785,277</u> | <u>704,333</u> |

### Note 1.4: Cash & Bank Balances

| Cash & Cash Equivalents |              |
|-------------------------|--------------|
| Cash on hand            | -            |
|                         | <u>-</u>     |
| Other Bank Balances     |              |
| On current account      | 1,500        |
|                         | <u>1,500</u> |
|                         | <u>1,500</u> |

### Note 1.5: Other Expense

|                                | Year ended<br>31-Mar-15 | Year ended<br>31-Mar-14 |
|--------------------------------|-------------------------|-------------------------|
| Rates and taxes                | 4,000                   | 600                     |
| Legal and Professional Charges | 43,236                  | 18,541                  |
| Auditors' remuneration         | 33,708                  | 33,708                  |
|                                | <u>80,944</u>           | <u>52,849</u>           |

**NOTE 2:**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015**

**Significant Accounting Policies**

**1. Accounting Convention**

- a. The financial statements have been prepared under Historical Cost Convention and in accordance with the accounting standards referred to in Section 129 (1) of the Companies Act, 2013.
- b. The company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

**2. Fixed Assets**

There were no fixed assets in the company during the year ended March 31, 2015.

**3. Revenue Recognition**

The company had not commenced commercial operations during the year ended March 31, 2015.

**4. Inventories**

The company did not have inventories during the year ended March 31, 2015.

**5. Retirement Benefits**

The company did not have any employees on rolls during the year ended March 31, 2015.

As per our report of even date:

For **Anil Nair & Associates**

Chartered Accountants

Firm Regn No: 000175S

**P. Narayanan**

Partner

Membership No :201758

Place : Chennai

Date : 23<sup>rd</sup> April 2015

**6. Taxes on Income**

Since the company did not have any commercial operations during the year, the question of income tax/deferred tax does not arise.

**7. Earnings per share**

Since the company did not have any commercial operations during the year ended March 31, 2015 the Accounting Standard ('AS') 21 on Earnings Per Share, issued by the Institute of Chartered Accountants of India would not be applicable to the company.

**8. Related party Transactions**

There are transactions with related parties, required to be disclosed as per AS 18 on Related Party Disclosure issued by Institute of Chartered Accountants of India, during the year ended March 31, 2015.

- (i) Names of related parties and nature of relationship where control exists:

| Name of the Related Party                   | Nature of Relationship |
|---|------------------------|
| Mahindra Holidays and Resorts India Limited | Holding Company        |

- (ii) The related party transactions are as under:

| Name of transactions | Holding company              |
|----------------------|------------------------------|
|                      | Year ended<br>March 31, 2015 |
| <b>Outstanding</b>   |                              |
| Payable              | 740,333                      |

**9. Segment Reporting:**

The Company did not commence commercial operations during the year ended March 31, 2015. Hence, the disclosure requirement as per AS 17 on Segment Reporting would not be applicable to the company.

On Behalf of the Board

**For Mahindra Hotels & Residences India Limited**

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

Place : Chennai  
Date : 23<sup>rd</sup> April 2015

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2015.

### PRINCIPAL ACTIVITY

The Company's principal activities are holding of investment properties and provision of time-sharing services.

There have been no significant changes in the nature of the principal activities during the financial year under review.

### FINANCIAL RESULTS

|                                       | RM        | INR         |
|---------------------------------------|-----------|-------------|
| Net loss for the year before taxation | (99,650)  | (16,75,356) |
| Less: Taxation                        | 2,900     | 48,756      |
| Net loss for the year after taxation  | (102,550) | (17,24,112) |

### DIVIDENDS

No dividends were paid or proposed for the financial year under review.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

### ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares and debentures during the financial year.

### OPTIONS

No option has been granted during the financial year under review to take up unissued shares in the Company.

### DIRECTORS

The name of the Directors of the Company who held office since the date of the last report and the date of this report are:-

Ravindera Nath Khanna

Koh Yeow York

Koh Tong Ngee

Ajay Agarwal (Appointed on 28.08.2014)

Dinesh Shivanna Shetty (Appointed on 28.08.2014)

During the year under review, Ms. Vimla Dorairaju resigned from the Directorship of the Company, w.e.f. 28<sup>th</sup> August, 2014. The Board places on record its sincere appreciation for the valuable services rendered and guidance received from her during her tenure as a Director.

### DIRECTORS' INTEREST

According to the register of Directors' shareholding, none of Directors in office at the end of the financial year had interest in the ordinary shares of the Company.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No Director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit in the aggregate amount of emolument received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of and the provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business and their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

### VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

- b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

#### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

#### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Company for the financial year under review were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

#### **EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction

or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial year in which this report is made.

#### **HOLDING COMPANY**

The holding company is Mahindra Holidays & Resorts India Limited, a company incorporated in India, which holds the entire issued and paid up capital of the Company.

#### **AUDITORS**

The auditors, Messrs. Lloyds.Earle.Panicker, Chartered Accountants, have intimated their willingness to continue in office in accordance with Section 172(2) of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with a Resolution of the Directors.

**Ajay Agarwal**

Director

**Ravindera Nath Khanna**

Director

Place : Kuala Lumpur

Dated : 30<sup>th</sup> April, 2015

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

### Report on the Financial Statements

We have audited the financial statements of Heritage Bird (M) Sdn. Bhd., which comprise the balance sheet as at 31 March 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 789 to 795.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2015 and of its financial performance and cash flows for the period then ended.

### Emphasis of matter

Without qualifying our opinion, we wish to draw attention to Note 14 to the financial statements. The Company has incurred losses which exceed the issued and fully paid up capital of the Company. However the financial statements have been prepared on a going concern basis, which is dependent upon the future profitable operation and additional finance sufficient to sustain operations.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**LLOYDS.EARLE.PANICKER**  
A.F. 0604  
*Chartered Accountants*

**KESAVAN K. PANICKER**  
761/03/17(J)  
*Chartered Accountant*

Place : Kuala Lumpur  
Dated : 30 April, 2015

## BALANCE SHEET AS AT 31 MARCH 2015

|                                | Note | F-2015<br>In MYR   | F-2015<br>In INR    | F-2014<br>In MYR   | F-2014<br>In INR    |
|--------------------------------|------|--------------------|---------------------|--------------------|---------------------|
| <b>NON CURRENT ASSETS</b>      |      |                    |                     |                    |                     |
| Property, plant and equipment  | 5    | 4,249,346          | 71,441,705          | 4,348,168          | 73,103,140          |
| <b>CURRENT ASSETS</b>          |      |                    |                     |                    |                     |
| Trade Receivables              | 6    | 204,924            | 3,445,264           | 681,114            | 11,451,161          |
| Non-Trade Receivables          |      | 47,430             | 797,412             | 47,430             | 797,412             |
| Cash at Bank                   |      | 69,797             | 1,173,455           | 84,051             | 1,413,099           |
|                                |      | <u>322,151</u>     | <u>5,416,131</u>    | <u>812,595</u>     | <u>13,661,672</u>   |
| <b>CURRENT LIABILITIES</b>     |      |                    |                     |                    |                     |
| Trade Payables                 |      | 74,640             | 1,254,878           | 173,825            | 2,922,415           |
| Non-Trade Payables             |      | 96,929             | 1,629,609           | 121,881            | 2,049,112           |
| Amount due to Directors        | 7    | 14,000             | 235,374             | –                  | –                   |
| Amount due to holding company  | 8    | 4,763,835          | 80,091,500          | 5,131,914          | 86,279,791          |
| Taxation                       |      | 900                | 15,131              | 9,400              | 158,037             |
|                                |      | <u>4,950,304</u>   | <u>83,226,491</u>   | <u>5,437,020</u>   | <u>91,409,355</u>   |
| <b>Net Current Liabilities</b> |      | <u>(4,628,153)</u> | <u>(77,810,359)</u> | <u>(4,624,425)</u> | <u>(77,747,683)</u> |
|                                |      | <u>(378,807)</u>   | <u>(6,368,654)</u>  | <u>(276,257)</u>   | <u>(4,644,543)</u>  |
| <b>FINANCED BY:</b>            |      |                    |                     |                    |                     |
| Share Capital                  | 9    | 300,002            | 5,043,754           | 300,002            | 5,043,754           |
| Accumulated loss               |      | (678,809)          | (11,412,408)        | (576,259)          | (9,688,297)         |
| <b>SHAREHOLDER'S EQUITY</b>    |      | <u>(378,807)</u>   | <u>(6,368,655)</u>  | <u>(276,257)</u>   | <u>(4,644,543)</u>  |

The notes form an integral part of these Financial statements



## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

|                                   | Note | F-2015<br>In MYR | F-2015<br>In INR   | F-2014<br>In MYR | F-2014<br>In INR |
|-----------------------------------|------|------------------|--------------------|------------------|------------------|
| <b>Revenue</b>                    | 10   | <b>897,620</b>   | <b>15,091,146</b>  | 897,550          | 15,089,970       |
| Cost of Sales                     |      | <b>325,799</b>   | <b>5,477,463</b>   | 280,413          | 4,714,416        |
| <b>Gross Profit</b>               |      | <b>571,821</b>   | <b>9,613,683</b>   | 617,137          | 10,375,554       |
| Administration Expenses           |      | <b>262,496</b>   | <b>4,413,188</b>   | 205,103          | 3,448,274        |
| Profit from operations            | 11   | <b>309,325</b>   | <b>5,200,496</b>   | 412,034          | 6,927,280        |
| Finance Charges                   | 12   | <b>408,975</b>   | <b>6,875,851</b>   | 408,975          | 6,875,851        |
| Net Profit/(loss) before taxation |      | <b>(99,650)</b>  | <b>(1,675,356)</b> | 3,059            | 51,429           |
| Taxation                          | 13   | <b>2,900</b>     | <b>48,756</b>      | 9,400            | 158,037          |
| <b>Net Loss for the year</b>      |      | <b>(102,550)</b> | <b>(1,724,112)</b> | (6,341)          | (106,607)        |

The notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

|  | F-2015<br>In MYR | F-2015<br>In INR   | F-2014<br>In MYR | F-2014<br>In INR   |
|--|------------------|--------------------|------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                  |                    |                  |                    |
| Net Profit/(loss) before taxation                      | (99,650)         | (1,675,356)        | 3,059            | 51,429             |
| Adjustment:  |                  |                    |                  |                    |
| Depreciation on property, plant & equipments           | 98,822           | 1,661,435          | 98,822           | 1,661,435          |
| Operating profit/(loss) before working capital changes | (828)            | (13,921)           | 101,881          | 1,712,864          |
| Changes in receivables                                 | 476,190          | 8,005,897          | (671,496)        | (11,289,459)       |
| Changes in payables                                    | (124,137)        | (2,087,041)        | 62,248           | 1,046,538          |
| <b>Cash generated from/(absorbed by) operations</b>    | <b>351,225</b>   | <b>5,904,935</b>   | <b>(507,367)</b> | <b>(8,530,057)</b> |
| <b>Tax paid</b>  | <b>(11,400)</b>  | <b>(191,661)</b>   | –                | –                  |
| <b>Net cash from/(used in) operating activities</b>    | <b>339,825</b>   | <b>5,713,274</b>   | <b>(507,367)</b> | <b>(8,530,057)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>             |                  |                    |                  |                    |
|  | –                | –                  | –                | –                  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |                  |                    |                  |                    |
| Amount due to directors                                | 14,000           | 235,374            | –                | –                  |
| Amount due to holding company                          | (368,079)        | (6,188,291)        | 368,078          | 6,188,275          |
| <b>Net cash from/(used in) financing activities</b>    | <b>(354,079)</b> | <b>(5,952,918)</b> | <b>368,078</b>   | <b>6,188,275</b>   |
| <b>Net Decrease in cash and cash equivalents</b>       | <b>(14,254)</b>  | <b>(239,644)</b>   | <b>(139,289)</b> | <b>(2,341,782)</b> |
| <b>Cash and cash equivalents brought forward</b>       | <b>84,051</b>    | <b>1,413,099</b>   | <b>223,340</b>   | <b>3,754,881</b>   |
| <b>Cash and cash equivalents carried forward</b>       | <b>69,797</b>    | <b>1,173,455</b>   | <b>84,051</b>    | <b>1,413,099</b>   |

The notes form an integral part of these financial statements.

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

|                                       | F-2015          | F-2015             | F-2014       | F-2014        |
|---------------------------------------|-----------------|--------------------|--------------|---------------|
|                                       | In MYR          | In INR             | In MYR       | In INR        |
| <b>REVENUE</b>                        | <b>897,620</b>  | <b>15,091,146</b>  | 897,550      | 15,089,970    |
| LESS: COST OF SALES                   | <b>325,799</b>  | <b>5,477,463</b>   | 280,413      | 4,714,416     |
| GROSS PROFIT                          | <b>571,821</b>  | <b>9,613,683</b>   | 617,137      | 10,375,554    |
| <b>EXPENDITURE</b>                    |                 |                    |              |               |
| <b><u>Administration Expenses</u></b> |                 |                    |              |               |
| Audit fee                             | 13,500          | 226,967            | 11,000       | 184,936       |
| Accountancy fee                       | 30,000          | 504,372            | 30,000       | 504,372       |
| Assessment and quit rent              | 4,875           | 81,960             | 703          | 11,819        |
| Astro                                 | 19,137          | 321,739            | 15,396       | 258,844       |
| Bank charges                          | 209             | 3,514              | 131          | 2,202         |
| Depreciation                          | 98,822          | 1,661,435          | 98,822       | 1,661,435     |
| Directors fee                         | 42,000          | 706,121            | –            | –             |
| Electricity Charges                   | 25,776          | 433,356            | 26,938       | 452,892       |
| Fine & Penalty                        | 1,787           | 30,044             | –            | –             |
| Insurance                             | 2,748           | 46,200             | –            | –             |
| Printing & stationery                 | 3,261           | 54,825             | 3,266        | 54,909        |
| Professional Fees                     | 6,320           | 106,254            | 6,230        | 104,741       |
| Secretarial fees and Charges          | 4,000           | 67,250             | 1,613        | 27,118        |
| Upkeep of premises                    | 7,068           | 118,830            | 7,060        | 118,696       |
| Water Charges                         | 2,993           | 50,320             | 3,944        | 66,308        |
|                                       | <b>262,496</b>  | <b>4,413,188</b>   | 205,103      | 3,448,274     |
| <b>FINANCE CHARGE</b>                 |                 |                    |              |               |
| Interest on loan                      | 408,975         | 6,875,851          | 408,975      | 6,875,851     |
| NET PROFIT/(LOSS) FOR THE YEAR        | <b>(99,650)</b> | <b>(1,675,356)</b> | <b>3,059</b> | <b>51,429</b> |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

|  | <b>Share<br/>Capital</b> | <b>Accumulated<br/>Losses</b> | <b>Total</b>     |
|--|--------------------------|-------------------------------|------------------|
|  | <b>In MYR</b>            | <b>In MYR</b>                 | <b>In MYR</b>    |
| Balance as at 31 <sup>st</sup> March, 2013 | 300,002                  | (569,918)                     | (269,916)        |
| Loss for the year                          | –                        | (6,341)                       | (6,341)          |
| Balance as at 31 <sup>st</sup> March, 2014 | 300,002                  | (576,259)                     | (276,257)        |
| Loss for the year                          | –                        | (102,550)                     | (102,550)        |
| Balance as at 31 <sup>st</sup> March, 2015 | <u>300,002</u>           | <u>(678,809)</u>              | <u>(378,807)</u> |

|  | <b>Share<br/>Capital</b> | <b>Accumulated<br/>Losses</b> | <b>Total</b>       |
|--|--------------------------|-------------------------------|--------------------|
|  | <b>In INR</b>            | <b>In INR</b>                 | <b>In INR</b>      |
| Balance as at 31 <sup>st</sup> March, 2013 | 5,043,754                | (9,581,689)                   | (4,537,936)        |
| Loss for the year                          | –                        | (106,607)                     | (106,607)          |
| Balance as at 31 <sup>st</sup> March, 2014 | 5,043,754                | (9,688,297)                   | (4,644,543)        |
| Loss for the year                          | –                        | (1,724,112)                   | (1,724,112)        |
| Balance as at 31 <sup>st</sup> March, 2015 | <u>5,043,754</u>         | <u>(11,412,408)</u>           | <u>(6,368,655)</u> |

The notes form an integral part of these financial statements.

## Notes to the Financial Statements 31 March 2015

### 1. PRINCIPAL ACTIVITIES

The Company's principal activities are holding of investment properties and provision of timesharing services.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### 3. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

#### a) Liquidity and cash flow risks

The Company ensures that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

#### b) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payment in foreign currencies accordingly.

Apart from the above, the Company does not face any material financial risks in other areas such as credit risk, interest rate risk, market risk, etc.

### 4. ACCOUNTING POLICIES

#### a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated.

#### b) Cash and cash equivalents

Cash comprises cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value

#### c) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year. It is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognized using the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets and liabilities are not recognized on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognized directly in equity. In this case the deferred tax is charged or credited directly in equity.

When the deferred tax arises from a business combination that is an acquisition, it is included in the resulting goodwill or negative goodwill.

#### d) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, trade and other receivables and payables and borrowings. The accounting policies on recognition and measurement of these items are disclosed in the individual accounting policies with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the respective contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

#### e) Provisions

Provisions are recognized when the Company has a present legal and constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

#### f) Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date.

#### g) Trade receivables

Trade receivables are carried at anticipated realizable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end.

#### h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses.

Depreciation is provided on the straight line method to write off each asset over its estimated useful life. The principal rates used are as follows:

|                        |     |
|------------------------|-----|
| Furniture and fittings | 10% |
| Freehold building      | 2%  |

#### i) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognized to the extent of the carrying amount of the asset that would have determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense in the income statement, a reversal of that impairment loss is recognized as income in the income statement.

#### j) Revenue recognition

Revenue is recognized on invoiced value of sales, less credit notes issued.

## 5. PROPERTY, PLANT AND EQUIPMENT

|                            | Furniture and fittings | Freehold Building | F-2015            | F-2015            | F-2014    | F-2014       |
|----------------------------|------------------------|-------------------|-------------------|-------------------|-----------|--------------|
|                            |                        |                   | Total<br>(In MYR) | Total<br>(In INR) | (In MYR)  | (In INR)     |
| Net Book Value:            |                        |                   |                   |                   |           |              |
| Opening balance            | –                      | 4,348,168         | 4,348,168         | 73,103,140        | 4,446,990 | 74,764,575   |
| Depreciation charge        | –                      | (98,822)          | (98,822)          | (1,661,435)       | (98,822)  | (1,661,435)  |
| Closing balance            | –                      | 4,249,346         | 4,249,346         | 71,441,705        | 4,348,168 | 73,103,140   |
| <b>As at 31 March 2014</b> |                        |                   |                   |                   |           |              |
| Cost                       | 50,254                 | 4,941,100         | 4,991,354         | 83,916,640        | –         | –            |
| Accumulated depreciation   | (50,254)               | (592,932)         | (643,186)         | (10,813,500)      | –         | –            |
| Net book value             | –                      | 4,348,168         | 4,348,168         | 73,103,140        | –         | –            |
| <b>As at 31 March 2015</b> |                        |                   |                   |                   |           |              |
| Cost                       | 50,254                 | 4,941,100         | 4,991,354         | 83,916,640        | 4,991,354 | 83,916,640   |
| Accumulated depreciation   | (50,254)               | (691,754)         | (742,008)         | (12,474,935)      | (643,186) | (10,813,500) |
| Net book value             | –                      | 4,249,346         | 4,249,346         | 71,441,705        | 4,348,168 | 73,103,140   |

## 6. TRADE RECEIVABLES

Included under Trade Receivables is an amount of MYR 198,309 (INR 3,334,050), (2014: MYR 673,215 (INR 11,318,360)) due by the holding company.

## 7. AMOUNT DUE TO DIRECTORS

The amount due to Directors interest free, unsecured and without any fixed terms of repayment.

## 8. AMOUNT DUE TO HOLDING COMPANY

The holding company is Mahindra Holidays & Resorts India Ltd, a company incorporated in India, which holds the entire issued and paid up capital of the company.

The amount due to holding company, consisting of non-trade balances, is unsecured and without any fixed terms of repayment.

## 9. SHARE CAPITAL

|   | F-2015       |         | F-2014    |              |         |           |
|---|--------------|---------|-----------|--------------|---------|-----------|
|   | No of Shares | In MYR  | In INR    | No of Shares | In MYR  | In INR    |
| Authorised ordinary shares of RM1 each              |              |         |           |              |         |           |
| Balance b/f   | 500,000      | 500,000 | 8,406,200 | 500,000      | 500,000 | 8,406,200 |
| Created during the year                             | –            | –       | –         | –            | –       | –         |
| Balance c/f   | 500,000      | 500,000 | 8,406,200 | 500,000      | 500,000 | 8,406,200 |
| Issued and fully paid ordinary shares of MYR 1 each |              |         |           |              |         |           |
| Balance b/f   | 300,002      | 300,002 | 5,043,754 | 300,002      | 300,002 | 5,043,754 |
| Issued during the year                              | –            | –       | –         | –            | –       | –         |
| Balance c/f   | 300,002      | 300,002 | 5,043,754 | 300,002      | 300,002 | 5,043,754 |

## 10. REVENUE

Revenue represents income from time-sharing sales and rental income receivable.

## 11. PROFIT FROM OPERATIONS

The following items have been charged in arriving at profit from operations:-

|   | In MYR<br>F-2015 | In INR<br>F-2015 | In MYR<br>F-2014 | In INR<br>F-2014 |
|---|------------------|------------------|------------------|------------------|
| Audit fee                                     | 13,500           | 226,967          | 11,000           | 184,936          |
| Assessment and quit rent                      | 4,875            | 81,960           | 703              | 11,819           |
| Depreciation of property, plant and equipment | 98,822           | 1,661,435        | 98,822           | 1,661,435        |
| Directors fee                                 | 42,000           | 706,121          |                  |                  |

## 12. FINANCIAL CHARGE

|  | In MYR<br>F-2015 | In INR<br>F-2015 | In MYR<br>F-2014 | In INR<br>F-2014 |
|--|------------------|------------------|------------------|------------------|
| Interest on loan paid to holding company | 408,975          | 6,875,851        | 408,975          | 6,875,851        |

## 13. TAXATION

|                                   | In MYR<br>F-2015 | In INR<br>F-2015 | In MYR<br>F-2014 | In INR<br>F-2014 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Current year's provision          | 900              | 15,131           | 9,400            | 158,037          |
| Under provision for previous year | 2,000            | 33,625           | –                | –                |
|                                   | 2,900            | 48,756           | 9,400            | 158,037          |

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

|   | In MYR   | In INR      | In MYR  | In INR    |
|---|----------|-------------|---------|-----------|
| Profit before tax   | (99,650) | (1,675,356) | 3,059   | 51,429    |
| Tax at statutory income tax rate of 20%                         | (19,930) | (335,071)   | 612     | 10,286    |
| Tax effect of expenses that are not deductible for tax purposes | 2,071    | 34,818      | 1,628   | 27,371    |
| Deferred tax not recognised in the financial statements         | 18,759   | 315,384     | 16,699  | 280,750   |
| Unutilised tax losses   | –        | –           | (9,539) | (160,373) |
| Underprovision from previous year                               | 2,000    | 33,625      | –       | –         |
|   | 2,900    | 48,756      | 9,400   | 158,037   |

## 14. GOING CONCERN

The Company has net current liabilities and deficiency in shareholders' funds amounting to MYR 4,628,153 (Rs. 77,810,359) (2014: MYR 4,624,425 (Rs. 77,747,683) and MYR 378,807 (Rs. 6,368,655) (2014: MYR 276,257 (Rs. 4,644,543) respectively.

However, the financial statements have been prepared on a going concern basis, as the directors are of the opinion that the efficiency in shareholders' fund may be overcome by appreciation in the market value of the Company's freehold land and building. The management will be actively pursuing any investment and business opportunities in the foreseeable future that will reduce and gradually eliminate the said deficiencies.

The financial statements of the Company do not include any adjustments relating to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as going concern.

## 15. RELATED PARTY TRANSACTIONS

|                  | (In MYR)<br>F-2015 | (In INR)<br>F-2015 | (In MYR)<br>F-2014 | (In INR)<br>F-2014 |
|------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue          | (897,620)          | (15,091,146)       | (838,215)          | (14,092,406)       |
| Interest on Loan | 408,975            | 6,875,851          | 408,975            | 6,875,851          |

The directors are of the opinion that the above transactions have been entered into in normal course of business and have been established on a negotiated basis.

## 16. EMPLOYEES

The number of employees of the Company as at 31 March 2015 is Nil. (2014: Nil)

## 17. COMPARATIVES

Certain Comparative figures have been reclassified to conform the current year's presentation.

## 18. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The Financial Statements were authorised for issue by the board of directors on 30 April 2015.

## 19. EXCHANGE RATES

Foreign Currency (FC) amounts are translated for convenience into Indian Rupees at the exchange rate of Rs.16.8124 = MYR 1, which is the Bloomberg rate as on 31st March 2015.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

### The Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### Performance of the Company

During the year under review, your Company's resort property situated at Jaisalmer, Rajasthan was fully operational. Your Company carried out upgradations to the resort property to augment the guest's overall experience and to increase its revenue.

### FINANCIAL RESULTS:

|   | (Rupees in Lakhs) |                 |
|---|-------------------|-----------------|
|   | 2015              | 2014            |
| <b>Income:</b>                                |                   |                 |
| Revenue from operations                       | 321.10            | 185.93          |
| Other Income                                  | 26.13             | 6.02            |
|   | <b>347.23</b>     | <b>191.95</b>   |
| Total Expenditure                             | 826.29            | 298.09          |
| <b>Profit / (Loss) before Tax</b>             | <b>(479.06)</b>   | <b>(106.14)</b> |
| Provision for Income Tax                      | 0                 | 0               |
| Net Profit / (Loss) after Tax                 | (479.06)          | (106.14)        |
| Balance brought forward                       | (576.05)          | (469.91)        |
| Adjustment of Depreciation as per useful life | (1.09)            | 0               |
| <b>Balance carried to Balance Sheet</b>       | <b>(1056.20)</b>  | <b>(576.05)</b> |

### Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

### Holding Company

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Competent Hotels Private Limited and Holiday on Hills Resorts Private Limited, fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly, the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts of Rajasthan, Delhi, Himachal Pradesh and Madras are filed with the Registrar of Companies at Jaipur, Delhi, Chandigarh & Shimla and Chennai respectively.

Your Company is in the process of filing application with the Rajasthan High Court, Jaipur Bench in respect of the above. The Appointed Date of the Scheme is 1<sup>st</sup> April, 2015.

### Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditor in the Auditor's Report.

### Extract of the Annual Return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

### Directors

#### Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act and Articles of Association of the Company Mr. Ravindera Nath Khanna retires by rotation, who had been longest in the office and being eligible, offers himself for re-appointment.

#### Appointment of Director

During the year under review, Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3<sup>rd</sup> June, 2014 and his appointment as Director was subsequently approved by the shareholders of the Company at the last Annual General Meeting held on 26<sup>th</sup> September, 2014.

### Key Managerial Personnel

The provisions of Section 203 of the Act are not applicable to the Company.

### Number of meetings of the Board of Directors

During the year under review, the Board met five (5) times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

### Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

During the year under review, your Company did not grant any loans or give guarantees or made investments as per the provisions of under Section 186 of the Act.

#### **Particulars of contracts or arrangements with related parties**

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPTs) under sub-section (1) of Section 188 of the Act which was not in ordinary course of business and not at arms length.

During the year under review, your Company availed Inter Corporate Deposit (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 1077 Lakhs. As on 31<sup>st</sup> March, 2015, the aggregate ICD availed by your company from MHRIL was at Rs. 2764 Lakhs.

During the year under review, your Company entered into transactions including transactions which were material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of these material transactions are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

#### **Statutory Auditors**

Messrs S.C. Bapna & Associates, Chartered Accountants, Jaipur (ICAI Registration Number 115649W), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the 7<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> September, 2014 till the conclusion of sixth Annual General Meeting (AGM) to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

#### **Material Changes and Commitments, if any, affecting the financial position of the Company**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e 31<sup>st</sup> March, 2015 and the date of the Directors' Report.

#### **Internal Financial Controls**

Your Company has an adequate internal financial controls with reference to financial statements.

#### **Deposits and Loans/Advances**

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of

the Listing Agreements of the parent companies, Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

#### **Significant and Material Orders passed by the Regulators or Courts**

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

#### **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

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

#### **Statement concerning development and implementation of Risk Management Policy of the Company**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

#### **Directors' Responsibility Statement**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) 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 31<sup>st</sup> March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Acknowledgements**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place : Chennai

Date : 9<sup>th</sup> April, 2015



**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2015**

[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:**

|     |  |  |
|-----|--|--|
| i   | CIN  | U55101RJ2008PTC025734  |
| ii  | Registration Date  | 23rd January, 2008   |
| iii | Name of the Company  | Divine Heritage Hotels Private Limited   |
| iv  | Category/Sub-Category of the Company   | Company Limited by Shares/Indian Non-Government Company  |
| v   | Address of the Registered office of the Company  | No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur, Rajasthan – 302018;<br>Ph No. - 0141-5161200;<br>email - arun.khandelwal@mahindraholidays.com |
| vi  | Whether listed company   | NO   |
| vii | Name of Registrar and Transfer Agent<br>Address of Registrar and Transfer Agent<br>Contact details of Registrar and Transfer Agent | 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:-

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Income from sale of Food and Beverages         | 55101                           | 46.69%                             |
| 2       | Income from Room Rental                        | 55101                           | 43.61%                             |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

| Sl. No. | Name and Address of the Company  | CIN/GLN               | Holding/Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|--|-----------------------|-------------------------------|------------------|--------------------|
| 1       | Mahindra Holidays & Resorts India Ltd<br>Mahindra Towers,<br>2 <sup>nd</sup> Floor, 17/18 Patullos Road, Chennai – 600 002 | L55101TN1996PLC036595 | Holding Company               | 100%             | 2(46)              |

**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<br>01/04/2014 |                 |                 |                   | No. of Shares held at the end of the year<br>31/03/2015 |                 |                 |                   | % Change during the year |
|--------------------------|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
|                          | Demat   | Physical        | Total           | % of Total Shares | Demat   | Physical        | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                 |                 |                   |   |                 |                 |                   |                          |
| <b>(1) Indian</b>        |   |                 |                 |                   |   |                 |                 |                   |                          |
| a) Individual/HUF        | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| b) Central Govt.         | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| c) State Govt(s)         | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| d) Bodies Corp.          | –   | 7,00,000        | 7,00,000        | 100.00            | –   | 7,00,000        | 7,00,000        | 100.00            | NIL                      |
| e) Banks/FI              | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| f) Any Other...          | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Sub-total A(1):-</b>  | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | <b>NIL</b>               |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>01/04/2014 |                 |                 |                   | No. of Shares held at the end of the year<br>31/03/2015 |                 |                 |                   | % Change during the year |
|---|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
|   | Demat   | Physical        | Total           | % of Total Shares | Demat   | Physical        | Total           | % of Total Shares |                          |
| <b>(2) Foreign</b>  |   |                 |                 |                   |   |                 |                 |                   |                          |
| a) NRIs – Individuals   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| b) Other – Individuals  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| c) Bodies Corp.   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| d) Banks/FI   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| e) Any Other...   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Sub-total A(2):-</b>   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Total shareholding of Promoter (A) = (A)(1) +(A)(2)</b>                        | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | <b>NIL</b>               |
| <b>B. Public Shareholding</b>   |   |                 |                 |                   |   |                 |                 |                   |                          |
| <b>1. Institutions</b>  |   |                 |                 |                   |   |                 |                 |                   |                          |
| a) Mutual Funds   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| b) Banks/FI   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| c) Central Govt.  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| d) State Govt(s)  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| e) Venture Capital Funds  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| f) Insurance Companies  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| g) FIs  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| h) Foreign Venture Capital Funds  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| i) Others (specify)   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Sub-total (B)(1):-</b>   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>2. Non-Institutions</b>  |   |                 |                 |                   |   |                 |                 |                   |                          |
| a) Bodies Corp.   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| i) Indian   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| ii) Overseas  | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| b) Individual   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| c) Others (specify)   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Sub-total (B)(2):-</b>   | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| Total Public Shareholding (B)= (B)(1) + (B)(2)                                    | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| C. Shares held by Custodian for GDRs & ADRs                                       | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Grand Total (A+B+C)</b>  | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | –   | <b>7,00,000</b> | <b>7,00,000</b> | <b>100.00</b>     | <b>NIL</b>               |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                        | Shareholding at the beginning of the year<br>01/04/2014 |                                  |  | Shareholding at the end of the year<br>31/03/2015 |                                  |  | % 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 Holidays & Resorts India Limited | 7,00,000  | 100.00                           | Nil  | 7,00,000  | 100.00                           | Nil  | Nil                                      |
|         | <b>Total</b>                              |   |                                  |  |   |                                  |  |  |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)-** No Change during the year

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Not Applicable

**(v) Shareholding of Directors and Key Managerial Personnel:** Not Applicable

**V. INDEBTEDNESS**

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

(Rs. in lakh)

|   | Secured Loans excluding deposits | Unsecured Loans (ICD) | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year (01/04/2014)</b> |                                  |                       |          |                    |
| i) Principal Amount   | –                                | 1,687.00              | –        | 1,687.00           |
| ii) Interest due but not paid   | –                                | –                     | –        | –                  |
| iii) Interest accrued but not due                                       | –                                | 117.49                | –        | 117.49             |
| <b>Total (i+ii+iii)</b>   | –                                | 1,804.49              | –        | 1,804.49           |
| <b>Change in Indebtedness during the financial year</b>                 | –                                | 1,225.51              | –        | 1,225.51           |
| • Addition  |                                  | –                     | –        | –                  |
| • Reduction   |                                  | –                     | –        | –                  |
| <b>Net change</b>   | –                                | 1,225.51              | –        | 1,225.51           |
| <b>Indebtedness at the end of the financial year (31/03/2015)</b>       |                                  |                       |          |                    |
| i) Principal Amount   | –                                | 2,764.33              | –        | 2,764.33           |
| ii) Interest due but not paid   | –                                | –                     | –        | –                  |
| iii) Interest accrued but not due                                       | –                                | 265.68                | –        | 265.68             |
| <b>Total (i+ii+iii)</b>   | –                                | 3,030.00              | –        | 3,030.00           |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Nil

**B. Remuneration to other directors:** Nil

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:** Nil

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

**ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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 arm's length transactions 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 arrangement or transactions at arm's length basis:**

|   |  |   |
|---|--|---|
| (a) Name(s) of the related party  | Mahindra Holidays & Resorts India Limited  |   |
| Nature of relationship  | Holding Company  |   |
| (b) Nature of contracts/arrangements/transactions   | Room Inventory Agreement   | Deputation Arrangement  |
| (c) Duration of the contracts/arrangements/transactions   | 1 year   | On going basis  |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 132 lakh for the FY 2014-15. | Deputation of employees of holding company. Aggregates value paid Rs. 62 lakh for the FY 2014-15. |
| (e) Date(s) of approval by the Board, if any:   | NA   | NA  |
| (f) Amount paid as advances, if any;  | Nil  | Nil   |

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place : Chennai

Date : 9<sup>th</sup> April, 2015

**ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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.

- Energy meters were installed for monitoring of energy consumption.
- LED lights were installed.

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

(iii) the capital investment on energy conservation equipment: Rs. 10 lakh

**(B) Technology absorption:**

(i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption

(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: Nil

(b) The year of import: Nil

(c) Whether the technology been fully absorbed: Not Applicable

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

(iv) The expenditure incurred on Research and Development.: Not Applicable

**(C) Foreign exchange earnings and Outgo:**

There were no foreign exchange earnings and outgo during the financial year ended 31<sup>st</sup> March, 2015 (Refer note no. 26 of the notes on accounts).

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place : Chennai

Date : 9<sup>th</sup> April, 2015

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS

#### DIVINE HERITAGE HOTELS PRIVATE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying Financial Statements of DIVINE HERITAGE HOTELS PRIVATE LIMITED Which comprise the Balance Sheet as at 31st March, 2015, and the statement of Profit & Loss for the year then ended, and the summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### Management's responsibility for the financial statements

2. The company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the accounting standards referred to in sub section (3C) of section 123 of 'the Companies Act , 2013' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards of Auditing issued by the Institute Of Chartered Accountants Of India. 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 misstatements.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2015 and;

In the case of the Statement of Profit & Loss, of the Losses for the year ended on 31st March, 2015.

In the case of the Cash Flow Statement, of the cash flows for the year ended on 31st March, 2015.

7. The company has adequate internal financial controls system in place and the operating effectiveness of such controls.

#### Emphasis of Matter

8. Without qualifying, attention is drawn as under:
  - a) With regard to Note No. 30 to the financial statements, it is stated that the company has incurred an accumulated losses of Rs. 1056.19 Lacs as at 31<sup>st</sup> March, 2015 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 781.88 Lacs. The conditions may indicate that existence of the uncertainty that may cast a doubt about the company's ability to continue as a going concern. However, the financial statements have been prepared on the assumption that the company is a going concern having regard to the financial support extended by the holding company (which includes loans aggregating Rs. 2764.33 Lacs) as well as their commitment of future financial support to enable the company to meet its financial obligations and continue as a going concern.

#### Report on other legal and regulatory requirements

9. As required by the Companies (Auditors Report) order, 2004, as amended by the companies (Auditors Report) (Amendment) order, 2015, issued by the central government of India in terms of sub section (11) of section 143 of the Act (hereinafter referred to as 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 explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

10. As required by section 143(3) of the Act, we report that:

- (a) We have 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 accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow dealt with by this report are in agreement with the books of Accounts;
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 133 of the Act.

- (e) On the basis of written representation received from the directors as on March, 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub section (2) of section 164 of companies Act, 2013.

For S. C. BAPNA & ASSOCIATES  
Chartered Accountant  
(Registration No. 115649W)

(Vikesh Jain)

Partner

M. No. 406182

Place : Jaipur

Dated : 09.04.2015

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our paragraph "Report on Other Legal and Regulatory requirements" report to the members of Divine Heritage Hotels Pvt. Ltd. for the Year ended 31<sup>st</sup> March, 2015 , we report that :

- (i) (a) According to the information and explanations given to us, the company is in process of compiling its fixed assets register.
- (b) We have been explained that physical verification was conducted by the management during the year of all its fixed assets and the value thereof as per the books of account of the Company. In our opinion, same is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that certain fixed assets were physically verified by the management during the year and no material discrepancy has been noticed on such verification as compared to the books of accounts.
- (ii) (a) It is explained that the management has physically conducted the physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory followed by management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancy was noticed on physical verification.
- (iii) The Company has not granted loans to other parties covered in the register maintained u/s 189 of the Act.
- (iv) There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no continuing failures to correct major weaknesses in internal control.
- (v) During the year the company has not accepted any deposit from the public excepting some deposits which were accepted from its holding company being exempted deposits in compliance of directives issued by the Reserve Bank of India and the provisions of the sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to deposits. According to information and explanation given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for any products of the Company.

- (vii) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other Statutory dues with the appropriate authorities. There is no arrears of outstanding statutory dues as at the last date of financial year for a period of more than 6 months from the date they become payable.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of the dues of income – tax as at March 31, 2015 which have not been deposited on account of a dispute is as follows:

| S.No | Name of The Statue | Nature of the Dues      | (Rs. In lac) | Period to which the amount relates | Forum where dispute is pending |
|------|--------------------|-------------------------|--------------|------------------------------------|--------------------------------|
| 1.   | Income Tax Act     | Income Tax and Interest | 25.79        | 2008-09                            | CIT Appeal – II Jaipur         |

- (c) According to information and explanations given to us, company is not required to transfer any amount to Investor's Education and Protection Fund pursuant to section 125 of the companies Act , 2013
- (viii) According to the information and explanations given to us, the accumulated losses exceed 50% of its net worth at the end of financial year. Further, the company has incurred cash losses during the financial year and as well as in the immediately preceding financial year.
- (ix) The company has not borrowed any funds from banks/ Financial Institutions and/ or by way of Debentures.
- (x) According to the to information and explanations given to us, the company has not given any guarantee for loans taken by others from Bank or financial institutions.
- (xi) According to the information and explanations given to us, the company has not outstanding term loans during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.

For S. C. BAPNA & ASSOCIATES  
Chartered Accountant  
(Registration No.115649W)

(Vikesh Jain)

Partner

Place : Jaipur

Dated : 09.04.2015

M. No. 406182

**BALANCE SHEET AS AT 31ST MARCH, 2015**

| Particulars                              | Note  | In Rupees                   |                             |
|--|-------|-----------------------------|-----------------------------|
|  |       | As at<br>31st March<br>2015 | As at<br>31st March<br>2014 |
| <b>EQUITY AND LIABILITIES</b>            |       |                             |                             |
| <b>Shareholders' Funds</b>               |       |                             |                             |
| Share Capital                            | 2     | 7,000,000                   | 7,000,000                   |
| Reserves and Surplus                     | 3     | (85,254,756)                | (37,240,527)                |
|  |       | <u>(78,254,756)</u>         | <u>(30,240,527)</u>         |
| <b>Non-Current Liabilities</b>           |       |                             |                             |
| Deferred tax liabilities (net)           | 4     | –                           | –                           |
| Long Term Provisions                     | 5     | 66,590                      | 62,282                      |
|  |       | <u>66,590</u>               | <u>62,282</u>               |
| <b>Current Liabilities</b>               |       |                             |                             |
| Short- Term Borrowings                   | 6     | 276,433,000                 | 280,173,766                 |
| Trade Payables                           | 7     | 5,424,051                   | 2,658,464                   |
| Other Current Liabilities                | 8     | 65,925,706                  | 36,949,272                  |
| Short Term Provisions                    | 9     | 583,210                     | 3,841                       |
|  |       | <u>348,365,967</u>          | <u>319,785,343</u>          |
| <b>TOTAL</b>                             |       | <b><u>270,177,801</u></b>   | <b><u>289,607,098</u></b>   |
| <b>ASSETS</b>                            |       |                             |                             |
| <b>Non-Current Assets</b>                |       |                             |                             |
| <b>Fixed Assets</b>                      |       |                             |                             |
| Tangible Assets                          | 10    | 253,804,622                 | 266,552,679                 |
| Work in progress                         | 10    | 9,570,009                   | 9,057,439                   |
| Long-Term Loans and Advances             | 11    | 321,880                     | 346,880                     |
|  |       | <u>263,696,511</u>          | <u>275,956,998</u>          |
| <b>Current Assets</b>                    |       |                             |                             |
| Inventories                              | 12    | 1,032,982                   | 550,448                     |
| Trade Receivables                        | 13    | 2,372,441                   | 2,662,799                   |
| Cash and Cash Equivalents                | 14    | 542,485                     | 8,879,280                   |
| Other Current Assets                     | 15    | 2,533,382                   | 1,557,573                   |
|  |       | <u>6,481,290</u>            | <u>13,650,100</u>           |
| <b>TOTAL</b>                             |       | <b><u>270,177,801</u></b>   | <b><u>289,607,098</u></b>   |
|  |       | –                           | –                           |
| Other Notes to the financial statements. | 24–32 |                             |                             |
| Significant Accounting Policies          | 1     |                             |                             |

As per our Report of even date attached

For &amp; on behalf of Board of Directors

For S. C. Bapna & Associates  
Chartered Accountants  
(FRN : 115649W)

(Vikesh Jain)  
Partner  
M. No. 406182

Place : Jaipur  
Date : 09.04.2015

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

| <b>Particulars</b>   | <b>Note</b> | <b>In Rupees</b>                          |   |
|--|-------------|---|---|
|  |             | <b>For the year ended 31st March 2015</b> | <b>For the year ended 31st March 2014</b> |
| Revenue from operations  | 16          | 32,110,099                                | 18,592,940                                |
| Other income   | 17          | 2,613,281                                 | 601,675                                   |
| <b>Total Revenue</b>   |             | <b>34,723,380</b>                         | <b>19,194,615</b>                         |
| <b>Expenses:</b>   |             |   |   |
| Cost of materials consumed                                     | 18          | 7,800,029                                 | 4,980,571                                 |
| Operating and Direct Expenses                                  | 19          | 13,427,164                                | 6,343,356                                 |
| Employees Benefit Expenses                                     | 20          | 10,078,272                                | 10,282,271                                |
| Finance Costs  | 21          | 16,653,289                                | 9,173,709                                 |
| Depreciation and Amortization Expense                          | 10          | 13,172,562                                | (15,413,819)                              |
| Other Expenses   | 22          | 21,497,567                                | 14,443,055                                |
| <b>Total Expenses</b>  |             | <b>82,628,883</b>                         | <b>29,809,143</b>                         |
| <b>Profit/(Loss) before tax</b>                                |             | <b>(47,905,503)</b>                       | <b>(10,614,528)</b>                       |
| <b>Tax Expenses:</b>   |             |   |   |
| (1) Current tax  |             | –   | –   |
| (2) Deferred tax   |             | –   | –   |
| <b>Profit(Loss) for the year</b>                               |             | <b>(47,905,503)</b>                       | <b>(10,614,528)</b>                       |
| <b>Earnings Per equity share (Equity Share of Rs. 10 each)</b> | 23          |   |   |
| (1) Basic and Diluted  |             | (68.44)                                   | (15.16)                                   |
| Other Notes to the financial statements.                       | 24–32       |   |   |
| Significant Accounting Policies                                | 1           |   |   |

As per our Report of even date attached

For &amp; on behalf of Board of Directors

For S. C. Bapna & Associates  
Chartered Accountants  
(FRN : 115649W)

(Vikesh Jain)  
Partner  
M. No. 406182

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

Place : Jaipur  
Date : 09.04.2015

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015**

| Particulars  | In Rupees                    |                              |
|--|------------------------------|------------------------------|
|  | As At<br>31st March,<br>2015 | As At<br>31st March,<br>2014 |
| <b>A. Cash Flow from Operating Activities</b>                                  |                              |                              |
| Net Profit/(Loss) before tax as per Profit & Loss Account                      | (47,905,503)                 | (10,614,528)                 |
| Adjusted for:  |                              |                              |
| Loss on Sale of Fixed Assets   | 124,386                      | —                            |
| Depreciation   | 13,172,562                   | (15,413,819)                 |
| Finance Cost   | 16,653,289                   | 9,173,709                    |
| Interest Income  | —                            | —                            |
| <b>Operating Profit before working capital changes</b>                         | <b>(17,955,266)</b>          | <b>(16,854,638)</b>          |
| Adjusted for:  |                              |                              |
| (Increase)/Decrease in Inventories   | (482,534)                    | (243,649)                    |
| (Increase)/Decrease in Trade Receivables                                       | 290,358                      | (153,114)                    |
| (Increase)/Decrease in Loans & Advances  | 25,000                       | (312,000)                    |
| (Increase)/Decrease in Other current assets                                    | (975,809)                    | (834,923)                    |
| (Increase)/Decrease in Other non-current assets                                | —                            | —                            |
| Increase/(Decrease) in Trade payables  | 2,765,587                    | (7,997,896)                  |
| Increase/(Decrease) in Other current liabilities                               | 14,158,035                   | 19,363,215                   |
| Increase/(Decrease) in Short Term Provisions                                   | 579,369                      | 3,841                        |
| <b>Cash Flow from Operating Activities before Tax and Extra Ordinary Items</b> | <b>(1,595,260)</b>           | <b>(7,029,164)</b>           |
| Less: Income Tax Paid (Previous Year)  | —                            | —                            |
| <b>Net cash flow from Operating Activities</b>                                 | <b>A (1,595,260)</b>         | <b>(7,029,164)</b>           |
| <b>B. Cash Flow from Investing Activities</b>                                  |                              |                              |
| Purchase of Fixed Assets   | (1,415,800)                  | (136,915,176)                |
| Sales of Fixed Assets  | 245,614                      | —                            |
|  | —                            | —                            |
| <b>Net cash flow from Investing Activities</b>                                 | <b>B (1,170,186)</b>         | <b>(136,915,176)</b>         |
| <b>C. Cash Flow from Financing Activities</b>                                  |                              |                              |
| Proceeds/(Repayment) of Long Term Borrowings                                   | —                            | —                            |
| Proceeds/(Repayment) of Short Term Borrowings                                  | (3,740,766)                  | 151,113,417                  |
| Proceeds/(Repayment) of Long Term Provisions                                   | 4,308                        | 62,282                       |
| Finance Cost   | (1,834,891)                  | (987,449)                    |
| <b>Net cash flow from Financing Activities</b>                                 | <b>C (5,571,349)</b>         | <b>150,188,250</b>           |
| Net increase/(decrease) in cash and cash equivalents                           | <b>A+B+C (8,336,795)</b>     | 6,243,910                    |
| Opening Balance of cash and cash equivalents                                   | 8,879,280                    | 2,635,370                    |
| <b>Closing Balance of cash and cash equivalents</b>                            | <b>542,485</b>               | <b>8,879,280</b>             |

As per our Report of even date attached

For &amp; on behalf of Board of Directors

For S. C. Bapna & Associates  
Chartered Accountants  
(FRN : 115649W)

(Vikesh Jain)  
Partner  
M. No. 406182

Place : Jaipur  
Date : 09.04.2015

**Ajay Agarwal**  
Director

**Ravindera Khanna**  
Director

## NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

### NOTE – 1

#### ACCOUNTING POLICIES:

##### A. Basis of Accounting and Preparation of Financial Statement

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. All assets and liabilities have been classified as current and noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### B. Revenue Recognition

Revenue is primarily derived from hotel operations including rental of rooms and sale of food and beverages and other allied services. Revenue is recognized when the rooms are occupied and the services have been rendered. Taxes collected and deposited with taxing authorities are not recorded in revenue.

##### C. Preliminary Expenses:

Preliminary expenses are to be written off in five years commencing from this Financial year.

##### D. Fixed Assets & Depreciation

Fixed assets are capitalized at acquisition cost, including directly attributable cost of bringing the assets to its working condition for the intended use.

In the current year, depreciation in the Company is provided, on pro-rata basis and useful life of assets, in the manner prescribed in Schedule II to the Companies Act, 2013.

##### E. Pre-operative Expenses

Pre operative expenses up to the date of commencement of commercial operations are capitalized.

##### F. Taxes on income:

- i. Company's income taxes include taxes on the taxable income, adjustments attributable to earlier periods and changes in deferred taxes. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961.
- ii. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

##### G. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. Other borrowing costs are recognized as expense in the year in which they are incurred.

##### H. Inventories

Inventories have been valued at cost.

##### I. Foreign Currency Transactions

Transactions in foreign exchange are accounted for at the exchange rate ruling at the transaction date. Gains and losses arising out of subsequent

fluctuations are accounted for on actual payment / realization. Gains / losses if any, at the year end in respect of current assets and current liabilities are accounted for.

##### J. Employee benefits

###### i. Short term

Short term employee benefits include salaries and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense in the Statement of Profit and Loss during the year when the employees render the service to the Company.

###### ii. Long term

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

- Defined-contribution plans

###### Provident Fund

The eligible employees of the company are entitled to receive post employment benefit in respect of provident fund, in which both employees and the Company make monthly contribution at a specified percentage of the employees' eligible salary. The contributions are made of the Regional Provident Fund Commissioner. Provident Fund is classified as Defined Contribution Plans as the Company has no further obligation beyond making the contribution.

The Company's contribution to the Defined Contribution Plans are charged to the statement of profit and loss as incurred

###### iii. Other Employee Long-Term Benefits Plan- Compensated Absences

The Company provides for encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the statement of profit and loss.

###### iv. Defined Benefits Plan - Gratuity Scheme

The Company offers its employees benefits under a defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

##### K. Earning Per Share

Basic earning per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares issued during the year.

##### L. Cash Flow Statement

The cash flow statement is prepared in accordance with "Indirect Method" as explained in accounting standard (AS)3 on "Cash Flow Statement.

Cash and bank balances and current investments that have insignificant risk of change in value which have duration up to the 3 months are included in the company's cash and cash equivalents in the cash flow statement.

##### M. Accounting for Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is neither recognized nor disclosed.

##### N. Impairment of Assets

The carrying value of the assets (tangible or intangible) is reviewed at each balance sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. When there is an indication that an impairment loss

recognized for an asset in earlier accounting period no longer exists or may have decreased such reversal of impairment loss is recognized in the statement of profit and loss account.

**O. Investments**

Investments that are readily releasable and indented to be held for not more than one year from the date on which such investments were made are classified as current investments. All other investments are classified as long term investments. Long term investments are carried at cost less provision for diminution other than temporary, in the value of such investments, such diminution being determined and made for each investment individually. Current investments are carried individually, at the lower of cost or fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

For S. C. BAPNA & ASSOCIATES Chartered Accountants ON BEHALF OF THE BOARD OF DIRECTORS

(Vikesh Jain) Partner M.No. 406182 Ajay Agarwal (Director) Ravindera Nath Khanna (Director)

Place : Jaipur Date : 09.04.2015

NOTES ON FINANCIAL STATEMENTS AS ON 31ST MARCH, 2015

| Particulars   | In Rupees             |                       |
|---|-----------------------|-----------------------|
|   | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 2</b>   |                       |                       |
| <b>Share Capital</b>  |                       |                       |
| Authorised  |                       |                       |
| 7,50,000 Equity Share of Rs. 10/- Each  | 7,500,000             | 7,500,000             |
| Issued, Subscribed & Paid up  |                       |                       |
| 7,00,000 Equity Shares of Rs. 10/- each fully paid-up (previous year 7,00,000 Equity Share) | 7,000,000             | 7,000,000             |
| <b>TOTAL</b>  | <b>7,000,000</b>      | <b>7,000,000</b>      |

2.1 The number of equity shares outstanding at the beginning and at the end of each reporting years is same (i.e. 700000 equity shares) and hence reconciliation between the two numbers has not been provided.

2.2 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. In the event of liquidation of the Company, the equity share holders are eligible to receive the remaining assets of the company, after settlement of all preferential payments, in proportion to the number of equity shares held.

2.3 The details of Shareholders holding more than 5% shares:

| Name of Shareholder  | As at 31.03.2015 |        | As at 31.03.2014 |        |
|--|------------------|--------|------------------|--------|
|  | No. of Shares    | % held | No. of Shares    | % held |
| Mahindra Holidays & Resorts India Limited, the parent company (including beneficial ownership of 100 shares held by the parent company jointly with its managing director) | 700,000          | 100.00 | 700,000          | 100.00 |

| Particulars                                   | In Rupees             |                       |
|---|-----------------------|-----------------------|
|   | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 3</b>                                 |                       |                       |
| <b>Reserves &amp; Surplus</b>                 |                       |                       |
| <b>Surplus</b>                                |                       |                       |
| Balance as per last Balance Sheet             | (57,605,027)          | (46,990,499)          |
| Add: Profit/(Loss) for the year               | (47,905,503)          | (10,614,528)          |
| Adjustment of Deperication as per useful life | (108,726)             | -                     |
|   | <b>(105,619,256)</b>  | <b>(57,605,027)</b>   |
| <b>Reserve</b>                                |                       |                       |
| Securities premium Account                    | 20,364,500            | 20,364,500            |
| Balance Carried Forward to Balance Sheet      | <b>(85,254,756)</b>   | <b>(37,240,527)</b>   |

3.1 Pursuant to the enactment of the Companies Act 2013(the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. Further, an amount of Rs.108,726 has been debited to opening reserve being life of those assets is either Nil or Negative.

| Particulars                        | In Rupees             |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 4</b>                      |                       |                       |
| <b>Deferred tax</b>                |                       |                       |
| Deferred tax liability             |                       |                       |
| Depreciation                       | 11,787,036            | 10,613,128            |
| Deferred tax asset                 |                       |                       |
| Unabsorbed depreciation            | 11,787,036            | 10,613,128            |
| Net deferred tax liability/(asset) | -                     | -                     |

4.1 The recognition of deferred tax asset on unabsorbed depreciation has been restricted to the extent of deferred tax liability on account of timing difference in respect of depreciation, the reversal of which is virtually certain. As at the year end, the Company also had other deferred tax assets, on timing differences and carried forward business losses which have not been recognised.

| Particulars                        | In Rupees             |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 5</b>                      |                       |                       |
| <b>Long Term Provisions</b>        |                       |                       |
| Provision for Compensated absences | 19,047                | 62,282                |
| Provision for Gratuity             | 47,543                | -                     |
|                                    | <b>66,590</b>         | <b>62,282</b>         |

| Particulars                                     | In Rupees             |                       |
|---|-----------------------|-----------------------|
|   | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 6</b>                                   |                       |                       |
| <b>Short Term Borrowings</b>                    |                       |                       |
| Unsecured Loans & Advances from related parties |                       |                       |
| From Parent Company                             |                       |                       |
| Inter Corporate Deposit                         | 276,433,000           | 168,700,000           |
| Others Advances                                 | -                     | 111,473,766           |
|   | <b>276,433,000</b>    | <b>280,173,766</b>    |

6.1 Inter Corporate Deposit received from parent company i.e Mahindra Holidays & resorts India Limited is repayable on demand. The Interest on the said loan is @9.50% p.a.

| Particulars           | In Rupees             |                       |
|-----------------------|-----------------------|-----------------------|
|                       | As at 31st March 2015 | As at 31st March 2014 |
| <b>Note 7</b>         |                       |                       |
| <b>Trade Payables</b> |                       |                       |
| - Others              | 5,424,051             | 2,658,464             |
|                       | <b>5,424,051</b>      | <b>2,658,464</b>      |

7.1 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil.

7.2 Balance of Trade Payables are subject to confirmation. In the opinion of directors they represent exact amount and are considered good and fully payable in due course.

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Luxury tax payable          | 5,357             | 162,361           |
| Work Contract Tax payable   | -                 | 963,151           |
| Payables for Expenses       | 17,284,047        | 795,402           |
| Retention Payable           | 188,667           | 2,128,399         |
| PF Payable                  | 90,699            | 54,581            |
| Security Deposit from MHRIL | 20,000,000        | 20,000,000        |
|                             | <b>65,925,706</b> | <b>36,949,272</b> |

| Particulars                      | In Rupees                   |                             |
|----------------------------------|-----------------------------|-----------------------------|
|                                  | As at<br>31st March<br>2015 | As at<br>31st March<br>2014 |
| <b>Note 8</b>                    |                             |                             |
| <b>Other Current Liabilities</b> |                             |                             |
| TDS Payable                      | 1,121,159                   | 570,997                     |
| Interest Accrued on ICD          | 26,567,550                  | 11,749,151                  |
| Service tax Payable              | 294,213                     | 23,526                      |
| VAT Payable                      | 44,921                      | 69,673                      |
| Service Charge Payable           | 329,093                     | 432,031                     |

| Particulars                          | In Rupees                   |                             |
|--------------------------------------|-----------------------------|-----------------------------|
|                                      | As at<br>31st March<br>2015 | As at<br>31st March<br>2014 |
| <b>Note 9</b>                        |                             |                             |
| <b>Short Term Provisions</b>         |                             |                             |
| Provision for Compensated absences   | 1,009                       | 3,841                       |
| Provisions for Outstanding Liability | 582,201                     | -                           |
|                                      | <b>583,210</b>              | <b>3,841</b>                |

**Note 10**

**FIXED ASSETS**  
In Rupees

| Item                           | GROSS BLOCK        |              |                |                | DEPRECIATION       |                   |  |                    |               |                     | NET BLOCK         |                      |                      |
|--------------------------------|--------------------|--------------|----------------|----------------|--------------------|-------------------|--|--------------------|---------------|---------------------|-------------------|----------------------|----------------------|
|                                | Gross Block        | Adjustment   | Addition       | Sales          | Total              | Opening Balance   | Depreciation Adjustment as per useful life | Depr. for the year | Adjustment    | Transfer To Reserve | Total Dep.        | Net Block 31.03.2015 | Net Block 31.03.2014 |
| <b>TANGIBLE ASSETS</b>         |                    |              |                |                |                    |                   |  |                    |               |                     |                   |                      |                      |
| Freehold Land                  | 77,268,220         | -            | 500,000        | -              | 77,768,220         | -                 | -  | -                  | -             | -                   | -                 | 77,768,220           | 77,268,220           |
| Building                       | 119,358,406        | -            | -              | -              | 119,358,406        | 4,440,474         | -  | 1,990,983          | -             | -                   | 6,431,457         | 112,926,949          | 114,917,932          |
| Furniture & Fixtures           | 39,419,434         | 3,698,268    | -              | -              | 43,117,702         | 4,799,511         | 188,582                                    | 6,570,822          | -             | -                   | 11,558,915        | 31,558,787           | 34,619,923           |
| Plant and machinery            | 19,123,165         | (10,101,583) | 115,450        | -              | 9,137,032          | 1,726,118         | (1,129,758)                                | 621,943            | -             | -                   | 1,218,303         | 7,918,729            | 17,397,047           |
| Electrical & Electronic Equip. | 14,400,884         | 13,981,622   | 287,780        | 465,000        | 28,205,286         | 688,423           | 2,466,325                                  | 3,349,366          | 95,000        | 8,878               | 6,417,992         | 21,787,294           | 13,712,461           |
| Computers & Printers           | 1,333,642          | (685,317)    | -              | -              | 648,325            | 291,319           | (154,003)                                  | 250,591            | -             | 96,772              | 484,678           | 163,647              | 1,042,323            |
| Sports Equipment               | 339,768            | (339,768)    | -              | -              | -                  | 17,339            | (17,339)                                   | -                  | -             | -                   | -                 | -                    | 322,429              |
| Vehicles                       | 1,657,527          | -            | -              | -              | 1,657,527          | 212,685           | -  | 217,202            | -             | -                   | 429,887           | 1,227,640            | 1,444,842            |
| Misc. fixed assets             | 7,359,191          | (7,359,191)  | -              | -              | -                  | 1,531,689         | (1,531,689)                                | -                  | -             | -                   | -                 | -                    | 5,827,502            |
| Office Equipment               | -                  | 805,969      | -              | -              | 805,969            | -                 | 177,883                                    | 171,654            | -             | 3,076               | 352,613           | 453,356              | -                    |
|                                | <b>280,260,237</b> | <b>-</b>     | <b>903,230</b> | <b>465,000</b> | <b>280,698,467</b> | <b>13,707,558</b> | <b>-</b>                                   | <b>13,172,562</b>  | <b>95,000</b> | <b>108,726</b>      | <b>26,893,845</b> | <b>253,804,622</b>   | <b>266,552,679</b>   |
| Previous year's figures        | 149,064,157        |              | 131,196,080    |                | 280,260,237        | 29,121,377        | (20,795,575)                               | 5,381,756          |               |                     | 13,707,558        | 266,552,679          | 119,942,780          |

10.1 Pursuant to the enactment of the Companies Act 2013(the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. As a result of change of method of depreciation, the depreciation during the year has been higher by Rs. 53.45 Lakhs. Further, an amount of Rs.1.09 Lakhs has been debited to opening reserve being life of those assets is either Nil or Negative.



20.1 None of the employee of the Company either employed for whole or part of the year was in receipt or entitled to receive emoluments in amounting exceeding the statutory limit.

| Particulars                      | In Rupees                        |                                  |
|----------------------------------|----------------------------------|----------------------------------|
|                                  | Year ended<br>31st March<br>2015 | Year ended<br>31st March<br>2014 |
| <b>Note 21</b>                   |                                  |                                  |
| <b>Finance costs</b>             |                                  |                                  |
| Interest on Unsecured Loan (ICD) | 16,464,889                       | 9,095,846                        |
| Bank Commission & Charges        | 188,401                          | 77,863                           |
|                                  | <u>16,653,289</u>                | <u>9,173,709</u>                 |

| Particulars                                | In Rupees                        |                                  |
|--|----------------------------------|----------------------------------|
|  | Year ended<br>31st March<br>2015 | Year ended<br>31st March<br>2014 |
| <b>Note 22</b>                             |                                  |                                  |
| <b>Administration &amp; Other Expenses</b> |                                  |                                  |
| Pre-opening Expenses                       | -                                | 5,115,471                        |
| Laundry Exp.                               | 709,423                          | 321,541                          |
| Printing & Stationery                      | 504,455                          | 232,718                          |
| Postage & Courier                          | 24,099                           | 37,571                           |
| Travelling & Conveyance                    | 713,481                          | 604,307                          |
| Interest on Taxes                          | 153,242                          | 62,935                           |
| Telephone & Internet                       | 356,575                          | 307,227                          |
| Entertainment Expenses                     | 601,765                          | 640,014                          |
| Holiday Activity Expenses                  | 786,471                          | 299,198                          |
| Event Expenses                             | 503,693                          | 298,500                          |
| Vehicle Exp                                | 274,769                          | 195,903                          |
| Pest Control                               | 971,028                          | 169,803                          |
| Contract Services Expenses                 | 9,732,994                        | 2,313,123                        |
| Insurance Expenses                         | 40,178                           | 113,195                          |
| Auditors Fees                              | 252,810                          | 252,810                          |
| Legal, Consultancy & Filing Fees           | 802,927                          | 241,355                          |
| Licences Fees                              | 145,109                          | 132,736                          |
| Annual Subscription Fees                   | 155,937                          | 51,979                           |
| Repair & Maintenance                       |                                  |                                  |
| - Repair and Maintenance-Building          | 1,340,645                        | 1,472,214                        |
| - Repairs and Maintenance-others           | 54,927                           | 5,387                            |
| - Repair and Maintenance-Plant & Machinery | 765,287                          | 689,933                          |
| - Repairs and Maintenance-Furniture        | 79,870                           | 328,930                          |
| Loss on Sale of Fixed Assets               | 124,386                          | -                                |
| Other Miscellaneous Expenses               | 2,403,496                        | 556,204                          |
|  | <u>21,497,567</u>                | <u>14,443,055</u>                |

| Particulars   | Unit | 31st March,<br>2015 | 31st March,<br>2014 |
|---|------|---------------------|---------------------|
| <b>Note 23: Earning per Share</b>                                   |      |                     |                     |
| 1. Profit/(Loss) after tax amount used as the numerator             | Rs.  | (47,905,503)        | (10,614,528)        |
| 2. Weighted average number of equity shares used as the denominator | No.  | 700,000             | 700,000             |
| 3. Nominal value of shares  | Rs.  | 10                  | 10                  |
| Loss per share (Basic & Diluted)                                    | Rs.  | (68)                | (15.16)             |

**Other Notes:**

| Particulars                              | 31st March,<br>2015 | 31st March,<br>2014 |
|--|---------------------|---------------------|
| <b>Note 24: Payment made to Auditors</b> |                     |                     |
| Payment to Auditors                      |                     |                     |
| - As Auditor                             | 140,450             | 140,450             |
| - for Taxation matters                   | 56,180              | 56,180              |
| - for Other services                     | 56,180              | 56,180              |
| <b>Total</b>                             | <u>252,810</u>      | <u>252,810</u>      |

**Note 25: Employee Benefits:**

A. Define Contribution Plans -  
Contribution to defined Contribution plans, recognized in the statement of profit and loss for the year, under employee benefits expenses in Note no. 20

| Particulars                              | 31st March,<br>2015 | 31st March,<br>2014 |
|--|---------------------|---------------------|
| Employers Contribution to Provident Fund | 364,637             | 49,809              |
|  | <u>364,637</u>      | <u>49,809</u>       |

**B. Other long-term benefit plans - Compensated absences -**

Compensated absences charged in the statement of profit and loss for the year, under employee benefits expense in Note no. 20, is Rs. (46067/-) (Previous Year ; Rs 66123/-)

**C. Defined Benefits Plan - Gratuity Scheme**

The Company offers its employees benefits under a defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

The net value of the defined-benefit commitment is detailed below:

| Particulars                                   | As At March<br>2015 | As At March<br>2014 |
|---|---------------------|---------------------|
| Present Value of Commitment                   | 47,543              | -                   |
| Fair Value of Plan Assets                     | -                   | -                   |
| Net Liability Recognised in the Balance Sheet | 47,543              | -                   |

**Note 26: Foreign Exchange Transactions -**

|                          |     |
|--------------------------|-----|
| Foreign Exchange Earning | NIL |
| Foreign Exchange Outgo   | NIL |

**Note 27: Contingent Liability**

The Income Tax Department has raised a demand for Rs. 25.79 lacs (Including Interest) for the Assessment Year 2009-10. The company however has preferred an appeal against the said demand and the case is pending before Commissioner of Income Tax Appeal.

**Note 28**

**Related Party Disclosure**

**A. Related Parties with whom transactions have taken place during the year .**

| Name of the party                         | Relationship                           |
|---|--|
| Mahindra Holidays & Resorts India limited | Holding Company on and from 09.08.2012 |

**CURRENT YEAR**

| Nature of Transaction                                  | Parent company | Key Management Personnel | Relatives of Key Management Personnel |
|--|----------------|--------------------------|---------------------------------------|
| <b>I. Transactions during the period</b>               |                |                          |                                       |
| Inter Corporate Deposit taken                          | 107,733,000    | -                        | -                                     |
| Room Rent Received                                     | 13,179,480     | -                        | -                                     |
| Interest Expense                                       | 16,464,889     | -                        | -                                     |
| Contract Service for Man Power Personnel               | 6,162,869      | -                        | -                                     |
| <b>II. Amount outstanding as at balance sheet date</b> |                |                          |                                       |
| Inter Corporate Deposit taken                          | 276,433,000    | -                        | -                                     |
| Interest Payable on ICD                                | 26,567,550     | -                        | -                                     |
| Security Deposit Payable                               | 20,000,000     | -                        | -                                     |
| Payable for Exp.                                       | 17,233,647     | -                        | -                                     |

**PREVIOUS YEAR**

| Nature of Transaction                                  | Parent company | Key Management Personnel | Relatives of Key Management Personnel |
|--|----------------|--------------------------|---------------------------------------|
| <b>I. Transactions during the period</b>               |                |                          |                                       |
| Inter Corporate Deposit taken                          | 103,700,000    | -                        | -                                     |
| Other Advances   | 47,413,417     | -                        | -                                     |
| Security Deposit Received                              | 20,000,000     | -                        | -                                     |
| Room Rent Received                                     | 9,136,600      | -                        | -                                     |
| Interest Expense                                       | 9,095,846      | -                        | -                                     |
| Deputed Personnel Expense                              | -              | -                        | 224,533                               |
| <b>II. Amount outstanding as at balance sheet date</b> |                |                          |                                       |
| Inter Corporate Deposit taken                          | 168,700,000    | -                        | -                                     |
| Interest Payable on ICD                                | 11,749,151     | -                        | -                                     |
| Other Advances   | 111,473,766    | -                        | -                                     |
| Security deposit                                       | 20,000,000     | -                        | -                                     |
| Trade Receivable                                       | -              | -                        | 224,533                               |

**Note 29**

The Company's primary (business) segment is singular viz "Hoteliering". There is no geographical segment to be reported since its property is located in and the operations are undertaken in India. Therefore segment information required as per Accounting Standard (AS 17) on "Segment Reporting" is not furnished.

**Note 30**

The accumulated losses of the Company amounting to Rs. 1056.19 Lacs as at 31.03.2015- exceed its paid up capital of Rs. 70,00,000/-. The Company incurred a net loss of Rs. 479.06 Lacs during the year ending on 31.03.2015 and, as of that date; its current liabilities exceed its total assets by Rs. 781.88 Lacs. However, the financial statements have been prepared on the assumption that the Company is a going concern having regard to the financial support extended by the holding company, Mahindra Holidays & Resorts India Ltd during the year (which includes loans aggregating Rs. 2764.33 Lacs outstanding as at 31.03.2015) as well as their commitment of future financial support to enable the Company to meet its financial obligations and continue as a going concern.

**Note 31**

Estimated amounts of contracts remaining to be executed on capital account is Rs. Nil ( Previous year Nil)

**Note 32**

Figures of the previous year have regrouped/restated to make them comparable, wherever necessary

In terms of our report attached

For S. C. BAPNA & ASSOCIATES Chartered Accountants

ON BEHALF OF THE BOARD OF DIRECTORS

(Vikesh Jain)  
Partner  
M.No. 406182

**Ajay Agarwal**  
(Director)

**Ravindera Nath Khanna**  
(Director)

Place : Jaipur  
Date : 09.04.2015



## DIRECTORS' REPORT

To,

**The Shareholders,**

Your Directors have pleasure in presenting their Fourth Annual Report of the Company along with the accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### PERFORMANCE OF THE COMPANY

Your Company is developing a resort property at Naldhera, Shimla, and the construction of the same is progressing satisfactorily. Your Company is yet to commence its operations.

The Financial Highlights of your Company is given below:

| <b>FINANCIAL RESULTS:</b>                      | <b>(Rupees in Lakhs)</b> |             |
|--|--------------------------|-------------|
|  | <b>2015</b>              | <b>2014</b> |
| <b><u>Income:</u></b>                          |                          |             |
| Revenue from operations                        | -                        | -           |
| Other Income                                   | -                        | -           |
| <b>Total Income</b>                            | -                        | -           |
| Total Expenditure                              | <b>2.68</b>              | 2.44        |
| <b><u>Profit / (Loss) before Tax</u></b>       | <b>(2.68)</b>            | (2.44)      |
| Provision for Income Tax                       | -                        | -           |
| Net Profit / (Loss) after Tax                  | <b>(2.68)</b>            | (2.44)      |
| Balance brought forward                        | <b>(3.04)</b>            | (0.60)      |
| <b><u>Balance carried to Balance Sheet</u></b> | <b>(5.72)</b>            | (3.04)      |

### DIVIDEND AND RESERVES

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

### HOLDING COMPANY

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### AUDITORS' REPORT

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at 31<sup>st</sup> March, 2015. Information referred in Auditor's Report are self-explanatory and do not call for any further comments.

### EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

### BOARD OF DIRECTORS

Your Company, has Five (5) Directors consisting of two (2) Independent Directors (IDs) and three (3) Non Executive Directors as on 31<sup>st</sup> March, 2015.

### DIRECTORS RETIREMENT BY ROTATION

Pursuant to Section 152(6) of the Act, Mr. Ravindera Nath Khanna, who had been longest in the office, retires by rotation and being eligible, offers himself for re-appointment.

### APPOINTMENT OF DIRECTORS

During the year under review, the Board at their meeting held on 3<sup>rd</sup> June, 2014 appointed Mr. Ajay Agrawal as additional director and subsequently at the last Annual General Meeting, the shareholders approved the appointment of Mr. Agrawal as Director, liable to retire by rotation.

During the year under review, your Company had received notices under Section 160 of the Act in writing from a member proposing the candidates Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora as Directors of the Company. Accordingly, the Nomination and Remuneration Committee at their Meeting

held on 25<sup>th</sup> March, 2015 recommended the appointment of the above candidates as Directors of the Company for the approval of the Board/Shareholders. Further, at the Extraordinary General Meeting (EGM) of the shareholders held on 25<sup>th</sup> March, 2015, Mr. Thanewal and Mr. Vora were appointed as Independent Directors for a period of three (3) years effective from the date of the said EGM.

Subsequent to the appointment of Independent Directors, your Company is in compliance with the provisions of the Act.

Since the Independent Directors were appointed on 25<sup>th</sup> March, 2015, it was mutually decided by the Independent Directors to hold the Independent Directors Meeting required under section 149(8) read with Schedule IV on a later date.

The Company has received declarations from the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Act.

#### **KEY MANAGERIAL PERSONNEL**

During the year, Ms. Anju Sharma, Company Secretary of the Company, resigned from the services w.e.f. 1<sup>st</sup> February, 2015. Ms. Niveta Sharma, was appointed as Company Secretary w.e.f. 2<sup>nd</sup> February, 2015.

Ms. Preetha Thanikachalam, was appointed as the Chief Financial Officer of the Company w.e.f. 1<sup>st</sup> March, 2015.

Mr. Dineshwar Dutt Sharma, Manager, was KMP as per the provision of the Act and was already in office before the commencement of the Act.

In view of the above the Company is in compliance with regard to the provisions of the Act.

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, the Board met six (6) times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

#### **AUDIT COMMITTEE**

The Audit Committee composition meets with the requirements of Section 177 of the Act. As on March 31, 2015, the Committee comprised of 3 Directors: Mr. Ajay Agrawal (w.e.f. 3<sup>rd</sup> June, 2014), Mr. Kanwaljit Singh Thanewal (w.e.f. 25<sup>th</sup> March, 2015) and Mr. Manish Vora (w.e.f. 25<sup>th</sup> March, 2015). Mr. Dinesh Shetty and Mr. Ravindera Nath Khanna were member of the Committee till 25<sup>th</sup> March, 2015. Mr. Thanewal and Mr. Vora are Independent Directors. All members of the Committee possess financial/accounting expertise/exposure.

The terms of reference of the Committee are in accordance with the requirements of Section 177 of the Act.

#### **NOMINATION AND REMUNERATION COMMITTEE (NRC)**

During the year, the Board of Directors at their meeting held on 27<sup>th</sup> September, 2014 constituted NRC. NRC composition meets with the requirements of Section 178 of the Act. As on 31<sup>st</sup> March, 2015, the Committee comprised of 4 Directors:

Mr. Dinesh Shetty, Mr. Ajay Agrawal, Mr. Kanwaljit Singh Thanewal (w.e.f. 25<sup>th</sup> March, 2015) and Mr. Manish Vora (w.e.f. 25<sup>th</sup> March, 2015). Mr. Ravindera Nath Khanna was member of the Committee till 25<sup>th</sup> March, 2015. Mr. Thanewal and Mr. Vora are Independent Directors.

#### **REMUNERATION POLICY**

In compliance with Section 178 (3) the Nomination and Remuneration Committee has formulated a policy relating to the remuneration for the directors, key managerial personnel and other employees.

The Policy provides that all employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable, which remuneration will be paid in accordance with the laid down Statutes. Further, remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually, and it shall be consistent with the competitive position of the salary for similar positions in the industry after considering the Qualifications, Experience, Roles and Responsibilities.

Remuneration to the Directors and KMPs are subject to the approval of the Nomination & Remuneration Committee/Board.

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

During the year 2014-15, your Company did not grant any loans or give any guarantees or made investments as per the provisions of Section 186 of the Act.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transaction (RPT) under sub-section (1) of section 188 of the Act which was not at arms length and not in Ordinary course of business.

During the year your Company availed Inter Corporate Loans from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 1,042 Lakhs. As on 31<sup>st</sup> March, 2015, the aggregate ICD availed by your company from MHRIL was Rs. 2,118 Lakhs.

Details of other Related Party transactions which are on arms length and in the regular course of business are given in the notes to the accounts.

#### **STATUTORY AUDITORS**

Messrs Vinod Kumar Arora & Associates, Chartered Accountants, Haryana (ICAI Registration Number 012099N), retire as Auditors of the Company at the ensuing Annual General Meeting (AGM) and have given their consent for reappointment. The shareholders are requested to appoint Auditors for a period of two (2) years, being transition period, from the conclusion of the forthcoming AGM till the conclusion

of the AGM in 2017, subject to yearly ratification by the shareholders.

As required under the provisions of Section 139 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their reappointment, if made, will conform within the limits specified in the said Section. Further, your Company has also received a certificate from the Auditors to the effect that the Auditors proposed to be re-appointed satisfies with the criteria provided under Section 141 of the Act.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

During the year, there were no material changes and commitments, affecting the financial position of your Company which has occurred between the end of the financial year of the company i.e. 31<sup>st</sup> March, 2015, and the date of the Directors report.

#### **INTERNAL FINANCIAL CONTROLS**

Your Company has adequate internal financial controls with reference to financial statements.

#### **DEPOSITS AND LOANS/ADVANCES**

Your Company had not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

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

The Company did not carry out any operations during the year and hence disclosure required under Section 134(3)(m) read

with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors, confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) 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 31<sup>st</sup> March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review

For and on behalf of the Board of Directors

**Ravindera Nath Khanna**  
Director

**Ajay Agrawal**  
Director

Place : Chennai  
Date : 10<sup>th</sup> April, 2015

**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31.03.2015**

[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:**

|            |   |   |
|------------|---|---|
| <b>i</b>   | CIN   | U45209CH2012PTC033473   |
| <b>ii</b>  | Registration Date   | 9 <sup>th</sup> January, 2012   |
| <b>iii</b> | Name of the Company   | Gables Promoters Private Limited  |
| <b>iv</b>  | Category / Sub-Category of the Company                            |   |
| <b>v</b>   | Address of the Registered office of the Company                   | No - 504, Block A, 5th Floor, ELANTE Office Suites, Plot No - 178-178/A, Industrial Area, Phase 1, Chandigarh; Ph. No. +912233684722; Fax No. +912233684721; Email - arun.khandelwal@mahindraholidays.com |
| <b>vi</b>  | Whether listed company  | No  |
| <b>vii</b> | Name, Address and Contact Details of Registrar and Transfer Agent | 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 Products/Services | NIC Code of the Product/Service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Not Applicable                                 | -                               | NA                                 |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

| Sr. No. | Name and Address of the Company  | CIN/GLN               | Holding/Susidary/Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------|------------------|--------------------|
| 1.      | Mahindra Holidays & Resorts India Ltd<br>Mahindra Towers, 2 <sup>nd</sup> Floor, 17/18 Patullos Road,<br>Chennai - 600 002 | L55101TN1996PLC036595 | Holding Company            | 100%             | 2(46)              |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)****(i) Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year<br>01-04-2014 |                   |                   |                   | No. of Shares held at the end of the year<br>31-03-2015 |                   |                   |                   | % Change during the year |
|--------------------------|---|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|--------------------------|
|                          | Demat   | Physical          | Total             | % of Total Shares | Demat   | Physical          | Total             | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                   |                   |                   |   |                   |                   |                   |                          |
| <b>(1) Indian</b>        |   |                   |                   |                   |   |                   |                   |                   |                          |
| g) Individual            | -   | -                 | -                 | -                 | -   | -                 | -                 | -                 | -                        |
| h) Central Govt.         | -   | -                 | -                 | -                 | -   | -                 | -                 | -                 | -                        |
| i) State Govt(s)         | -   | -                 | -                 | -                 | -   | -                 | -                 | -                 | -                        |
| j) Bodies Corp.          | -   | 13,200,000        | 13,200,000        | 100.00            | -   | 13,200,000        | 13,200,000        | 100.00            | NIL                      |
| k) Banks/Fl              | -   | -                 | -                 | -                 | -   | -                 | -                 | -                 | -                        |
| l) Any Other             | -   | -                 | -                 | -                 | -   | -                 | -                 | -                 | -                        |
| <b>Sub-total (A)(1):</b> | <b>-</b>  | <b>13,200,000</b> | <b>13,200,000</b> | <b>100.00</b>     | <b>-</b>  | <b>13,200,000</b> | <b>13,200,000</b> | <b>100.00</b>     | <b>NIL</b>               |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>01-04-2014 |            |            |                   | No. of Shares held at the end of the year<br>31-03-2015 |            |            |                   | % Change during the year |
|---|---|------------|------------|-------------------|---|------------|------------|-------------------|--------------------------|
|   | Demat   | Physical   | Total      | % of Total Shares | Demat   | Physical   | Total      | % of Total Shares |                          |
| <b>(2) Foreign</b>  |   |            |            |                   |   |            |            |                   |                          |
| a) NRI-Individuals  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| b) Other Individuals  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| c) Bodies Corp.   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| d) Banks/FI   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| e) Any Other  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>Sub-total (A)(2):</b>  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>                       | -   | 13,200,000 | 13,200,000 | 100.00            | -   | 13,200,000 | 13,200,000 | 100.00            | -                        |
| <b>B. Public Shareholding</b>   |   |            |            |                   |   |            |            |                   |                          |
| <b>1. Institutions</b>  |   |            |            |                   |   |            |            |                   |                          |
| a) Mutual Funds   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| b) Banks/FI   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| c) Central Govt.  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| d) State Govt(s)  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| e) Venture Capital Funds  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| f) Insurance Companies  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| g) FIs  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| h) Foreign Venture Capital Funds  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| i) Others (specify)   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>Sub-total (B)(1):</b>  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>2. Non-Institutions</b>  |   |            |            |                   |   |            |            |                   |                          |
| a) Bodies Corp.   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| i) Indian   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| ii) Overseas  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| b) Individuals  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| c) Others (specify)   | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>Sub-total (B)(2):</b>  | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                            | -   | -          | -          | -                 | -   | -          | -          | -                 | -                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            |   |            |            |                   |   |            |            |                   |                          |
| <b>Grand Total (A + B + C)</b>  | -   | 13,200,000 | 13,200,000 | 100.00            | -   | 13,200,000 | 13,200,000 | 100.00            | NIL                      |

**(ii) Shareholding of Promoters**

| Sr. No. | Shareholder's Name                        | Shareholding at the beginning of the year<br>01-04-2014 |                                  |  | Shareholding at the end of the year<br>31-03-2015 |                                  |  | % 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 Holidays & Resorts India Limited | 13,200,000  | 100%                             | Nil  | 13,200,000  | 100%                             | Nil  | Nil                                      |
|         | <b>Total</b>                              | <b>13,200,000</b>                                       | <b>100%</b>                      | <b>Nil</b>                                     | <b>13,200,000</b>                                 | <b>100%</b>                      | <b>Nil</b>                                     | <b>Nil</b>                               |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** No change during the year.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Not Applicable

**(v) Shareholding of Directors and Key Managerial Personnel:** None of the Directors and KMPs hold any Shares in the Company

**V. INDEBTEDNESS**

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

|   |                                  |                       |          | (Rs. in lakh)      |
|---|----------------------------------|-----------------------|----------|--------------------|
|   | Secured Loans excluding deposits | Unsecured Loans (ICD) | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year |                                  |                       |          |                    |
| i) Principal Amount                                 | –                                | 1,076.06              | –        | 1,076.06           |
| ii) Interest due but not paid                       | –                                |                       | –        |                    |
| iii) Interest accrued but not due                   | –                                | 6.55                  | –        | 6.55               |
| <b>Total (i+ii+iii)</b>                             | –                                | 1,082.61              | –        | 1,082.61           |
| Change in Indebtedness during the financial year    | –                                |                       | –        |                    |
| + Addition  |                                  | 1,162.84              |          | 1,162.84           |
| – Reduction   |                                  |                       |          |                    |
| Net change  | –                                | 1,162.84              | –        | 1,162.84           |
| Indebtedness at the end of the financial year       | –                                | –                     | –        | –                  |
| i) Principal Amount                                 | –                                | 2,117.86              | –        | 2,117.86           |
| ii) Interest due but not paid                       | –                                | –                     | –        | –                  |
| iii) Interest accrued but not due                   | –                                | 127.60                | –        | 127.60             |
| <b>Total (i+ii+iii)</b>                             | –                                | 2,245.46              | –        | 2,245.46           |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration  | Name of MD/WTD/Manager |     |
|---------|--|------------------------|-----|
|         |  | Dineshwar Dutt Sharma  |     |
|         |  | Total Amount           |     |
| 1.      | Gross salary   |                        |     |
|         | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | –                      | Nil |
|         | 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              | –                      | –   |
| 2.      | Stock Option   | –                      | –   |
| 3.      | Sweat Equity   | –                      | –   |
| 4.      | Commission   | –                      | –   |
|         | – as % of profit   | –                      | –   |
|         | – others, specify  | –                      | –   |
| 5.      | Others, please specify   | –                      | Nil |
|         | <b>Total (A)</b>   | –                      | NA  |
|         | Ceiling as per the Act   |                        |     |

## B. Remuneration of other directors:

| Sr. No. | Particulars of Remuneration                | Name of Directors |                      |               |              |                           | Total Amount |
|---------|--|-------------------|----------------------|---------------|--------------|---------------------------|--------------|
|         |  | Dinesh Shetty     | Ravindra Nath Khanna | Ajay Agrawal# | Manish Vora* | Kanwaljit Singh Thanewal* |              |
| 3.      | Independent Directors                      |                   |                      |               |              |                           |              |
|         | Fee for attending board/committee meetings | –                 | –                    | –             | –            | –                         | –            |
|         | Commission                                 | –                 | –                    | –             | –            | –                         | –            |
|         | Others, please specify                     | –                 | –                    | –             | –            | –                         | –            |
|         | <b>Total (1)</b>                           | –                 | –                    | –             | –            | –                         | –            |
| 4.      | Other Non-Executive Directors              |                   |                      |               |              |                           |              |
|         | Fee for attending board/committee meetings | –                 | –                    | –             | –            | –                         | –            |
|         | Commission                                 | –                 | –                    | –             | –            | –                         | –            |
|         | Others, please specify                     | –                 | –                    | –             | –            | –                         | –            |
|         | <b>Total (2)</b>                           | –                 | –                    | –             | –            | –                         | –            |
|         | <b>Total (B)=(1+2)</b>                     | –                 | –                    | –             | –            | –                         | –            |
|         | <b>Total Managerial Remuneration</b>       | –                 | –                    | –             | –            | –                         | –            |
|         | Overall Ceiling as per the Act             |                   |                      |               |              |                           |              |

# appointed w.e.f. 3<sup>rd</sup> June, 2014\* appointed w.e.f. 25<sup>th</sup> March, 2015.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |               |                 |
|---------|---|--------------------------|---------------|-----------------|
|         |   | Company Secretary*       | CFO#          | Total           |
| 1.      | Gross salary  |                          |               |                 |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 1,56,000                 | 15,216        | 1,71,216        |
|         | (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              | –                        | –             | –               |
| 2.      | Stock Option  | –                        | –             | –               |
| 3.      | Sweat Equity  | –                        | –             | –               |
| 4.      | Commission  |                          |               |                 |
|         | – as % of Profit  | –                        | –             | –               |
|         | – others, specify   | –                        | –             | –               |
| 5.      | Others, please specify  | –                        | –             | –               |
|         | <b>Total</b>  | <b>1,56,000</b>          | <b>15,216</b> | <b>1,71,216</b> |

\* Ms. Anju Sharma resigned as the company secretary of the Company w.e.f 1<sup>st</sup> February, 2015 and Ms. Niveta Sharma joined as the company secretary of the Company w.e.f. 2<sup>nd</sup> February, 2015.

# Ms. Preetha Thanikachalam joined as the Chief Financial Officer w.e.f 1<sup>st</sup> March, 2015.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF Gables Promoters Private Limited

We have audited the accompanying Financial Statements of **Gables Promoters Private Limited which comprise of Balance Sheet** as at March 31, 2015 and the Statement of Profit and Loss, Cash flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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 standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation 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

Our responsibility is to express an opinion on these financial statements based on our audit.

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.

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.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. 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.

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

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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:-** 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 purposes of our audit.
- (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2015 from being appointed as director in terms Section 164(2) of the Act.

(f) 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, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigations which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Vinod Kumar Arora & Associates,  
Chartered Accountants  
Firm Registration No. 012099N

**(Vinod Kumar Arora)**  
Prop.  
M.No. 091264

Place: Panchkula

Date: 10/04/2015

## ANNEXURE TO THE AUDITORS' REPORT

### (Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

- (i) (a) Not Applicable, As company has no fixed assets during the Year Except Land and Work on progress thereon.
- (b) Not Applicable, as there is not other fixed assets purchased by the company except land.
- (c) During the year the company has not sold/disclosed off substantial part of fixed assets.
- (ii) (a) Not Applicable, as there is no inventory as company has not started its operations.
- (b) Not Applicable
- (c) Not Applicable
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/covered in the register maintained under section 189 of the Companies Act'.
- (b to c) Not Applicable
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase fixed assets. However the company sofar has not started its operations.
- (v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits during the year and has not contravened the provisions of section 73 to 76 and any other provision of the companies act and rules framed there under. However the company has taken inter corporate deposit from its holding company Mahindra Holidays and Resorts India Limited for the purpose of construction of Hotels. The total and maximum amount involved/outstanding as at the year ended 31/03/2015 was Rs. 211,786,000/- (Previous Year – Rs. 107,606,008/-) beside interest amounting to Rs. 12,759,690/-. In our Opinion,the rate of interest and other terms and condition on which these loans were taken are not prima facie prejudicial to the interest.
- (vi) The maintenance of cost records have not been applicable so far as prescribed by the Central Government under section 148(1) of the Companies Act, 1956.
- (vii) (a) The company is regular in depositing the statutory dues in respect of TDS & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.
- (b) According to the information and explanations given to us, no dues in case of sales tax/income tax/custom tax/wealth tax/excise duty/cess/have been outstanding on account of dispute with the concerned department.
- (c) Not applicable, as outstanding dues are not standing on account of dispute with the concerned department, hence no amount is transferred to investor education and protection fund as per the provisions of the Company Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The company has accumulated losses at the end of the financial year 2014-2015 is Rs. 571,822/- and it has incurred Rs. 267,970/- as cash losses in the current financial year. (Previous Financial yrs. it was Rs. 244,263/-).
- (ix) Not applicable, as the company has neither taken any loans from financial institutions/banks nor issue debenture to any.
- (x) In our opinion, and according to the information and explanations given to us and the records examined by us, the company has not given any guarantees for loan taken by others from banks or financial institutions.
- (xi) The company has not taken any loan from Financial institutions or Banks. However the company has taken **inter corporate deposit** from its holding company **Mahindra Holidays and Resorts India Limited** for the purpose of construction of Hotels. The Company has applied the same for the purpose of construction. The total and maximum amount involved/outstanding as at the year ended 31/03/2015 was Rs. 211,786,000/- (Previous Year - Rs. 107,606,008/-). In our Opinion,the rate of interest and other terms and condition on which these loans were taken are not prima facie prejudicial to the interest. Interest amounting to Rs. 12,759,690/- was payable (Mahindra Holidays and Resorts India Limited) as on 31/03/2015.
- (xii) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

**For VINOD KUMAR ARORA & ASSOCIATES**

*Chartered Accountants  
Firm Regn. No. 012099N*

**(VINOD KUMAR ARORA)**

*Proprietor*

*Membership Number : 91264*

Place : Panchkula  
Dated : 10/04/2015

**BALANCE SHEET AS AT MARCH 31, 2015**

| Particulars   | Note No. | (In Rs.)                   |                            |
|---|----------|----------------------------|----------------------------|
|   |          | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| <b>EQUITY AND LIABILITIES</b>                         |          |                            |                            |
| <b>Shareholders' funds</b>                            |          |                            |                            |
| (a) Share capital                                     | 2        | 132,000,000                | 132,000,000                |
| (b) Reserves and surplus                              | 3        | (571,822)                  | (303,852)                  |
|   |          | <u>131,428,178</u>         | <u>131,696,148</u>         |
| <b>Non Current liabilities</b>                        |          |                            |                            |
| (a) Payable on Purchase of Fixed Assets               | 4        | 7,297,905                  | 3,683,646                  |
| <b>Current liabilities</b>                            |          |                            |                            |
| (a) Short-term borrowings                             | 5        | 211,786,000                | 107,606,008                |
| (b) Other current liabilities                         | 6        | 17,008,432                 | 2,222,910                  |
|   |          | <u>228,794,432</u>         | <u>109,828,918</u>         |
| <b>TOTAL</b>  |          | <u><u>367,520,515</u></u>  | <u><u>245,208,712</u></u>  |
| <b>ASSETS</b>   |          |                            |                            |
| <b>Non-current assets</b>                             |          |                            |                            |
| (a) Fixed assets                                      |          |                            |                            |
| (i) Tangible assets                                   | 7        | 128,400,010                | 128,400,010                |
| (ii) Capital work-in-progress                         | 8        | 224,293,324                | 93,119,593                 |
|   |          | <u>352,693,334</u>         | <u>221,519,603</u>         |
| (b) Other non-current assets                          | 9        | 9,433,604                  | 797,303                    |
|   |          | <u>362,126,938</u>         | <u>222,316,906</u>         |
| <b>Current assets</b>                                 |          |                            |                            |
| (a) Cash and cash equivalents                         | 10       | 5,269,977                  | 22,683,206                 |
| (b) Short term loans and advances                     | 11       | 123,600                    | 208,600                    |
|   |          | <u>5,393,577</u>           | <u>22,891,806</u>          |
| <b>TOTAL</b>  |          | <u><u>367,520,515</u></u>  | <u><u>245,208,712</u></u>  |
| <b>Significant Accounting Policies</b>                | 1        |                            |                            |
| <b>Notes forming part of the financial statements</b> | 2-11     | -                          | -                          |

**In terms of our report attached.****For Vinod Kumar Arora & Associates**

Firm Registration No. 012099N

Chartered Accountants

**Vinod Kumar Arora**

Proprietor

Membership Number : 091264

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

**Ravindera Nath Khanna**  
Director**Ajay Agarwal**  
Director**T. Preetha**  
CFO**Niveta Sharma**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

| Particulars   | Note No. | (In Rs.)                        |                                 |
|---|----------|---------------------------------|---------------------------------|
|   |          | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| 1 Revenue from operations.....                      |          | -                               | -                               |
| <b>Total revenue</b>                                |          | <b>-</b>                        | <b>-</b>                        |
| <b>2 Expenses</b>                                   |          |                                 |                                 |
| (a) Employee Benefit Exps.....                      | 12       | <b>173,097</b>                  | 169,000                         |
| (b) Other expenses.....                             | 13       | <b>94,873</b>                   | 75,263                          |
| <b>Total expenses</b>                               |          | <b>267,970</b>                  | <b>244,263</b>                  |
| 3 <b>Profit/(Loss) before tax (1 ± 2)</b> .....     |          | <b>(267,970)</b>                | <b>(244,263)</b>                |
| <b>4 Tax expense:</b>                               |          |                                 |                                 |
| Current tax expense for current year.....           |          | -                               | -                               |
|   |          | -                               | -                               |
| 5 <b>Profit/(Loss) for the year</b> .....           |          | <b>(267,970)</b>                | <b>(244,263)</b>                |
| Notes forming part of the financial statements..... | 12, 13   |                                 |                                 |

**In terms of our report attached.****For Vinod Kumar Arora & Associates**

Firm Registration No. 012099N

Chartered Accountants

**Vinod Kumar Arora**

Proprietor

Membership Number : 091264

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

**Ravindera Nath Khanna**

Director

**Ajay Agarwal**

Director

**T. Preetha**

CFO

**Niveta Sharma**

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

| <b>PARTICULARS</b>  | <b>Year ended<br/>March 31,<br/>2015</b> | <b>(In Rs.)<br/>Year ended<br/>March 31,<br/>2014</b> |
|---|--|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES:</b>   |  |   |
| Profit before tax .....   | <b>(267,970)</b>                         | (244,263)   |
| Operating profit before working capital changes.....  | <b>(267,970)</b>                         | (244,263)   |
| Changes in :  |  |   |
| Trade and other receivables .....   | -  | -   |
| Preliminary Exps.....   | -  | -   |
| Trade and other payables .....  | -  | -   |
|   | <u>-</u>                                 | <u>-</u>  |
| <b>NET CASH FROM OPERATING ACTIVITIES .....</b>   | <b><u>(267,970)</u></b>                  | <b><u>(244,263)</u></b>                               |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>   |  |   |
| Purchase of fixed assets including capital work in progress and<br>expenditure pending allocation .....                 | <b>(133,429,452)</b>                     | (85,339,279)  |
| <b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES .....</b>   | <b><u>(133,429,452)</u></b>              | <b><u>(85,339,279)</u></b>                            |
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>   |  |   |
| Increase/(Decrease) in unsecured Loan- from Related parties.....  | <b>116,284,193</b>                       | 108,261,497   |
| <b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES .....</b>   | <b><u>116,284,193</u></b>                | <b><u>108,261,497</u></b>                             |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>   | <b><u>(17,413,229)</u></b>               | <b><u>22,677,955</u></b>                              |
| <b>CASH AND CASH EQUIVALENTS:</b>   |  |   |
| Opening balance.....  | <b>22,683,206</b>                        | 5,251   |
| Closing balance .....   | <b>5,269,977</b>                         | 22,683,206  |
|   | <b><u>(17,413,229)</u></b>               | <b><u>22,677,955</u></b>                              |
|   | -  | -   |
| <b>Reconciliation between Cash and Cash equivalents with<br/>the Balance Sheet (31-03-2015)</b>                         |  |   |
| Cash and cash equivalents as per Balance Sheet .....  | <b>22,683,206</b>                        | 5,251   |
| Less: Bank balances not considered as Cash and cash equivalents .....   | -  | -   |
| Net Cash and cash equivalents.....  | <b>22,683,206</b>                        | 5,251   |
| Add: Current investments considered as part of Cash and cash equivalents<br>(Investment in units of Mutual Funds) ..... | -  | -   |
| <b>Cash and cash equivalents at the end of the period .....</b>   | <b><u>22,683,206</u></b>                 | <b><u>5,251</u></b>                                   |

See accompanying notes forming part of the financial statements

**In terms of our report attached.**

**For Vinod Kumar Arora & Associates**

*Firm Registration No. 012099N*

*Chartered Accountants*

**Vinod Kumar Arora**

*Proprietor*

*Membership Number : 091264*

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

**Ravindera Nath Khanna**  
*Director*

**Ajay Agarwal**  
*Director*

**T. Preetha**  
*CFO*

**Niveta Sharma**  
*Company Secretary*

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### 1. Significant Accounting Policies

#### a) Basis for preparation of financial statements:

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### b) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### c) Revenue Recognition:

The company had not commenced commercial operations during the year ended March 31, 2015.

#### d) Inventories:

The company did not have inventories during the year ended March 31, 2015.

#### e) Retirement Benefits:

The company has one employee on rolls during the year ended March 31, 2015.

#### f) Taxes on Income:

Since the company did not have any commercial operations during the year, the question of income tax/deferred tax does not arise.

#### g) Earnings per share:

Since the company did not have any commercial operations during the year ended March 31, 2015 the Accounting Standard ('AS') 20 on Earnings Per Share, issued by the Institute of Chartered Accountants of India would not be applicable to the company.

#### h) Preliminary Expenses:

Preliminary Expenses include all expenses incurred in connection with registration of the company. These will be amortized over a period of five years after commencement of the activities of the company.

|  | (In Rs.)           |                    |
|--|--------------------|--------------------|
|  | March 31,<br>2015  | March 31,<br>2014  |
| <b>2 Share Capital</b>   |                    |                    |
| <b>Equity Share Capital</b>  |                    |                    |
| Authorised Capital divided into 13,500,000 Shares of Rs. 10/- each.....            | 135,000,000        | 135,000,000        |
|  | <u>135,000,000</u> | <u>135,000,000</u> |
| Issued, Subscribed & Paid up 13,200,000 shares of Rs. 10/- each fully Paid up..... | 132,000,000        | 132,000,000        |
|  | <u>132,000,000</u> | <u>132,000,000</u> |

#### (a) Share Capital Reconciliation

|  | March 31, 2015    |                    | March 31, 2014    |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | Nos. of Share     | (in Rs.)           | Nos. of Share     | (in Rs.)           |
| Equity share of Rs. 10/- each fully paid |                   |                    |                   |                    |
| At the Opening of the Year               | 13,200,000        | 132,000,000        | 13,200,000        | 132,000,000        |
| Add Fresh Issue .....                    | -                 | -                  | -                 | -                  |
| Closing Balance.....                     | <u>13,200,000</u> | <u>132,000,000</u> | <u>13,200,000</u> | <u>132,000,000</u> |

Neither Bonus Share allotted nor there is any buy back during the year ended March 31, 2015

#### (b) Details of Shares held by each share holder holding more than 5% Share

|  | As at<br>March 31, 2015 |                     | As at<br>March 31, 2014 |                     |
|--|-------------------------|---------------------|-------------------------|---------------------|
|  | Nos. of<br>Share        | % age of<br>holding | Nos of<br>Share         | % age of<br>holding |
| Mahindra Holidays & Resorts India Limited.....                                 | 13,199,900              | 100.00%             | 13,199,900              | 100.00%             |
| Mahindra Holidays & Resorts India Limited Jointly with Mr. Dinesh Shetty ..... | 100                     | 0.00%               | 100                     | 0.00%               |
|  | <u>13,200,000</u>       | <u>100.00%</u>      | <u>13,200,000</u>       | <u>100.00%</u>      |

(In Rs.)

### 3 Reserves and Surplus

#### Surplus in Statement of Profit & Loss

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Opening Balance.....                  | (303,852)        | (59,589)         |
| Add:- Profit/(Loss) for the Year..... | (267,970)        | (244,263)        |
| Closing Balance.....                  | <u>(571,822)</u> | <u>(303,852)</u> |

(In Rs.)

### 4 Non Current Liabilities

|                |                  |                  |
|----------------|------------------|------------------|
| Retention..... | 7,297,905        | 3,683,646        |
|                | <u>7,297,905</u> | <u>3,683,646</u> |

### 5 Short Term Borrowing

#### Loans repayable on demand

|  |                    |                    |
|--|--------------------|--------------------|
| - From Related Persons - Unsecured (Inter Corporate deposit from Mahindra Holidays & Resorts India Ltd., payable on demand @ 9.5% Per annum) | 211,786,000        | 107,606,008        |
|  | <u>211,786,000</u> | <u>107,606,008</u> |

### 6 Other Current Liabilities

|  |                   |                  |
|--|-------------------|------------------|
| Statutory Liabilities.....                     | 1,315,070         | 1,476,854        |
| Payables relating to Project in progress ..... | 2,873,672         | -                |
| Expenses payable .....                         | 60,000            | 90,567           |
| Interest Accrued.....                          | 12,759,690        | 655,489          |
|  | <u>17,008,432</u> | <u>2,222,910</u> |

## 7 Fixed Assets

(In Rs.)

| DESCRIPTION OF ASSETS | GROSS BLOCK         |           |                      | DEPRECIATION        |              |                      | NET BLOCK          |                    |
|-----------------------|---------------------|-----------|----------------------|---------------------|--------------|----------------------|--------------------|--------------------|
|                       | As at April 1, 2014 | Additions | As at March 31, 2015 | As at April 1, 2014 | For the Year | As at March 31, 2015 | March 31, 2015     | March 31, 2014     |
| LAND .....            | 128,400,010         | -         | 128,400,010          | -                   | -            | -                    | 128,400,010        | 128,400,010        |
| <b>TOTAL.....</b>     | <b>128,400,010</b>  | <b>-</b>  | <b>128,400,010</b>   | <b>-</b>            | <b>-</b>     | <b>-</b>             | <b>128,400,010</b> | <b>128,400,010</b> |
| PREVIOUS YEAR.....    | 128,400,010         | -         | 128,400,010          | -                   | -            | -                    | 128,400,010        | 128,400,010        |

|   | (In Rs.)           |                |
|---|--------------------|----------------|
|   | March 31, 2015     | March 31, 2014 |
| <b>8 Capital Work In Process</b>                |                    |                |
| <b>Opening</b>                                  | <b>93,119,593</b>  | 2,639,247      |
| Add :-Cost of Construction, Labour              | <b>117,724,617</b> | 89,752,025     |
| Interest Capitalised                            | <b>13,449,114</b>  | 728,321        |
|   | <b>224,293,324</b> | 93,119,593     |
| <b>9 Other Non Current Assets</b>               |                    |                |
| Mobilization Advance                            | <b>8,636,301</b>   | -              |
| Preliminary Exps Not written off                | <b>797,303</b>     | 797,303        |
|   | <b>9,433,604</b>   | 797,303        |
| <b>10 Cash and cash equivalents</b>             |                    |                |
| (a) Cash on hand                                | -                  | -              |
| (b) Balance with banks                          |                    |                |
| (i) In Current Account with HDFC                | <b>5,136,082</b>   | -              |
| (ii) In Current Account with IOB                | <b>133,895</b>     | 22,683,206     |
|   | <b>5,269,977</b>   | 22,683,206     |
| <b>11 Short Term Loans &amp; Advances</b>       |                    |                |
| (a) Loan & advance to employees                 |                    |                |
| Unsecured and considered Good                   | -                  | 85,000         |
| (b) Loans and advances to Others                | -                  | -              |
| Unsecured Considered Good - more than Six Month | -                  | -              |
| - C P Kukereja & Associates                     | <b>123,600</b>     | 123,600        |
|   | <b>123,600</b>     | 208,600        |
| <b>12 Employee Benefit Exps</b>                 |                    |                |
| Salaries, Wages and Bonus                       | <b>173,097</b>     | 169,000        |
|   | <b>173,097</b>     | 169,000        |
| <b>13 Other Expenses</b>                        |                    |                |
| Bank Charges .....                              | -                  | 436            |
| Professional Charges .....                      | <b>32,597</b>      | 39,827         |
| Rates Fees & Taxes.....                         | <b>2,276</b>       | -              |
| Audit Fees.....                                 | <b>60,000</b>      | 35,000         |
|   | <b>94,873</b>      | 75,263         |

**14. Capital Commitment:**

Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 197,613,563/-.

**15. Segment Reporting:**

The Company did not commence commercial operations during the year ended March 31, 2015. Hence, the disclosure requirement as per AS 17 on Segment Reporting would not be applicable to the company.

**16. Foreign Transactions:**

There is no earning, expenditure or remittance is made in foreign exchange during the year ended March 31, 2015.

**17. Auditors Remuneration:**

Audit Fees: Rs. 60,000/-

18. Based on the information available with the company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. NIL as on March 31, 2015.

**19. Related party Transactions:**

There are transactions with related parties, required to be disclosed as per AS 18 on Related Party Disclosure issued by Institute of Chartered Accountants of India, during the year ended March 31, 2015.

A. Names of related parties and nature of relationship where control exists:

| Name of the Related Party                 | Nature of Relationship                        |
|---|---|
| Mahindra Holidays & Resorts India Limited | Holding Company                               |
| <b>Key Management Personnel:</b>          |   |
| Ms. Niveta Sharma                         | Companies Secretary from February 2, 2015     |
| Ms. T Preetha                             | Chief Financial Officer from February 2, 2015 |

B. Disclosures in respect of transactions with related parties:

| Name of the Related Party                 | Nature of the Transaction        | Year ended March 31, 2015 (In Rs.) | Year ended March 31, 2014 (In Rs.) |
|---|----------------------------------|------------------------------------|------------------------------------|
| Mahindra Holidays & Resorts India Limited | Inter corporate deposit received | <b>10,41,79,992</b>                | 10,76,06,008                       |
|   | Interest accrued                 | <b>1,41,77,433</b>                 | 7,28,321                           |
| Mahindra Holidays & Resorts India Limited | Manpower Deputation              | <b>15,216</b>                      | -                                  |
| <b>Key Management Personnel:</b>          |                                  |                                    |                                    |
| Ms. Niveta Sharma                         | Managerial Remuneration          | <b>26,000</b>                      | -                                  |
| Ms. T Preetha                             |                                  | <b>15,216</b>                      | -                                  |

C. Disclosures in respect of Payables with related parties

| Name of the Related Party                 | Payables                | Year ended March 31, 2015 (In Rs.) | Year ended March 31, 2014 (in Rs.) |
|---|-------------------------|------------------------------------|------------------------------------|
| Mahindra Holidays & Resorts India Limited | Inter corporate deposit | 21,17,86,000                       | 10,76,06,008                       |
| Mahindra Holidays & Resorts India Limited | Interest Accrued        | 1,27,59,690                        | 6,55,489                           |

As per our report of even date For and on behalf of the Board of Directors

**For Vinod Kumar Arora & Associates**

Chartered Accountants  
Firm Regn. No :012099N

**Ravindera Nath Khanna** **Ajay Agarwal**  
Director Director

**Vinod Kumar Arora**  
Prop  
Membership No :091264

**T. Preetha** **Niveta Sharma**  
CFO CS

Place : Panchkula  
Date : 10/04/2015



## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

### The Shareholders,

Your Directors have pleasure in presenting their Nineteenth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### Performance of the Company

During the year under review, your Company's resort property at Kandaghat, Shimla, Himachal Pradesh was fully operational. The financial highlights are given below:

### FINANCIAL RESULTS:

|   | (₹ in Lakhs)    |                 |
|---|-----------------|-----------------|
|   | 2015            | 2014            |
| <b>Income:</b>  |                 |                 |
| Revenue from operations   | 738.13          | 590.19          |
| Other Income  | –               | 0.29            |
| <b>Total Income</b>   | <b>738.13</b>   | <b>590.48</b>   |
| <br>  |                 |                 |
| Total Expenditure   | 928.89          | 469.54          |
| <br>  |                 |                 |
| <b>Profit / (Loss) before Tax</b>   | <b>(190.76)</b> | <b>120.94</b>   |
| Provision for Income Tax  | –               | –               |
| Net Profit / (Loss) after Tax   | <b>(190.76)</b> | <b>120.94</b>   |
| Adjustment on account of transitional provision specified in Schedule II of the Companies Act, 2013 | <b>(7.95)</b>   | –               |
| Balance brought forward   | <b>(505.88)</b> | <b>(626.82)</b> |
| <b>Balance carried to Balance Sheet</b>   | <b>(704.59)</b> | <b>(505.88)</b> |

### Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

### Holding Company

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited, both fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly, the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts

of Himachal Pradesh, Delhi, Rajasthan, and Madras are filed with the Registrar of Companies at Chandigarh & Shimla, Delhi, Jaipur, and Chennai respectively.

Your Company is in the process of filing application with the Hon'ble High Court of Himachal Pradesh, Shimla, in respect of the above. The Appointed Date of the Scheme is 1<sup>st</sup> April, 2015.

### Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditors in the Auditor's Report.

### Extract of the Annual Return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

### Directors

#### Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act, Mr. Ravindera Nath Khanna retires by rotation, who had been longest in office and being eligible, offers himself for re-appointment.

### **Appointment of Director**

During the year under review, Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3<sup>rd</sup> June, 2014 and his appointment as Director was subsequently approved by the shareholders of the Company at the last Annual General Meeting held on 26<sup>th</sup> September, 2014.

### **Key Managerial Personnel**

The provisions of Section 203 of the Act is not applicable to the Company.

### **Number of meetings of the Board of Directors**

During the year under review, the Board met five (5) times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The Board of Directors has met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

### **Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:**

During the year under review, your Company did not grant any loans or give any guarantees or made any investments under Section 186 of the Act.

### **Particulars of contracts or arrangements with related parties:**

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPT) under sub-section (1) of Section 188 of the Act which was not in ordinary course of business and not at arms length.

During the year, your Company availed Inter Corporate Deposit (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 33 Lakh. As on 31<sup>st</sup> March, 2015, the aggregate outstanding Loans availed by your company from MHRIL was Rs. 2,955 Lakh.

During the year under review, your Company entered into transactions including a transaction which was material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of the material transaction are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

### **Statutory Auditors**

Messrs K.N. Chandla & Co., Chartered Accountants, Shimla (ICAI Registration Number 001326N), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting (AGM) held on 25<sup>th</sup> September, 2014 till the conclusion of sixth AGM

to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

### **Material Changes and Commitments affecting the financial position of the Company**

There are no material changes and commitments, affecting financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2015 and the date of the Directors' Report.

### **Internal Financial Controls**

Your Company has in place adequate internal financial controls with reference to financial statements.

### **Deposits and Loans/Advances**

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies, Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

### **Significant and Material Orders passed by the Regulators or Courts**

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

### **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

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

### **Directors' Responsibility Statement**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) 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 31<sup>st</sup> March, 2015 and of the loss of the Company for the year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Acknowledgements**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place: Chennai  
Date: 24/04/2015

**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2015

[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:**

|            |  |  |
|------------|--|--|
| <b>i</b>   | CIN  | U55101HP1996PTC017806  |
| <b>ii</b>  | Registration Date  | 6 <sup>th</sup> March, 1996  |
| <b>iii</b> | Name of the Company  | Holiday on Hills Resorts Private Limited   |
| <b>iv</b>  | Category/Sub-Category of the Company                           |  |
| <b>v</b>   | Address of the Registered office of the Company                | Vill Sicharateh Kandaghat, Distt Solan,<br>Himachal Pradesh – 173215;<br>Ph. No. - 01792-257062<br>Fax No. - 01792 – 256706<br>E-mail - arun.khandelwal@mahindraholidays.com |
| <b>vi</b>  | Whether listed company   | No   |
| <b>vii</b> | Name, Address, Contact details of Registrar and Transfer Agent | 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 Products/Services | NIC Code of the Product/Service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Income from Room Rental                        | 55101                           | 42                                 |
| 2       | Income from sale of Food and Beverages         | 55101                           | 49                                 |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

| Sr. No. | Name and Address of the Company  | CIN/GLN               | Holding/Susidary/Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------|------------------|--------------------|
| 1.      | Mahindra Holidays & Resorts India Ltd<br>Mahindra Towers, 2 <sup>nd</sup> Floor, 17/18 Patullos Road,<br>Chennai – 600 002 | L55101TN1996PLC036595 | Holding Company            | 100%             | 2(46)              |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)****(i) Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year<br>(01/04/2014) |                  |                  |                   | No. of Shares held at the end of the year<br>(31/03/2015) |                  |                  |                   | % Change during the year |
|--------------------------|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
|                          | Demat   | Physical         | Total            | % of Total Shares | Demat   | Physical         | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>(1) Indian</b>        |   |                  |                  |                   |   |                  |                  |                   |                          |
| g) Individual            | –   | –                | –                | –                 | –   | –                | –                | –                 | –                        |
| h) Central Govt.         | –   | –                | –                | –                 | –   | –                | –                | –                 | –                        |
| i) State Govt(s)         | –   | –                | –                | –                 | –   | –                | –                | –                 | –                        |
| j) Bodies Corp.          | –   | 10,00,000        | 10,00,000        | 100.00            | –   | 10,00,000        | 10,00,000        | 100.00            | –                        |
| k) Banks/Fl              | –   | –                | –                | –                 | –   | –                | –                | –                 | –                        |
| l) Any Other             | –   | –                | –                | –                 | –   | –                | –                | –                 | –                        |
| <b>Sub-total (A)(1):</b> | –   | <b>10,00,000</b> | <b>10,00,000</b> | <b>100.00</b>     | –   | <b>10,00,000</b> | <b>10,00,000</b> | <b>100.00</b>     | –                        |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>(01/04/2014) |           |           |                   | No. of Shares held at the end of the year<br>(31/03/2015) |           |           |                   | % Change during the year |
|---|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
|   | Demat   | Physical  | Total     | % of Total Shares | Demat   | Physical  | Total     | % of Total Shares |                          |
| <b>(2) Foreign</b>  |   |           |           |                   |   |           |           |                   |                          |
| a) NRI-Individuals  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| b) Other Individuals  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| c) Bodies Corp.   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| d) Banks/FI   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| e) Any Other  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Sub-total (A)(2):</b>  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>                       | -   | 10,00,000 | 10,00,000 | 100.00            | -   | 10,00,000 | 10,00,000 | 100.00            | -                        |
| <b>B. Public Shareholding</b>   |   |           |           |                   |   |           |           |                   |                          |
| <b>1. Institutions</b>  |   |           |           |                   |   |           |           |                   |                          |
| a) Mutual Funds   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| b) Banks/FI   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| c) Central Govt.  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| d) State Govt(s)  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| e) Venture Capital Funds  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| f) Insurance Companies  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| g) FIs  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| h) Foreign Venture Capital Funds  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| i) Others (specify)   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Sub-total (B)(1):</b>  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>2. Non-Institutions</b>  |   |           |           |                   |   |           |           |                   |                          |
| a) Bodies Corp.   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| i) Indian   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| ii) Overseas  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| b) Individuals  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| c) Others (specify)   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Sub-total (B)(2):</b>  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                            | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| C. Shares held by Custodian for GDRs & ADRs                                       | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>Grand Total (A+B+C)</b>  | -   | 10,00,000 | 10,00,000 | 100.00            | -   | 10,00,000 | 10,00,000 | 100.00            | -                        |

**(ii) Shareholding of Promoters**

| Sr. No. | Shareholder's Name                        | Shareholding at the beginning of the year<br>01/04/2014 |                                  |  | Shareholding at the end of the year<br>31/03/2015 |                                  |  | % 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 Holidays & Resorts India Limited | 10,00,000   | 100%                             | Nil  | 10,00,000   | 100%                             | Nil  | Nil                                      |
|         | <b>Total</b>                              | <b>10,00,000</b>  | <b>100%</b>                      | <b>Nil</b>                                     | <b>10,00,000</b>                                  | <b>100%</b>                      | <b>Nil</b>                                     | <b>Nil</b>                               |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** No change during the year.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**  
Not Applicable

**(v) Shareholding of Directors and Key Managerial Personnel:** Not Applicable

**V. INDEBTEDNESS**

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

(Rs. in Lakhs)

|   | Secured Loans excluding deposits | Unsecured Loans (ICD) | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year (1/4/2014)</b> |                                  |                       |          |                    |
| i) Principal Amount   | 5.33                             | 2,922.71              |          | 2,928.04           |
| ii) Interest due but not paid   | –                                | –                     | –        | –                  |
| iii) Interest accrued but not due                                     | –                                | 345.92                | –        | 345.92             |
| <b>Total (i+ii+iii)</b>   | <b>5.33</b>                      | <b>3,268.63</b>       | <b>–</b> | <b>3,273.97</b>    |
| <b>Change in Indebtedness during the financial year</b>               | <b>–</b>                         | <b>–</b>              | <b>–</b> | <b>–</b>           |
| + Addition  | .57                              | 282.72                |          | 283.31             |
| – Reduction   | 5.9                              | 0                     |          | 5.9                |
| Net change  | 5.33                             | 282.74                | –        | 277.41             |
| <b>Indebtedness at the end of the financial year (31/3/2015)</b>      | <b>–</b>                         | <b>–</b>              | <b>–</b> | <b>–</b>           |
| i) Principal Amount   | 0                                | 2,955.51              | –        | 2,955.51           |
| ii) Interest due but not paid   | –                                | –                     | –        | –                  |
| iii) Interest accrued but not due                                     | –                                | 595.87                | –        | 595.87             |
| <b>Total (i+ii+iii)</b>   | <b>5.33</b>                      | <b>3,551.38</b>       | <b>–</b> | <b>3,551.38</b>    |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil

B. Remuneration of other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Nil

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

**ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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 arm's length transactions 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 arrangement or transactions at arm's length basis:**

|   |                        |   |
|---|------------------------|---|
| (a) Name(s) of the related party  | Nature of relationship | Mahindra Holidays & Resorts India Limited Holding Company   |
| (b) Nature of contracts/arrangements/transactions   |                        | Room Inventory Agreement  |
| (c) Duration of the contracts/arrangements/transactions   |                        | 1 year  |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: |                        | Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 252 lakhs for the FY 2014-15. |
| (e) Date(s) of approval by the Board, if any:   |                        | NA  |
| (f) Amount paid as advances, if any;  |                        | Nil   |

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

**Dinesh Shetty**                      **Ajay Agrawal**  
Director                                      Director

Place: Chennai  
Date: 24/04/2015

**ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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. Timers were connected to Kitchen exhaust and Air wash units
- (ii) The steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) The capital investment on energy conservation equipment:  
Sewage treatment Plant capacity is expanded for recycling and saving of water – Rs. 40 lakh

**(B) Technology absorption:**

- (i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption
- (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; and
- (iv) the expenditure incurred on Research and Development- Not Applicable

**(C) Foreign exchange earnings and Outgo:**

There were no foreign exchange earnings and outgo during the financial year ended 31st March, 2015. Refer note no. 24 and 25 of the notes forming part of financial statements.

For and on behalf of the Board of Directors

**Dinesh Shetty**                      **Ajay Agrawal**  
Director                                      Director

Place: Chennai  
Date: 24/04/2015

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF HOLIDAY ON HILLS RESORTS PRIVATE LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **HOLIDAY ON HILLS RESORTS PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY

The Company's Board of Directors is responsible for the matters 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. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

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 there under.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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

true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015.
- b) In the case of the Profit and Loss Account, of the Loss of the company for the year ended on that date.
- c) In the case of the cash flows for the year ended on that date.

#### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No 30 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully/substantially eroded, the Company has incurred a net loss/net cash loss during the current year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note. Our opinion is not modified in respect of these matters.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- 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.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii) There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

**K. N. Chandla & Co.**  
*Chartered Accountants*  
(Firm Registration No. 001326N)

**(CA. Dinesh Kumar Sood)**  
*Partner*

SHIMLA : 24<sup>th</sup> April, 2015

Membership No. 088343

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Holiday On Hills Resorts Private Limited on the accounts for the year ended 31<sup>st</sup> March, 2015)

- |   |  |
|---|--|
| <p>(i) Having regard to the nature of the Company's business/ activities/result, clause (v) and (xi) of the Order are not applicable to the Company in the current year.</p>  | <p>have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p>  |
| <p>(ii) In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.</p>  | <p>(vii) According to the information and explanations given to us in respect of statutory dues:</p> <p>(a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.</p> <p>(b) There are no dues of Income Tax which have not been deposited as on March 31, 2015 on account of disputes.</p> <p>(c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.</p> |
| <p>(iii) In respect of its inventory:</p> <p>(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.</p> <p>(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.</p> | <p>(viii) There are accumulated losses as at the end of the financial year amounting in all to Rs. 7,04,59,547. and the Company has also incurred cash losses during the financial year covered by our audit amounting to Rs. 90,91,736.</p> <p>(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.</p> <p>(x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p>                                   |
| <p>(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.</p>  |  |
| <p>(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.</p>   |  |
| <p>(vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that <i>prima facie</i> the prescribed cost records have been maintained. We</p>  |  |

**K. N. Chandla & Co.**  
Chartered Accountants  
(Firm Registration No. 001326N)

**(CA. Dinesh Kumar Sood)**  
Partner

SHIMLA : 24/04/2015

Membership No. 088343

**BALANCE SHEET AS AT MARCH 31, 2015**

| Particulars   | Note | In Rs.                  |                         |
|---|------|-------------------------|-------------------------|
|   |      | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| <b>EQUITY AND LIABILITIES</b>                                   |      |                         |                         |
| <b>SHAREHOLDERS' FUNDS:</b>                                     |      |                         |                         |
| Share Capital .....   | 2    | 10,000,000              | 10,000,000              |
| Reserves and Surplus .....                                      | 3    | (67,459,547)            | (47,588,144)            |
|   |      | <u>(57,459,547)</u>     | <u>(37,588,144)</u>     |
| <b>Non-current liabilities</b>                                  |      |                         |                         |
| Long term Borrowings.....                                       | 4    | –                       | 203,266                 |
| Long term provisions.....                                       | 5    | 370,196                 | 295,276                 |
|   |      | <u>370,196</u>          | <u>498,542</u>          |
| <b>Current liabilities</b>                                      |      |                         |                         |
| Short term Borrowings .....                                     | 6    | 295,551,000             | 292,601,148             |
| Trade payables .....  | 7    | –                       | 3,536,153               |
| Other current liabilities.....                                  | 8    | 102,710,893             | 77,999,372              |
| Short term provisions .....                                     | 9    | 9,616                   | 8,002                   |
|   |      | <u>398,271,509</u>      | <u>374,144,675</u>      |
|   |      | <u>341,182,158</u>      | <u>337,055,073</u>      |
| <b>ASSETS</b>   |      |                         |                         |
| <b>Non-current assets</b>                                       |      |                         |                         |
| Fixed Assets  |      |                         |                         |
| Tangible assets.....  | 10   | 304,557,668             | 312,373,789             |
| Capital work in progress.....                                   |      | 8,309,699               | 1,292,542               |
|   |      | <u>312,867,367</u>      | <u>313,666,331</u>      |
| Long term loans and advances .....                              | 11   | 5,947,475               | 4,213,603               |
| <b>Current assets</b>   |      |                         |                         |
| Inventories.....  | 12   | 2,211,975               | 1,847,809               |
| Trade receivables.....  | 13   | 431,503                 | 445,718                 |
| Cash and cash equivalents.....                                  | 14   | 15,577,755              | 13,719,075              |
| Short term loans and advances.....                              | 15   | 4,146,083               | 3,162,537               |
|   |      | <u>22,367,316</u>       | <u>19,175,139</u>       |
|   |      | <u>341,182,158</u>      | <u>337,055,073</u>      |
| See accompanying notes forming part of the financial statements |      | –                       | –                       |

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**  
Chartered Accountants(CA Dinesh Kumar Sood)  
Membership No.: 088343Place: Shimla  
Date: 24/04/2015Dinesh Shetty  
DirectorPlace: Chennai  
Date: 24/04/2015Ajay Agarwal  
DirectorPlace: Chennai  
Date: 24/04/2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

| Particulars                                 | Note | In Rs.                       |                              |
|---|------|------------------------------|------------------------------|
|   |      | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>REVENUE:</b>                             |      |                              |                              |
| Revenue from operations .....               | 16   | <b>73,812,608</b>            | 59,019,118                   |
| Other Income .....                          | 17   | –                            | 29,320                       |
| <b>Total Revenue</b> .....                  |      | <b>73,812,608</b>            | <b>59,048,438</b>            |
| <b>EXPENDITURE:</b>                         |      |                              |                              |
| Employee benefits expense .....             | 18   | <b>16,226,616</b>            | 11,052,270                   |
| Finance Costs .....                         | 19   | <b>27,828,839</b>            | 27,277,053                   |
| Depreciation and amortisation expense ..... | 10   | <b>9,908,290</b>             | (23,814,198)                 |
| Other expenses .....                        | 20   | <b>38,924,891</b>            | 32,439,621                   |
| <b>Total Expenditure</b> .....              |      | <b>92,888,636</b>            | <b>46,954,746</b>            |
| <b>Profit before tax</b> .....              |      | <b>(19,076,028)</b>          | 12,093,692                   |
| <b>Less: Tax expense</b>                    |      |                              |                              |
| – Current tax .....                         |      | –                            | –                            |
| – Deferred tax .....                        |      | –                            | –                            |
| <b>Profit for the year</b> .....            |      | <b>(19,076,028)</b>          | <b>12,093,692</b>            |
| Earnings per share:                         |      |                              |                              |
| Basic .....                                 |      | <b>(19.08)</b>               | 12.09                        |
| Diluted .....                               |      | <b>(19.08)</b>               | 12.09                        |

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**  
Chartered Accountants(CA Dinesh Kumar Sood)  
Membership No.: 088343Place: Shimla  
Date: 24/04/2015Dinesh Shetty  
DirectorPlace: Chennai  
Date: 24/04/2015Ajay Agarwal  
DirectorPlace: Chennai  
Date: 24/04/2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

|   | Year ended<br>March 31,<br>2015 | In Rs.<br>Year ended<br>March 31,<br>2014 |
|---|---------------------------------|---|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>  |                                 |   |
| Profit/(Loss) before tax.....   | (19,076,028)                    | 12,093,692                                |
| Adjustments for non-cash and other items  |                                 |   |
| Depreciation.....   | 9,908,290                       | (23,814,198)                              |
| Finance costs .....   | 27,828,839                      | 27,277,053                                |
| Provision for employee benefits .....   | 76,002                          | (242,180)                                 |
|   | <u>37,813,131</u>               | <u>3,220,675</u>                          |
| Operating profit before working capital changes .....   | 18,737,103                      | 15,314,367                                |
| Changes in:   |                                 |   |
| Trade and other receivables .....   | (1,200,491)                     | (1,839,124)                               |
| Inventories .....   | (364,166)                       | (536,384)                                 |
| Trade and other payables.....   | (6,652,940)                     | 36,347,926                                |
|   | <u>(8,217,597)</u>              | <u>33,972,418</u>                         |
| Income taxes paid.....  | (1,502,712)                     | (2,022,854)                               |
| <b>Net cash from operating activities [A]</b>   | <u>9,016,794</u>                | <u>47,263,931</u>                         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>  |                                 |   |
| Purchase of fixed assets including capital work in progress and expenditure pending allocation .....                | (9,904,700)                     | (41,061,986)                              |
| <b>Net cash used in investing activities [B]</b>  | <u>(9,904,700)</u>              | <u>(41,061,986)</u>                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>  |                                 |   |
| Borrowings taken/(Repaid) .....   | 2,746,586                       | 5,899,234                                 |
| Finance costs paid .....  | -                               | -   |
| <b>Net cash from financing activities [C]</b> .....   | <u>2,746,586</u>                | <u>5,899,234</u>                          |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> .....   | <u>1,858,680</u>                | <u>12,101,179</u>                         |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                                 |   |
| Opening balance.....  | 13,719,075                      | 1,617,896                                 |
| Closing balance .....   | <u>15,577,755</u>               | <u>13,719,075</u>                         |
|   | <u>1,858,680</u>                | <u>12,101,179</u>                         |
| <b>Reconciliation between Cash and Cash equivalents with the Balance Sheet</b>                                      |                                 |   |
| Cash and cash equivalents as per Balance Sheet.....   | 15,577,755                      | 13,719,075                                |
| Less: Bank balances not considered as Cash and cash equivalents.....  | -                               | -   |
| Net Cash and cash equivalents.....  | <u>15,577,755</u>               | <u>13,719,075</u>                         |
| Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)..... | -                               | -   |
| <b>Cash and cash equivalents at the end of the period</b> .....   | <u>15,577,755</u>               | <u>13,719,075</u>                         |
| See accompanying notes forming part of the financial statements   |                                 |   |

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**  
Chartered Accountants(CA Dinesh Kumar Sood)  
Membership No.: 088343Place: Shimla  
Date: 24/04/2015Dinesh Shetty  
DirectorPlace: Chennai  
Date: 24/04/2015Ajay Agarwal  
DirectorPlace: Chennai  
Date: 24/04/2015

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

### Note 1: Significant accounting policies

#### (a) Basis of accounting and preparation of financial statements :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (b) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### (c) Fixed assets:

Tangible Fixed assets are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Losses arising from the retirement of and gains or losses arising from the disposal of fixed assets which are carried at cost are recognised in the Statement of profit and loss.

Depreciation is provided on a pro-rata basis on straight line method and useful life of the assets, in the manner prescribed in the schedule II of the Companies Act 2013.

(d) Holiday On Hills Resorts Private Limited (The "Company") is engaged in the business of rendering hospitality services at a full service hotel. The company is an unlisted public limited company, that is a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited, (the parent). The company owns one full service hotel at which it provides hospitality services to the upscale market.

#### (e) Impairment of assets:

The carrying value of the assets (tangible or intangible) is reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

#### (f) Leases:

Rentals paid under operating lease are recognised as expenses in the Statement of Profit and Loss on straight line basis over the period of lease. Rentals received on assets given on operating leases are recognised as income in the Statement of Profit and Loss on a straight-line basis over the period of the lease as per the terms of agreement.

#### (g) Investments:

Investment that are readily realisable and intended to be held for not more than one year from the date on which such investments were made were classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less provision for diminution other than temporary, in the value of

such investments, such diminution being determined and made for each investment individually. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

#### (h) Inventories:

Stock of food and beverages and operating supplies are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis. Cost includes the purchase price, non refundable taxes and delivery handling cost. Net realisable value is estimated at the expected selling price less estimated costs of procurement and sales.

#### (i) Revenue recognition:

Revenue is primarily derived from hotel operations including rental of rooms and sale of food and beverages and other allied services. Revenue is recognised when the rooms are occupied and the services have been rendered. Taxes collected and submitted to taxing authorities are not recorded in revenue. Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the rate applicable. Dividends are credited to the Statement of Profit and Loss when the right to receive such dividend is established.

#### (j) Foreign currency transactions:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities outstanding at the Balance Sheet date are restated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise and charged to the Statement of Profit and Loss.

Any premium or discount arising at the inception of the forward exchange contract is recognised as income or expense over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense during the year in which such cancellation occurs.

#### (k) Borrowing costs:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

#### (l) Employee benefits:

##### i. Short term

Short term employee benefits include salaries and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense in the Statement of profit and loss during the year when the employees render the service to the company.

##### ii. Long term

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

##### • Defined-contribution plans

The Company's contribution to provident fund and family pension fund made to the regulatory authorities and the Company has future obligation are considered as defined contribution plans and are charged as an expense in the Statement of profit and loss as they fall due based on the amount of contribution required to be made.

• Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries using the projected unit credit method in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains/ losses are recognised in the Statement of profit and loss in the year in which they arise.

iii. Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(m) Taxes on income:

i. Company's income taxes include taxes on the taxable income, adjustments attributable to earlier periods and changes in deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961.

ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realise ability.

(n) Earnings per share:

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares in issue during the year.

(o) Cash flow statements:

The cash flow statement is prepared in accordance with "Indirect Method" as explained in the Accounting Standard (AS) 3 on "Cash Flow Statements".

Cash and cash equivalents:

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed unless the possibility of an outflow of resources embodying

economic benefits is remote. A contingent asset is neither recognised nor disclosed.

Note 2: Share Capital

|  | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|--|----------------------------|--------------------------------------|
| <b>Authorised:</b>                     |                            |                                      |
| 1,000,000 equity shares of Rs. 10 each | <b>10,000,000</b>          | 10,000,000                           |
|  | <b>10,000,000</b>          | 10,000,000                           |

Issued and Subscribed:

Equity:

|   |                   |                   |
|---|-------------------|-------------------|
| 1,000,000 (previous period 1,000,000) equity shares of Rs. 10 each fully paid (the above equity shares are held by the holding company, Mahindra Holidays & Resorts India Ltd.) | <b>10,000,000</b> | <b>10,000,000</b> |
|   | <b>10,000,000</b> | <b>10,000,000</b> |

Note:

2a) Terms/rights attached to equity shares:

- i) The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.
- ii) Repayment of capital will be in proportion to the number of equity shares held.

2b) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

| Name of share holder   | No of shares | % held as at<br>March 31, 2015 | No of shares | % held as at<br>March 31, 2014 |
|--|--------------|--------------------------------|--------------|--------------------------------|
| Mahindra Holidays & Resorts India Limited (#), The Holding Company | 1,000,000    | 100.00%                        | 1,000,000    | 100.00%                        |

2c) The reconciliation of the number of shares outstanding as at March 31, 2015 and March 31, 2014 is set out below:-

| Particulars                             | As at 31-Mar-15  |                   | As at 31-Mar-14 |            |
|---|------------------|-------------------|-----------------|------------|
|   | (Shares)         | (In Rs.)          | (Shares)        | (In Rs.)   |
| No of Shares at the beginning (#)       | 1,000,000        | 10,000,000        | 1,000,000       | 10,000,000 |
| Number of shares at March, 31, 2015 (#) | <b>1,000,000</b> | <b>10,000,000</b> | 1,000,000       | 10,000,000 |

#(including beneficial ownership of 10 shares held by the Holding company jointly with Mr. Dinesh Shetty)

2d) For the five years immediately preceding 31<sup>st</sup> March, 2015

- No shares allotted as fully paid up pursuant to contract without payment being received in cash.
- No shares allotted as fully paid by way of Bonus shares and
- No shares were bought back.

Note 3: Reserves & Surplus

|  | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|--|----------------------------|--------------------------------------|
| <b>Capital Reserve</b>   | <b>3,000,000</b>           | 3,000,000                            |
| <b>Surplus in Statement of Profit &amp; Loss</b>   |                            |                                      |
| As per last balance sheet  | <b>(50,588,144)</b>        | (62,681,836)                         |
| Less: Adjustment on account of transitional provision specified in Schedule II of the Companies Act 2013 (Ref note 30) | <b>(795,375)</b>           | -                                    |

HOLIDAY ON HILLS RESORTS PRIVATE LIMITED

|                             | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|-----------------------------|----------------------------|--------------------------------------|
| Profit for the Current Year | <b>(19,076,028)</b>        | 12,093,692                           |
|                             | <b>(70,459,547)</b>        | (50,588,144)                         |
|                             | <b>(67,459,547)</b>        | (47,588,144)                         |

**Note 4: Long Term Borrowings**

|  | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|--|----------------------------|--------------------------------------|
| <b>Term Loan (Secured)</b>                       |                            |                                      |
| - From Bank (Repayable by Monthly Instalments)   |                            |                                      |
| - ICICI Bank (Hypothication of Vehicle)          | -                          | 182,951                              |
| - UCO Bank, Kandaghat (Hypothication of Vehicle) | -                          | 20,315                               |
|  | <b>-</b>                   | <b>203,266</b>                       |

**Note 5: Long Term Provisions**

|                      | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|----------------------|----------------------------|--------------------------------------|
| Compensated absences | <b>207,243</b>             | 152,282                              |
| Gratuity             | <b>162,953</b>             | 142,994                              |
|                      | <b>370,196</b>             | 295,276                              |

**Note 6: Short Term Borrowings**

|   | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|---|----------------------------|--------------------------------------|
| <b>UnSecured:</b>                         |                            |                                      |
| Loans & Advances From Related Parties (*) | <b>295,551,000</b>         | 292,271,000                          |
| <b>Secured</b>                            |                            |                                      |
| - From Bank (Instalment Due) (#)          | -                          | 330,148                              |
|   | <b>295,551,000</b>         | 292,601,148                          |

**Note 10: Fixed Assets**

| Description of Assets     | Gross block (at cost)     |                  |                            |                            | Depreciation/Amortisation |                   |                    |                            | Net block                  |                            |                            |
|---------------------------|---------------------------|------------------|----------------------------|----------------------------|---------------------------|-------------------|--------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                           | As at<br>April 1,<br>2014 | Additions        | Deductions/<br>Adjustments | As at<br>March 31,<br>2015 | As at<br>April 1,<br>2014 | For the<br>period | trf to<br>reserves | Deductions/<br>Adjustments | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| <b>A: Tangible Assets</b> |                           |                  |                            |                            |                           |                   |                    |                            |                            |                            |                            |
| Land                      | 4,146,549                 | -                | -                          | <b>4,146,549</b>           | -                         | -                 | -                  | -                          | -                          | 4,146,549                  | 4,146,549                  |
| Buildings                 | 291,001,671               | -                | -                          | <b>291,001,671</b>         | 19,878,661                | 4,858,259         | -                  | -                          | <b>24,736,920</b>          | 266,264,751                | 271,123,010                |
| Plant and Equipments      | 35,619,795                | 826,405          | (585,199)                  | <b>35,861,001</b>          | 7,461,672                 | 3,340,630         | 192,645            | (344,782)                  | <b>10,650,165</b>          | 25,210,836                 | 28,158,123                 |
| Furniture and Fittings    | 16,717,097                | 828,693          | 585,199                    | <b>18,130,989</b>          | 8,650,069                 | 892,546           | 455,922            | 344,782                    | <b>10,343,319</b>          | 7,787,670                  | 8,067,028                  |
| Vehicles                  | 1,965,874                 | 765,320          | -                          | <b>2,731,194</b>           | 1,951,376                 | 228,168           | 110,118            | -                          | <b>2,289,662</b>           | 441,532                    | 14,498                     |
| Computer                  | 1,921,273                 | 467,126          | -                          | <b>2,388,399</b>           | 1,056,692                 | 588,687           | 36,690             | -                          | <b>1,682,069</b>           | 706,330                    | 864,581                    |
| <b>Sub Total A</b>        | <b>351,372,259</b>        | <b>2,887,544</b> | <b>-</b>                   | <b>354,259,803</b>         | 38,998,470                | 9,908,290         | 795,375            | -                          | <b>49,702,135</b>          | <b>304,557,668</b>         | <b>312,373,789</b>         |
| <b>Previous Period</b>    | 259,451,686               | 91,920,573       | -                          | <b>351,372,259</b>         | 62,812,668                | 6,453,080         | -                  | 30,267,278                 | <b>38,998,470</b>          | <b>312,373,789</b>         | 196,639,018                |

(\*) The Loan from related party is from Mahindra Holiday & Resorts India Limited is repayable on demand and carries an interest rate of 9.5% per annum which is due on maturity

(#) The vehicle loans are secured by hypothecation of the assets funded.

**Note 7: Trade Payables**

|   | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|---|----------------------------|--------------------------------------|
| <b>Trade Payables:</b>                                |                            |                                      |
| Total outstanding dues to micro and small enterprises | -                          | -                                    |
| Others  | -                          | 3,536,153                            |
|   | <b>-</b>                   | <b>3,536,153</b>                     |

**Note 8: Other Current Liabilities**

|  | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|--|----------------------------|--------------------------------------|
| Dues to Statutory Authorities (PF,ESI & other taxes) | <b>1,946,994</b>           | 1,953,704                            |
| Accrued Expenses                                     | <b>1,464,123</b>           | 1,755,161                            |
| Accrued Interest                                     | <b>59,587,139</b>          | 34,592,589                           |
| Gratuity   | <b>4,088</b>               | 4,620                                |
| Advance from Customer                                | <b>938,549</b>             | 923,298                              |
| Security Deposit - MHRIL                             | <b>38,770,000</b>          | 38,770,000                           |
|  | <b>102,710,893</b>         | 77,999,372                           |

**Note 9: Short Term Provisions**

|                      | As at<br>March 31,<br>2015 | In Rs.<br>As at<br>March 31,<br>2014 |
|----------------------|----------------------------|--------------------------------------|
| Compensated absences | <b>9,616</b>               | 8,002                                |
|                      | <b>9,616</b>               | 8,002                                |



**Note 11: Long Term Loans & Advances (Unsecured, considered good)**

|   | In Rs.                     |                            |                      | In Rs.                 |                        |
|---|----------------------------|----------------------------|----------------------|------------------------|------------------------|
|   | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |                      | Year ended<br>March 15 | Year ended<br>March 14 |
| Security deposits                               | 866,670                    | 635,510                    | - Food and beverages | 35,934,984             | 30,137,369             |
| Payments towards Income Tax (net of provisions) | 5,080,805                  | 3,578,093                  | - Wine and liquor    | 2,127,465              | 2,493,475              |
|   | <u>5,947,475</u>           | <u>4,213,603</u>           | - Others             | 4,984,930              | 1,972,383              |
|   |                            |                            |                      | <u>73,812,608</u>      | <u>59,019,118</u>      |

**Note 12: Inventories (At lower of cost & net realisable value)**

|                            | In Rs.                     |                            |
|----------------------------|----------------------------|----------------------------|
|                            | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| Food, beverages and smokes | 807,577                    | 725,526                    |
| Operating supplies         | 1,404,398                  | 1,122,283                  |
|                            | <u>2,211,975</u>           | <u>1,847,809</u>           |

**Note 13: Trade Receivable (Unsecured)**

|   | In Rs.                     |                            |
|---|----------------------------|----------------------------|
|   | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| Trade Receivables outstanding for less than six months from the date they are due for payment |                            |                            |
| Considered good   | 431,503                    | 445,718                    |
|   | <u>431,503</u>             | <u>445,718</u>             |

**Note 14: Cash & Cash equivalents**

|                        | In Rs.                     |                            |
|------------------------|----------------------------|----------------------------|
|                        | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| a. Cash on hand        | 121,864                    | 97,007                     |
|                        | <u>121,864</u>             | <u>97,007</u>              |
| b. Balances with Banks |                            |                            |
| Current accounts       | 3,444,055                  | 13,622,068                 |
| Deposit Accounts       | 12,011,836                 | -                          |
|                        | <u>15,455,891</u>          | <u>13,622,068</u>          |
|                        | <u>15,577,755</u>          | <u>13,719,075</u>          |

**Note 15: Short Term Loans & Advances (Unsecured, considered good)**

|                       | In Rs.                     |                            |
|-----------------------|----------------------------|----------------------------|
|                       | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| Advances to Suppliers | 3,602,160                  | 2,551,126                  |
| Prepaid Expenses      | 543,923                    | 611,411                    |
|                       | <u>4,146,083</u>           | <u>3,162,537</u>           |

**Note 16: Revenue from Operations**

|                      | In Rs.                 |                        |
|----------------------|------------------------|------------------------|
|                      | Year ended<br>March 15 | Year ended<br>March 14 |
| Sales of Services    |                        |                        |
| Income from Resorts: |                        |                        |
| - Room rentals       | 30,765,229             | 24,415,891             |

**Note 17: Other Income**

|                      | In Rs.                 |                        |
|----------------------|------------------------|------------------------|
|                      | Year ended<br>March 15 | Year ended<br>March 14 |
| Miscellaneous income | -                      | 29,320                 |
|                      | <u>-</u>               | <u>29,320</u>          |

**Note 18: Employee benefits expense**

|   | In Rs.                 |                        |
|---|------------------------|------------------------|
|   | Year ended<br>March 15 | Year ended<br>March 14 |
| Salaries, wages and bonus               | 14,183,540             | 8,944,383              |
| Contribution to Provident & other funds | 670,979                | 341,701                |
| Staff welfare                           | 1,372,097              | 1,766,186              |
|   | <u>16,226,616</u>      | <u>11,052,270</u>      |

**Note 19: Finance costs**

|                                   | In Rs.                 |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | Year ended<br>March 15 | Year ended<br>March 14 |
| Interest on short term borrowings | 27,828,839             | 27,277,053             |
|                                   | <u>27,828,839</u>      | <u>27,277,053</u>      |

**Note 20: Other expenses**

|                                    | In Rs.                 |                        |
|------------------------------------|------------------------|------------------------|
|                                    | Year ended<br>March 15 | Year ended<br>March 14 |
| Food Beverages and smokes Consumed |                        |                        |
| Opening Stock                      | 725,526                | 691,415                |
| Add: Purchases                     | 10,661,146             | 8,500,104              |
|                                    | <u>11,386,672</u>      | <u>9,191,519</u>       |
| Less: Closing Stock                | 807,577                | 725,526                |
|                                    | <u>10,579,095</u>      | <u>8,465,993</u>       |
| Operating Supplies                 | 6,472,772              | 4,809,715              |
| Power and fuel                     | 7,176,015              | 6,368,362              |
| Service charges                    | 7,188,673              | 7,744,997              |
| Rates and taxes                    | 582,221                | 302,481                |
| Insurance                          | 294,079                | 380,846                |
| <b>Repairs and maintenance:-</b>   |                        |                        |
| - Buildings                        | 666,503                | 481,045                |
| - Resort Renovations               | 1,189,208              | -                      |
| - Office Equipment                 | 1,197,959              | 406,887                |
| - Others                           | 1,007,602              | 1,028,776              |
| Communication                      | 348,554                | 309,107                |
| Consultancy charges                | 186,061                | 86,627                 |
| Travelling                         | 530,606                | 553,154                |
| <b>Auditors</b>                    |                        |                        |
| Audit fees                         | 140,450                | 112,360                |
| Other Services                     | 112,360                | 56,180                 |
| Bank Charges                       | 299,571                | 237,397                |
| Printing & stationery              | 329,929                | 290,635                |
| Legal Expenses                     | 150,000                | 300,000                |

|                  | In Rs.                 |                        |
|------------------|------------------------|------------------------|
|                  | Year ended<br>March 15 | Year ended<br>March 14 |
| Sales Promtotion | -                      | 190,774                |
| Miscellaneous    | 473,234                | 314,285                |
|                  | <b>38,924,891</b>      | <b>32,439,621</b>      |

**Note: 21**

There are no Contingent Liabilities existing on the Balance sheet date.

**Note 22: Employees Benefits**

**Defined Contribution Plans**

The company offers its employees benefits under defined contribution plans in the form of provident fund and family pension fund. Provident Fund and Family Pension Fund covers substantially all regular employees. Contribution are paid during the year into separate funds under certain statutory type arrangements. Both the employees and company pay predetermined contribution in provident fund and pension fund. The contributions are normally based upon certain proportion of employee's salary.

A sum of Rs. 6,70,979/- has been charged to statement of profit & loss for the period towards contribution to provident fund & pension fund.

**Defined Benefit Plans**

The company offers its employees benefits under defined benefit plans in the form of gratuity scheme (a lump sum amount). Benefits under defined benefit plans are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at the year end. Actuarial valuation is based on "Projected Unit credit" method. Gains & Losses of changed actuarial assumptions are charged to the statement of Profit & Loss.

| Particulars                                   | As at<br>March 31, 2015<br>(Rs.) | As at<br>March 31, 2014<br>(Rs.) |
|---|----------------------------------|----------------------------------|
| Present value of commitment                   | 167,041                          | 147,614                          |
| Fair value of plan assets                     | -                                | -                                |
| Net liability recognised in the balance sheet | 167,041                          | 147,614                          |

| Particulars                             | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|---|---------------------------------|---------------------------------|
| Opening balance                         | 147,614                         | 389,480                         |
| Interest cost                           | 10,708                          | 31,158                          |
| Current service cost                    | 111,392                         | 17,687                          |
| Benefits paid                           | 57,278                          | -                               |
| Actuarial (gain)/loss                   | (45,395)                        | (290,711)                       |
| Closing balance                         | 167,041                         | 147,614                         |
| Net liability is bifurcated as follows: |                                 |                                 |
| Current                                 | 4,088                           | 4,620                           |
| Non current                             | 162,953                         | 142,994                         |

The defined benefit commitments have not been funded as at the year end.

| Particulars                                       | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|---|---------------------------------|---------------------------------|
| Current service cost                              | 111,392                         | 17,687                          |
| Interest expenses                                 | 10,708                          | 31,158                          |
| Expected return on investments                    | -                               | -                               |
| Net actuarial (gain)/loss                         | (45,395)                        | (290,711)                       |
| Benefits paid that were not funded by the plan    | -                               | -                               |
| Expenses accounted in the Profit and Loss account | 76,705                          | (241,866)                       |

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

| Particulars                      | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|----------------------------------|---------------------------------|---------------------------------|
| Rate for discounting liabilities | 9.00%                           | 9.00%                           |
| Expected salary increase rate    | 5.00%                           | 5.00%                           |
| Expected return on scheme assets | -                               | -                               |
| Withdrawal rates                 | 3%                              | 3%                              |
| Mortality table used             | IALM                            | IALM                            |
|                                  | <b>(2006-08) Unit</b>           | <b>(2006-08) Unit</b>           |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined.

| Particulars                               | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|---|---------------------------------|---------------------------------|
| Present value of commitment               | 167,041                         | 147,614                         |
| Fair value of the Plans                   | -                               | -                               |
| Surplus/(Deficit)                         | (167,041)                       | (147,614)                       |
| Experience adjustment on plan liabilities | (45,395)                        | (272,722)                       |
| Experience adjustment on plan assets      | -                               | -                               |

**Note 23: Related Party Disclosure**

A related Parties with whom transactions have been taken place during the period

| a) Name of the Party                     | Relationship   |
|--|--|
| Mahindra Holiday & Resorts India Limited | Holding Company on and from 25 <sup>th</sup> October, 2012 |

b) Disclosure in respect of transaction with related party

| Name of the Party                        | Nature of Transaction        | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|--|------------------------------|---------------------------------|---------------------------------|
| Mahindra Holiday & Resorts India Limited | Loan received                | 3,280,000                       | 6,200,000                       |
|  | Interest Accrued but not due | 24,994,550                      | 24,467,785                      |
|  | Interest Expense             | 27,771,722                      | 27,186,427                      |
|  | Income from Room rentals     | 25,255,000                      | 19,557,500                      |

c) Disclosure in respect of related party balance as on 31<sup>st</sup> March, 2015.

| Name of the Party                        | Particulars                  | As on<br>March 31, 2015<br>Rs. | As on<br>March 31, 2014<br>Rs. |
|--|------------------------------|--------------------------------|--------------------------------|
| Mahindra Holiday & Resorts India Limited | Loan received                | 295,551,000                    | 292,271,000                    |
|  | Interest Accrued but not due | 59,587,139                     | 34,592,589                     |
|  | Security Deposit             | 38,770,000                     | 38,770,000                     |

d) Disclosure in respect of related party balance as on March 31, 2015.

| Name of the Party                        | Particulars   | As on<br>March 31, 2015<br>Rs. | As on<br>March 31, 2014<br>Rs. |
|--|---------------|--------------------------------|--------------------------------|
| Mahindra Holiday & Resorts India Limited | Other Advance | -                              | 647,604                        |

**Note 24: Expenditure in Foreign Currency**

| Particulars                                | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|--|---------------------------------|---------------------------------|
| Reservation, Membership fee and Commission | Nil                             | Nil                             |
| Interest on Foreign Currency Term Loan     | Nil                             | Nil                             |

**Note 25: Earning in Foreign Currency**

| Particulars                            | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|--|---------------------------------|---------------------------------|
| Room Revenue/Food and Beverages Income | Nil                             | Nil                             |

**Note 26: Earning Per Share**

| Earnings per share:   | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|---|---------------------------------|---------------------------------|
| Net profit after tax (Amount in Rs)   | (19,076,028)                    | 12,093,692                      |
| Weighted average number of Equity Shares used in computing basic earnings per share (Nos) | 1,000,000                       | 1,000,000                       |
| Earnings Per Share – Basic (in Rs.)   | (19.08)                         | 12.09                           |
| Earnings per share – Diluted (in Rs.)   | (19.08)                         | 12.09                           |
| Nominal value of shares (in Rs.)  | 10.00                           | 10.00                           |

**Note 27: Forward Contracts and Foreign Currency Exposures:**

The Year End Foreign Currency Exposures is Nil

**Note 28:**

The Company's primary (business) segment is singular viz "Hoteliering". There is no geographical segment to be reported since its property is located in and the operations are under taken in India. Therefore segment information required as per Accounting Standard (AS 17) on "Segment Reporting" is not furnished.

**Note 29: Micro & Small enterprises**

There are no dues payable to micro & small enterprises as at the year end requiring disclosure under Schedule VI of Companies Act, 1956 and the Micro Small and Medium Enterprises development Act, 2006. This information is complied in respect of parties to the extent to which they could be identified as Micro or Small Enterprises on the basis of information received from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006.

**Note 30:**

he accumulated Losses of the company amounting to Rs. 70,495,547.00 as at the period ended on 31st March, 2015 exceeds its paid up capital of Rs. 10,000,000. the Company incurred a net loss of Rs. 19,076,028. However the financial statements are prepared on the assumption that the company is a going concern having regard to the financial support extended by the holding company Mahindra Holiday & Resorts limited during the year (which includes the loans aggregating Rs. 295,551,000/- outstanding as at the year ended on 31st March, 2015 including interest accrued but not due Rs. 59,587,139.00, which sum has been included as a part of current liabilities) as well as their commitment of future financial support to enable the company to meet its financial obligations and continue as going concern.

**Note 31:**

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. As a result (after considering the transitional provision as specified in Schedule II), the depreciation charge for the current year is higher by Rs 971,603/-. Further an amount of Rs. 795,375/- has been debited to retained earnings.

**Note 32: Payment Made to Auditors**

| Particulars          | Year ended<br>March 15<br>(Rs.) | Year ended<br>March 14<br>(Rs.) |
|----------------------|---------------------------------|---------------------------------|
| Payment to Auditors: |                                 |                                 |
| As Auditor           | 140,450                         | 112,360                         |
| For taxation matters | -                               | -                               |
| For other services   | 112,360                         | 56,180                          |
| <b>Total</b>         | <b>252,810</b>                  | <b>168,540</b>                  |

**Note 33:**

Previous Year's Figures have been re-classified wherever necessary, to correspond and confirm with the current year classification and disclosures.

In terms of our report attached For and on behalf of the Board of Directors

For **K. N. Chandla & Co.**  
Chartered Accountants

(**CA Dinesh Kumar Sood**)  
Membership No.: 088343

**Dinesh Sheety**  
Director

**Ajay Agarwal**  
Director

Place: Shimla  
Date: 24/04/2015

Place: Chennai  
Date: 24/04/2015

Place: Chennai  
Date: 24/04/2015

## DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended 31<sup>st</sup> March, 2015.

Your Company continues to be a subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

Your Company was incorporated to carry on the business of buying, obtaining, receiving, renting, leasing, buying on hire-purchase, owning, possessing, improving, using, constructing, modifying, developing or otherwise managing any property whatsoever as well as fruits thereof.

Your Company continues to hold 51% of ordinary shares of Infinity Hospitality Group Company Limited.

Mr. Dinesh Shetty, Mr. Ravindera Khanna, Mr. Noppun Muangkote and Mr. Helmut Horst Mekelburgare Directors of the Company.

For **MH Boutique Hospitality Limited**

**Dinesh Shetty**  
Director

**Ravindera Khanna**  
Director

Dated: 4<sup>th</sup> April, 2015

Place: Bangkok

## Report of Independent Auditor

To the Shareholders of MH Boutique Hospitality Limited

I have audited the accompanying financial statements of **MH Boutique Hospitality Limited**, which comprise the statements of financial position as at 31st March, 2015, and the related statement of Income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall Presentation of the financial statements.

I believe that the audit evidence I had obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MH Boutique Hospitality Limited as at 31 March 2015, and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

(Danai Tangwimolwuttiwong)  
Certified Public Accountant (Thailand) No. 9329

Cover Biz Co., Ltd.

Bangkok  
April 4, 2015

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

|   |       | <i>Currency : Baht</i> | <i>Currency : INR</i> | <i>Currency : Baht</i> | <i>Currency : INR</i> |
|---|-------|------------------------|-----------------------|------------------------|-----------------------|
|   | Notes | 31 Mar 2015            | 31 Mar 2015           | 31 Mar 2014            | 31 Mar 2014           |
| <b>ASSETS</b>                                     |       |                        |                       |                        |                       |
| <b>CURRENT ASSETS</b>                             |       |                        |                       |                        |                       |
| Cash and cash equivalents                         |       | 62,292                 | 119,203               | 62,233                 | 119,090               |
| <b>TOTAL CURRENT ASSETS</b>                       |       | <b>62,292</b>          | <b>119,203</b>        | <b>62,233</b>          | <b>119,090</b>        |
| <b>NON-CURRENT ASSETS</b>                         |       |                        |                       |                        |                       |
| Investment in subsidiaries                        | 4     | 38,000,000             | 72,717,180            | 38,000,000             | 72,717,180            |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |       | <b>38,000,000</b>      | <b>72,717,180</b>     | <b>38,000,000</b>      | <b>72,717,180</b>     |
| <b>TOTAL ASSETS</b>                               |       | <b>38,062,292</b>      | <b>72,836,383</b>     | <b>38,062,233</b>      | <b>72,836,270</b>     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |       |                        |                       |                        |                       |
| <b>CURRENT LIABILITIES</b>                        |       |                        |                       |                        |                       |
| Trade and other payable                           | 5     | 6,458,817              | 12,359,657            | 3,759,081              | 7,193,415             |
| Other current liabilities                         |       | 405                    | 775                   | 0                      | 0                     |
| <b>TOTAL CURRENT LIABILITIES</b>                  |       | <b>6,459,222</b>       | <b>12,360,432</b>     | <b>3,759,081</b>       | <b>7,193,415</b>      |
| <b>NON-CURRENT LIABILITIES</b>                    |       |                        |                       |                        |                       |
| Long-term loan                                    | 6     | 28,000,000             | 53,581,080            | 28,000,000             | 53,581,080            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |       | <b>28,000,000</b>      | <b>53,581,080</b>     | <b>28,000,000</b>      | <b>53,581,080</b>     |
| <b>TOTAL LIABILITIES</b>                          |       | <b>34,459,222</b>      | <b>65,941,512</b>     | <b>31,759,081</b>      | <b>60,774,495</b>     |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                        |                       |                        |                       |
| <b>Authorized share capital</b>                   |       |                        |                       |                        |                       |
| 51,000 preference shares of Baht 100 each         |       | 5,100,000              | 9,759,411             | 5,100,000              | 9,759,411             |
| 49,000 ordinary shares of Baht 100 each           |       | 4,900,000              | 9,376,689             | 4,900,000              | 9,376,689             |
| Issued and paid-up share capital                  |       | 5,100,000              | 9,759,411             | 5,100,000              | 9,759,411             |
| 51,000 preference shares of Baht 100 each         |       | 5,100,000              | 9,759,411             | 5,100,000              | 9,759,411             |
| 49,000 ordinary shares of Baht 100 each           |       | 4,900,000              | 9,376,689             | 4,900,000              | 9,376,689             |
| Retained earnings (Deficits)                      |       | (6,396,930)            | (12,241,229)          | (3,696,848)            | (7,074,325)           |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |       | <b>3,603,070</b>       | <b>6,894,871</b>      | <b>6,303,152</b>       | <b>12,061,775</b>     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <b>38,062,292</b>      | <b>72,836,383</b>     | <b>38,062,233</b>      | <b>72,836,270</b>     |

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_  
Director

## STATEMENTS OF INCOME FOR THE YEAR ENDED 31 MARCH 2015

|                                       |              | <i>Currency : Baht</i> | <i>Currency : INR</i> | <i>Currency : Baht</i> | <i>Currency : INR</i> |
|---------------------------------------|--------------|------------------------|-----------------------|------------------------|-----------------------|
|                                       | <b>Notes</b> | <b>31 Mar 2015</b>     | <b>31 Mar 2015</b>    | <b>31 Mar 2014</b>     | <b>31 Mar 2014</b>    |
| <b>REVENUES</b>                       | 3            |                        |                       |                        |                       |
| Other income                          |              | 261.87                 | 501.12                | 46,821.57              | 89,598.22             |
| <b>TOTAL REVENUES</b>                 |              | <b>261.87</b>          | <b>501.12</b>         | <b>46,821.57</b>       | <b>89,598.22</b>      |
| <b>EXPENSES</b>                       |              |                        |                       |                        |                       |
| Administrative expenses               | 3            | 40,343.62              | 77,201.95             | 29,028.22              | 55,548.69             |
| <b>TOTAL EXPENSES</b>                 |              | <b>40,343.62</b>       | <b>77,201.95</b>      | <b>29,028.22</b>       | <b>55,548.69</b>      |
| <b>EARNINGS BEFORE FINANCIAL COST</b> |              | (40,081.75)            | (76,700.84)           | 17,793.35              | 34,049.53             |
| Financial costs                       |              | 2,660,000.00           | 5,090,202.60          | 2,660,000.00           | 5,090,202.60          |
| <b>NET PROFIT (LOSS)</b>              |              | <b>(2,700,081.75)</b>  | <b>(5,166,903.44)</b> | <b>(2,642,206.65)</b>  | <b>(5,056,153.07)</b> |

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_  
Director

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2015

|  | Issued and paid-up<br>share capital |                     |                       | Retained<br>earnings | Total |
|--|-------------------------------------|---------------------|-----------------------|----------------------|-------|
|  | Preference                          | Ordinary            | (Deficits)            |                      |       |
|  | <i>Currency : Baht</i>              |                     |                       |                      |       |
| <b>BEGINNING BALANCE AS OF 31 MARCH 2013</b>   | 5,100,000.00                        | 4,900,000.00        | (1,054,641.36)        | 8,945,358.64         |       |
| Changes in shareholders' equity for the period |                                     |                     |                       |                      |       |
| Net profit (loss) for the period               |                                     |                     | (2,642,206.65)        | (2,642,206.65)       |       |
| <b>ENDING BALANCE AS OF 31 MARCH 2014</b>      | <b>5,100,000.00</b>                 | <b>4,900,000.00</b> | <b>(3,696,848.01)</b> | <b>6,303,151.99</b>  |       |
| Changes in shareholders' equity for the period |                                     |                     |                       |                      |       |
| Net profit (loss) for the period               |                                     |                     | (2,700,081.75)        | (2,700,081.75)       |       |
| <b>ENDING BALANCE AS OF 31 MARCH 2015</b>      | <b>5,100,000.00</b>                 | <b>4,900,000.00</b> | <b>(6,396,929.76)</b> | <b>3,603,070.24</b>  |       |

The accompanying notes are an integral part of the financial statements.

|  | Issued and paid-up<br>share capital |                     |                        | Retained<br>earnings | Total |
|--|-------------------------------------|---------------------|------------------------|----------------------|-------|
|  | Preference                          | Ordinary            | (Deficits)             |                      |       |
|  | <i>Currency : INR</i>               |                     |                        |                      |       |
| <b>BEGINNING BALANCE AS OF 31 MARCH 2013</b>   | 9,759,411.00                        | 9,376,689.00        | (2,018,172.25)         | 17,117,927.75        |       |
| Changes in shareholders' equity for the period | -                                   | -                   | -                      | -                    |       |
| Net profit (loss) for the period               | -                                   | -                   | (5,056,153.07)         | (5,056,153.07)       |       |
| <b>ENDING BALANCE AS OF 31 MARCH 2014</b>      | <b>9,759,411.00</b>                 | <b>9,376,689.00</b> | <b>(7,074,325.32)</b>  | <b>12,061,774.68</b> |       |
| Changes in shareholders' equity for the period | -                                   | -                   | -                      | -                    |       |
| Net profit (loss) for the period               | -                                   | -                   | (5,166,903.44)         | (5,166,903.44)       |       |
| <b>ENDING BALANCE AS OF 31 MARCH 2015</b>      | <b>9,759,411.00</b>                 | <b>9,376,689.00</b> | <b>(12,241,228.76)</b> | <b>6,894,871.24</b>  |       |

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_  
Director



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015

### 1. GENERAL INFORMATION

#### Company status

MH Boutique Hospitality Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 10 October 2012 with registration no. 0105555151500

#### Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok.

#### Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

### 2. BASIC OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

### 5. TRADE AND OTHER PAYABLES

Consist of:

Accrued Interest expenses - Related parties (Note 6)

Accrued Interest expenses for withholding tax

Accrued expenses

Advance payment

**Total**

### 3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

#### 3.2 Investment

Investment in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

#### 3.3 Revenue and expenses recognition

The company record other revenue and expenses based on accrual basis.

### 4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012, the company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 150,000 ordinary shares at a par value of Baht 100

Details of the Company's subsidiaries, as at 31 March 2015 are as follows:

| Name of the entity                   | Type of business | Country of incorporation | Ownership interest (%) |
|--------------------------------------|------------------|--------------------------|------------------------|
| <b>Investment in subsidiaries</b>    |                  |                          |                        |
| Infinity Hospitality Group Co., Ltd. | Hotel            | Thailand                 | 51                     |

|  | Currency : Baht  | Currency : INR    | Currency : Baht  | Currency : INR   |
|--|------------------|-------------------|------------------|------------------|
|  | 31 Mar 2015      | 31 Mar 2015       | 31 Mar 2014      | 31 Mar 2014      |
| Accrued Interest expenses - Related parties (Note 6) | 5,408,143        | 10,349,076        | 3,147,143        | 6,022,404        |
| Accrued Interest expenses for withholding tax        | 954,378          | 1,826,308         | 555,378          | 1,062,777        |
| Accrued expenses                                     | 24,815           | 47,486            | 28,000           | 53,581           |
| Advance payment                                      | 71,481           | 136,787           | 28,560           | 54,653           |
| <b>Total</b>   | <b>6,458,817</b> | <b>12,359,657</b> | <b>3,759,081</b> | <b>7,193,415</b> |

\_\_\_\_\_  
Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015

## 6. RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form

Relationship with related parties were as follows:

| Name of entities                          | Incorporation | Relationship    |
|---|---------------|-----------------|
| Mahindra Holidays & Resorts India Limited | India         | 49% shareholder |

The Pricing policies for particular types of transactions are explained further below:

| Transactions     | Pricing policies          |
|------------------|---------------------------|
| Interest charged | Contractually agreed rate |

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

|   | Currency : Baht<br>31 Mar 2015 | Currency : INR<br>31 Mar 2015 | Currency : Baht<br>31 Mar 2014 | Currency : INR<br>31 Mar 2014 |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| <b>Expenses</b>                           |                                |                               |                                |                               |
| Mahindra Holidays & Resorts India Limited | 2,660,000                      | 5,090,203                     | 2,660,000                      | 5,090,203                     |
| <b>Payable</b>                            |                                |                               |                                |                               |
| Mahindra Holidays & Resorts India Limited | 5,408,143                      | 10,349,076                    | 3,147,143                      | 6,022,404                     |
| <b>Loan from related parties</b>          |                                |                               |                                |                               |
| Mahindra Holidays & Resorts India Limited | 28,000,000                     | 53,581,080                    | 28,000,000                     | 53,581,080                    |
| <b>Interest Rate</b>                      | <b>9.50%</b>                   | <b>9.50%</b>                  | <b>9.50%</b>                   | <b>9.50%</b>                  |

## 7. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 4, 2015

8. FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.91361 = THB 1 which is the Bloomberg rate as on 31st March 2015

\_\_\_\_\_  
Director

## DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended 31<sup>st</sup> December, 2014.

Your Company continues to be a subsidiary of MH Boutique Hospitality Limited and in turn subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

During the year under review, the Company has earned a revenue of THB 31,823,514 (INR 61,101,147) as against THB 34,995,024 (INR 67,190,447) for previous year.

Mr. Dinesh Shetty, Mr. Ravindera Khanna, Mr. Helmut Horst Mekelburg and Mr. Shiller Bhaskaran (Appointed w.e.f. 7<sup>th</sup> July, 2014) are the Directors of the Company.

**For Infinity Hospitality Group Company Limited**

**Dinesh Shetty**  
Director

**Ravindera Khanna**  
Director

Dated: 5<sup>th</sup> April, 2015  
Place: Bangkok

## REPORT OF INDEPENDENT AUDITOR

To the Shareholders of **Infinity Hospitality Group Company Limited**

I have audited the accompanying financial statements of **Infinity Hospitality Group Company Limited**, which comprise the statements of financial position as at 31 December 2014, and the related statement of income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall Presentation of the financial statements.

I believe that the audit evidence I has obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infinity Hospitality Group Company Limited as at 31 December 2014, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

**(Danai Tangwimolwuttiwong)**

Certified Public Accountant (Thailand) No. 9329

Bangkok

March 9, 2015

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

|                                       | Notes | <b>ASSETS</b>         |                       |                       |                       |
|---------------------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       |       | 2014                  |                       | 2013                  |                       |
|                                       |       | <b>Currency: Baht</b> | <b>Currency: INR</b>  | <b>Currency: Baht</b> | <b>Currency: INR</b>  |
| <b>CURRENT ASSETS</b>                 |       |                       |                       |                       |                       |
| Cash and cash equivalents .....       |       | 2,658,031.04          | 5,103,420.00          | 2,554,461.41          | 4,904,566.00          |
| Temporary investment .....            |       | 407,000.35            | 781,441.00            | 399,098.21            | 766,269.00            |
| Trade and other receivables .....     | 4     | 13,510,207.81         | 25,939,599.00         | 5,879,951.48          | 11,289,507.00         |
| Inventory .....                       | 5     | 335,908.78            | 644,945.00            | 173,225.02            | 332,592.00            |
| Other current assets .....            |       | 373,915.70            | 717,918.00            | 486,863.23            | 934,777.00            |
| <b>TOTAL CURRENT ASSETS .....</b>     |       | <b>17,285,063.68</b>  | <b>33,187,323.00</b>  | <b>9,493,599.35</b>   | <b>18,227,711.00</b>  |
| <b>NON-CURRENT ASSETS</b>             |       |                       |                       |                       |                       |
| Property, plant and equipment .....   | 6     | 187,623,688.51        | 360,237,482.00        | 192,743,001.90        | 370,066,564.00        |
| Intangible assets .....               | 7     | 66,463.21             | 127,609.00            | 95,367.21             | 183,105.00            |
| Other non-current assets .....        |       | 395,000.01            | 758,400.00            | 395,000.01            | 758,400.00            |
| <b>TOTAL NON-CURRENT ASSETS .....</b> |       | <b>188,085,151.73</b> | <b>361,123,491.00</b> | <b>193,233,369.12</b> | <b>371,008,069.00</b> |
| <b>TOTAL ASSETS .....</b>             |       | <b>205,370,215.41</b> | <b>394,310,814.00</b> | <b>202,726,968.47</b> | <b>389,235,780.00</b> |

The accompanying notes are an integral part of the financial statements.

Director

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014 (Contd)**
**LIABILITIES AND SHAREHOLDERS' EQUITY**

|   | Notes | 2014                  |                       | 2013                  |                       |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |       | Currency: Baht        | Currency: INR         | Currency: Baht        | Currency: INR         |
| <b>CURRENT LIABILITIES</b>                                  |       |                       |                       |                       |                       |
| Trade and other payable.....                                | 8     | 24,208,951.36         | 46,481,187.00         | 11,401,267.49         | 21,890,434.00         |
| Other current liabilities .....                             |       | 1,076,700.67          | 2,067,265.00          | 545,958.53            | 1,048,240.00          |
| <b>TOTAL CURRENT LIABILITIES.....</b>                       |       | <b>25,285,652.03</b>  | <b>48,548,452.00</b>  | <b>11,947,226.02</b>  | <b>22,938,674.00</b>  |
| <b>NON-CURRENT LIABILITIES</b>                              |       |                       |                       |                       |                       |
| Long-term loan .....  | 9     | 137,000,000.00        | 263,040,000.00        | 137,000,000.00        | 263,040,000.00        |
| <b>TOTAL NON-CURRENT LIABILITIES .....</b>                  |       | <b>137,000,000.00</b> | <b>263,040,000.00</b> | <b>137,000,000.00</b> | <b>263,040,000.00</b> |
| <b>TOTAL LIABILITIES.....</b>                               |       | <b>162,285,652.03</b> | <b>311,588,452.00</b> | <b>148,947,226.02</b> | <b>285,978,674.00</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                 |       |                       |                       |                       |                       |
| <b>Authorized share capital</b>                             |       |                       |                       |                       |                       |
| <b>1,500,000 ordinary shares of</b>                         |       |                       |                       |                       |                       |
| <b>Baht 100 each.....</b>                                   |       |                       |                       |                       |                       |
|   |       | <b>150,000,000.00</b> | <b>288,000,000.00</b> | <b>150,000,000.00</b> | <b>288,000,000.00</b> |
| Issued and paid-up share capital                            |       |                       |                       |                       |                       |
| 1,500,000 ordinary shares of                                |       |                       |                       |                       |                       |
| Baht 100 each.....  |       |                       |                       |                       |                       |
|   |       | 150,000,000.00        | 288,000,000.00        | 150,000,000.00        | 288,000,000.00        |
| Retained earnings (Deficits).....                           |       |                       |                       |                       |                       |
|   |       | (106,915,436.62)      | (205,277,638.00)      | (96,220,257.55)       | (184,742,894.00)      |
| <b>TOTAL SHAREHOLDERS' EQUITY .....</b>                     |       | <b>43,084,563.38</b>  | <b>82,722,362.00</b>  | <b>53,779,742.45</b>  | <b>103,257,106.00</b> |
| <b>TOTAL LIABILITIES<br/>AND SHAREHOLDERS' EQUITY .....</b> |       | <b>205,370,215.41</b> | <b>394,310,814.00</b> | <b>202,726,968.47</b> | <b>389,235,780.00</b> |

The accompanying notes are an integral part of the financial statements.

Director

**STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   | Notes | 2014                   |                        | 2013                  |                        |
|---|-------|------------------------|------------------------|-----------------------|------------------------|
|   |       | Currency: Baht         | Currency: INR          | Currency: Baht        | Currency: INR          |
| <b>REVENUES</b>                             | 3     |                        |                        |                       |                        |
| Revenue from rent and services.....         |       | 31,784,145.86          | 61,025,560.00          | 34,978,521.16         | 67,158,761.00          |
| Other income.....                           |       | 39,368.34              | 75,587.00              | 16,502.99             | 31,686.00              |
| <b>TOTAL REVENUES.....</b>                  |       | <b>31,823,514.20</b>   | <b>61,101,147.00</b>   | <b>34,995,024.15</b>  | <b>67,190,447.00</b>   |
| <b>EXPENSES</b>                             | 3     |                        |                        |                       |                        |
| Cost of rent and services.....              |       | 12,929,893.83          | 24,825,396.00          | 14,388,231.30         | 27,625,404.00          |
| Selling expenses .....                      |       | 11,797,151.67          | 22,650,531.00          | 11,826,880.21         | 22,707,610.00          |
| Administrative expenses .....               |       | 4,776,647.77           | 9,171,164.00           | 4,497,877.42          | 8,635,925.00           |
| <b>TOTAL EXPENSES .....</b>                 |       | <b>29,503,693.27</b>   | <b>56,647,091.00</b>   | <b>30,712,988.93</b>  | <b>58,968,939.00</b>   |
| <b>EARNINGS BEFORE FINANCIAL COST .....</b> |       | <b>2,319,820.93</b>    | <b>4,454,056.00</b>    | <b>4,282,035.22</b>   | <b>8,221,508.00</b>    |
| Financial costs.....                        |       | (13,015,000.00)        | (24,988,800.00)        | (12,847,385.23)       | (24,666,980.00)        |
| <b>NET PROFIT (LOSS).....</b>               |       | <b>(10,695,179.07)</b> | <b>(20,534,744.00)</b> | <b>(8,565,350.01)</b> | <b>(16,445,472.00)</b> |

The accompanying notes are an integral part of the financial statements.

Director

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

|   | Currency : Baht                             |   |                 |
|---|---|---|-----------------|
|   | <u>Issued and paid-up<br/>share capital</u> | <u>Retained earnings<br/>(Deficits)</u> | <u>Total</u>    |
| <b>Beginning balance of year 2013</b> .....       | 150,000,000.00                              | (87,654,907.54)                         | 62,345,092.46   |
| Changes in shareholders' equity for the year 2013 |   |   |                 |
| Net profit (loss) for the year .....              | –   | (8,565,350.01)                          | (8,565,350.01)  |
| <b>Ending balance of year 2013</b> .....          | 150,000,000.00                              | (96,220,257.55)                         | 53,779,742.45   |
| Changes in shareholders' equity for the year 2014 |   |   |                 |
| Net profit (loss) for the year .....              | –   | (10,695,179.07)                         | (10,695,179.07) |
| <b>Ending balance of year 2014</b> .....          | 150,000,000.00                              | (106,915,436.62)                        | 43,084,563.38   |

|   | Currency : INR                              |   |                 |
|---|---|---|-----------------|
|   | <u>Issued and paid-up<br/>share capital</u> | <u>Retained earnings<br/>(Deficits)</u> | <u>Total</u>    |
| <b>Beginning balance of year 2013</b> .....             | 288,000,000.00                              | (168,297,422.00)                        | 119,702,578.00  |
| Changes in shareholders' equity for the year 2013       |   |   |                 |
| Net profit (loss) for the year .....                    | –   | (16,445,472.00)                         | (16,445,472.00) |
| <b>Ending balance of year 2013</b> .....                | 288,000,000.00                              | (168,297,422.00)                        | 103,257,106.00  |
| Changes in shareholders' equity for the year 2014 ..... |   |   |                 |
| Net profit (loss) for the year .....                    | –   | (20,534,744.00)                         | (20,534,744.00) |
| <b>Ending balance of year 2014</b> .....                | 288,000,000.00                              | (188,832,166.00)                        | 82,722,362.00   |

The accompanying notes are an integral part of the financial statements.

Director



## NOTES TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

### 1 GENERAL INFORMATION

#### Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

#### Place of company

20, Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

#### Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

### 2 BASIC OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

#### 3.2 Inventories - net

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

#### 3.3 Property, plant and equipment - net

Land is stated at cost, Building and Equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by a straight-line method over their estimated useful life as follows:

|                        | Useful life |       |
|------------------------|-------------|-------|
| Building               | 20          | Years |
| Office equipment       | 5           | Years |
| Computer and Equipment | 5           | Years |
| Vehicles               | 5           | Years |

#### 3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows:

|                   | Year life |       |
|-------------------|-----------|-------|
| Computer software | 5         | Years |

#### 3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

#### 3.6 Provisions and contingent liabilities

The Company recongnized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

#### 3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied , food and beverage are sold and the services are rendered.

The company record other revenue and expenses base on accrual basis.

#### 3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

### 4 TRADE AND OTHER RECEIVABLES

Consist of:

|   | 2014                 | 2014                 | 2013                | 2013                 |
|---|----------------------|----------------------|---------------------|----------------------|
|   | Currency:<br>Baht    | Currency:<br>INR     | Currency:<br>Baht   | Currency:<br>INR     |
| Accounts Receivable - Trade               | 555,656.43           | 1,066,860.00         | 215,632.40          | 414,014.00           |
| Accrued income - related parties (Note 9) | 12,780,587.50        | 24,538,728.00        | 5,436,587.50        | 10,438,248.00        |
| Prepaid expenses                          | 116,522.88           | 223,724.00           | 180,000.00          | 345,600.00           |
| Other Receivables                         | 57,441.00            | 110,287.00           | 47,731.58           | 91,645.00            |
| <b>Total</b>                              | <b>13,510,207.81</b> | <b>25,939,599.00</b> | <b>5,879,951.48</b> | <b>11,289,507.00</b> |

### 5 INVENTORY

Consist of:

|                | 2014              | 2014              | 2013              | 2013              |
|----------------|-------------------|-------------------|-------------------|-------------------|
|                | Currency:<br>Baht | Currency:<br>INR  | Currency:<br>Baht | Currency:<br>INR  |
| Finished Goods | 335,908.78        | 644,945.00        | 173,225.02        | 332,592.00        |
| <b>Total</b>   | <b>335,908.78</b> | <b>644,945.00</b> | <b>173,225.02</b> | <b>332,592.00</b> |

Director

## 6 PROPERTY, PLANT AND EQUIPMENT

|   | Currency : Baht |                |                  |           |            |                |
|---|-----------------|----------------|------------------|-----------|------------|----------------|
| Consist of:   | Land            | Building       | Office Equipment | Computer  | Vehicles   | Total          |
| <b>Cost</b>   |                 |                |                  |           |            |                |
| As at 31 December 2013                              | 114,770,000.00  | 108,968,618.24 | 4,909,011.86     | 8,691.59  | 175,000.00 | 228,831,321.69 |
| Acquisitions  |                 |                | 593,294.08       | 84,980.19 |            | 678,274.27     |
| Disposals   |                 |                | (297,313.25)     |           |            | (297,313.25)   |
| Adjustment/Reclassification                         |                 |                |                  |           |            | -              |
| As at 31 December 2014                              | 114,770,000.00  | 108,968,618.24 | 5,204,992.69     | 93,671.78 | 175,000.00 | 229,212,282.71 |
| <b>Accumulated depreciation</b>                     |                 |                |                  |           |            |                |
| As at 31 December 2013                              |                 | 31,944,429.77  | 3,968,177.35     | 713.65    | 174,999.02 | 36,088,319.79  |
| Depreciation for the year                           |                 | 5,448,430.81   | 334,815.09       | 14,333.76 |            | 5,797,579.66   |
| Depreciation on disposals                           |                 |                | (297,305.25)     |           |            | (297,305.25)   |
| Adjustment/Reclassification                         |                 |                |                  |           |            | -              |
| As at 31 December 2014                              | -               | 37,392,860.58  | 4,005,687.19     | 15,047.41 | 174,999.02 | 41,588,594.20  |
| <b>Net book value</b>                               |                 |                |                  |           |            |                |
| As at 31 December 2013                              | 114,770,000.00  | 77,024,188.47  | 940,834.51       | 7,977.94  | 0.98       | 192,743,001.90 |
| As at 31 December 2014                              | 114,770,000.00  | 71,575,757.66  | 1,199,305.50     | 78,624.37 | 0.98       | 187,623,688.51 |
| Depreciation for the year                           |                 |                |                  |           |            |                |
| 2013 (Included in cost and administrative expenses) |                 |                |                  |           |            | 6,075,385.97   |
| 2014 (Included in cost and administrative expenses) |                 |                |                  |           |            | 5,797,579.66   |

## 6 PROPERTY, PLANT AND EQUIPMENT

|   | Currency : INR |                |                  |            |            |                |
|---|----------------|----------------|------------------|------------|------------|----------------|
| Consist of:   | Land           | Building       | Office Equipment | Computer   | Vehicles   | Total          |
| <b>Cost</b>   |                |                |                  |            |            |                |
| As at 31 December 2013                              | 220,358,400.00 | 209,219,747.00 | 9,425,303.00     | 16,688.00  | 336,000.00 | 439,356,138.00 |
| Acquisitions  |                |                | 1,139,125.00     | 163,162.00 |            | 1,302,287.00   |
| Disposals   |                |                | (570,841.00)     |            |            | (570,841.00)   |
| Adjustment/Reclassification                         |                |                |                  |            |            | -              |
| As at 31 December 2014                              | 220,358,400.00 | 209,219,747.00 | 9,993,587.00     | 179,850.00 | 336,000.00 | 440,087,584.00 |
| <b>Accumulated depreciation</b>                     |                |                |                  |            |            |                |
| As at 31 December 2013                              |                | 61,333,305.00  | 7,618,901.00     | 1,370.00   | 335,998.00 | 69,289,574.00  |
| Depreciation for the year                           |                | 10,460,987.00  | 642,845.00       | 27,521.00  |            | 11,131,353.00  |
| Depreciation on disposals                           |                |                | (570,826.00)     |            |            | (570,826.00)   |
| Adjustment/Reclassification                         |                |                |                  |            |            | -              |
| As at 31 December 2014                              | -              | 71,794,292.00  | 7,690,920.00     | 28,891.00  | 335,998.00 | 79,850,101.00  |
| <b>Net book value</b>                               |                |                |                  |            |            |                |
| As at 31 December 2013                              | 220,358,400.00 | 147,886,442.00 | 1,806,402.00     | 15,318.00  | 2.00       | 370,066,564.00 |
| As at 31 December 2014                              | 220,358,400.00 | 137,425,455.00 | 2,302,667.00     | 150,959.00 | 2.00       | 360,237,483.00 |
| Depreciation for the year                           |                |                |                  |            |            |                |
| 2013 (Included in cost and administrative expenses) |                |                |                  |            |            | 11,664,741.00  |
| 2014 (Included in cost and administrative expenses) |                |                |                  |            |            | 11,131,353.00  |

Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 (Contd)

### 7 INTANGIBLE ASSETS

| Consist of:  | Currency: Baht    |            |
|--|-------------------|------------|
|  | Computer Software | Total      |
| <b>Cost</b>  |                   |            |
| As at 31 December 2013   | 516,484.00        | 516,484.00 |
| Acquisitions   |                   |            |
| Disposals  |                   |            |
| Adjustment/Reclassification  |                   |            |
| As at 31 December 2014   | 516,484.00        | 516,484.00 |
| <b>Accumulated amortisation</b>                                      |                   |            |
| As at 31 December 2013   | 421,116.79        | 421,116.79 |
| Amortisation for the year  | 28,904.00         | 28,904.00  |
| Amortisation on disposals  |                   |            |
| Adjustment/Reclassification  |                   |            |
| As at 31 December 2014   | 450,020.79        | 450,020.79 |
| <b>Net book value</b>  |                   |            |
| As at 31 December 2013   | 95,367.21         | 95,367.21  |
| As at 31 December 2014   | 66,463.21         | 66,463.21  |
| Amortisation for the year 2013 (Included in administrative expenses) |                   | 28,671.44  |
| 2014 (Included in administrative expenses)                           |                   | 28,904.00  |

### 7 INTANGIBLE ASSETS

| Consist of:  | Currency: INR     |            |
|--|-------------------|------------|
|  | Computer Software | Total      |
| <b>Cost</b>  |                   |            |
| As at 31 December 2013   | 991,649.00        | 991,649.00 |
| Acquisitions   |                   |            |
| Disposals  |                   |            |
| Adjustment/Reclassification  |                   |            |
| As at 31 December 2014   | 991,649.00        | 991,649.00 |
| <b>Accumulated amortisation</b>                                      |                   |            |
| As at 31 December 2013   | 808,544.00        | 808,544.00 |
| Amortisation for the year  | 55,496.00         | 55,496.00  |
| Amortisation on disposals  |                   | -          |
| Adjustment/Reclassification  |                   | -          |
| As at 31 December 2014   | 864,040.00        | 864,040.00 |
| <b>Net book value</b>  |                   |            |
| As at 31 December 2013   | 183,105.00        | 183,105.00 |
| As at 31 December 2014   | 127,609.00        | 127,609.00 |
| Amortisation for the year 2013 (Included in administrative expenses) |                   | 55,049.00  |
| 2014 (Included in administrative expenses)                           |                   | 55,496.00  |

### 8 TRADE AND OTHER PAYABLES

| Consist of:  | 2014                 | 2014                 | 2013                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Currency: Baht       | Currency: INR        | Currency: Baht       | Currency: INR        |
| Trade payables                                       | 722,810.67           | 1,387,796.00         | 657,016.52           | 1,261,472.00         |
| Post date cheque payables                            | 32,042.20            | 61,521.00            | -                    | -                    |
| Advance received                                     | 322,801.54           | 619,779.00           | 123,732.84           | 237,567.00           |
| Accrued interest expenses - related parties (Note 9) | 19,397,697.70        | 37,243,580.00        | 8,334,948.70         | 16,003,102.00        |
| Accrued interest expenses for withholding tax        | 3,423,124.30         | 6,572,399.00         | 1,470,873.30         | 2,824,077.00         |
| Accrued expenses                                     | 310,474.95           | 596,112.00           | 814,696.13           | 1,564,217.00         |
| <b>Total</b>   | <b>24,208,951.36</b> | <b>46,481,187.00</b> | <b>11,401,267.49</b> | <b>21,890,435.00</b> |

### 9 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

| Name of entities                          | Country of incorporation/nationality | Nature of relationships |
|---|--------------------------------------|-------------------------|
| Mahindra Holidays & Resorts India Limited | India                                | 49% shareholder         |
| MH Boutique Co., Ltd.                     | Thailand                             | 51% shareholder         |

The Pricing policies for particular types of transactions are explained further below:

| Transactions                   | Pricing policies             |
|--------------------------------|------------------------------|
| Revenue from rent and services | The average of market prices |
| Interest charged               | Contractually agreed rate    |

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

|   | 2014           | 2014           | 2013           | 2013           |
|---|----------------|----------------|----------------|----------------|
|   | Currency: Baht | Currency: INR  | Currency: Baht | Currency: INR  |
| <b>Income</b>   |                |                |                |                |
| Mahindra Holidays & Resorts India Limited (Included VAT 7%) | 7,344,000.00   | 14,100,480.00  | 8,928,000.00   | 17,141,760.00  |
| <b>Expenses</b>   |                |                |                |                |
| Mahindra Holidays & Resorts India Limited                   | 13,015,000.00  | 24,988,800.00  | 12,846,095.97  | 24,664,504.00  |
| <b>Receivable</b>   |                |                |                |                |
| Mahindra Holidays & Resorts India Limited                   | 12,780,587.50  | 24,538,728.00  | 5,436,587.50   | 10,438,248.00  |
| <b>Payable</b>  |                |                |                |                |
| Mahindra Holidays & Resorts India Limited                   | 19,397,697.70  | 37,243,580.00  | 8,334,948.70   | 16,003,102.00  |
| <b>Loan from related parties</b>                            |                |                |                |                |
| Mahindra Holidays & Resorts India Limited                   | 137,000,000.00 | 263,040,000.00 | 137,000,000.00 | 263,040,000.00 |
| <b>Interest rate</b>  | <b>9.50%</b>   | <b>9.50%</b>   | 9.00%, 9.50%   | 9.00%, 9.50%   |

### 10 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on March 9, 2015

11 FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.92 = THB 1 which is the Bloomberg rate as on 31 December 2014

Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

### The Shareholders,

Your Directors have pleasure in presenting their Thirtieth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### Performance of the Company

Your Company's resort property situated at Manali, Himachal Pradesh, was fully functional and operational during the year under review.

During the year under review, your Company was acquired by Mahindra Holidays & Resorts India Limited.

### FINANCIAL RESULTS:

|   | (₹ in Lakhs)  |               |
|---|---------------|---------------|
|   | 2015          | 2014          |
| <b>Income:</b>                          |               |               |
| Revenue from operations                 | 520.79        | 598.97        |
| Other Income                            | 8.96          | 20.88         |
|   | <b>529.75</b> | <b>619.85</b> |
| Total Expenditure                       | 150.65        | 466.05        |
| <b>Profit/(Loss) before Tax</b>         | <b>379.11</b> | <b>153.80</b> |
| Provision for Income Tax                | 34.50         | 50.70         |
| Deferred Tax                            | 97.32         | (0.56)        |
| Net Profit/(Loss) after Tax             | 247.29        | 103.66        |
| Balance brought forward                 | 16.29         | 1.03          |
| Less: Appropriations                    |               |               |
| General Reserve                         | –             | 7.85          |
| Proposed Dividend                       | –             | 70.00         |
| Dividend Tax                            | –             | 11.09         |
| Tax Adjustment of previous years        | –             | (1.35)        |
| <b>Balance carried to Balance Sheet</b> | <b>263.58</b> | <b>16.29</b>  |

### Dividend and Reserves

Your Directors propose to retain the surplus to meet the operational requirement and hence do not recommend any dividend for the year under review and also do not propose to transfer any amount to the reserve account.

### Holding Company

During the year under review, consequent upon change in management, your Company became a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company, Mahindra & Mahindra Limited, w.e.f. 18<sup>th</sup> June, 2014.

### Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private

Limited, fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts of Delhi, Rajasthan, Himachal Pradesh and Madras are filed with the Registrar of Companies at Delhi, Jaipur, Chandigarh & Shimla and Chennai respectively.

Your Company is in the process of filing application with the Hon'ble High Court of Delhi in respect of the above. The Appointed Date of the Scheme is 1<sup>st</sup> April, 2015.

### Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditors in the Auditor's Report.

### Extract of the annual return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

## Directors

### Appointment of Director

Pursuant to Section 152(6) of the Act, Mr. Dinesh Shetty, Mr. Ravindera Nath Khanna and Mr. Ajay Agrawal were appointed as Additional Directors with effect from 18<sup>th</sup> June, 2014. They hold office upto the date of the ensuing Annual General Meeting of the Company. Your Company has received Notices from a member under Section 160 of the Act, proposing Mr. Shetty, Mr. Khanna and Mr. Agrawal as candidates to hold the office of Directors. The Board recommends their appointments to the members for their approval.

### Resignation of Directors

During the year, Mr. Raj Chopra, Ms. Priya Chopra, Mr. Suresh Kumar Rattan, Mr. Ramesh Chander Murada and Mr. Sanjay Khanna, resigned from the Directorship of the Company w.e.f. 18<sup>th</sup> June, 2014 owing to the change in the management of your Company. The Board places on record its sincere appreciations for the valuable services rendered and guidance received from them during their tenure as Directors of the Company.

### Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

### Number of meetings of the Board of Directors

During the year under review, the Board met seven times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

### Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, your Company did not grant any loans or give any guarantees or made any investments as per the provisions of Section 186 of the Act.

### Particulars of contracts or arrangements with related parties

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPT) under sub-section (1) of Section 188 of the Act, which was not in Ordinary course of business and not at arms length.

During the year under review, your Company entered into transactions including a transaction which was material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of the material transaction are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

### Statutory Auditors

Messrs Lamba Vij & Co., Chartered Accountants, (ICAI Registration Number 002520N), retire as Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors for five (5) years from the conclusion of the forthcoming Annual General Meeting until the conclusion of Annual General Meeting to be held in 2020 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity within the limits specified in the said Section. Further, the Company has also received a certificate to the effect that the Auditor proposed to be re-appointed satisfies the criteria provided in Section 141 of the Act.

### Material Changes and Commitments affecting the financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2015 and the date of the Directors' Report.

### Internal Financial Controls

Your Company has adequate internal financial controls with reference to financial statements.

### Deposits and Loans/Advances

Your Company had not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

### Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

### Conservation of energy, technology absorption and foreign exchange earnings and outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

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

#### **Directors' Responsibility Statement**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgements 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 31<sup>st</sup> March, 2015 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors have been prepared the annual accounts on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Acknowledgements**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place: Chennai  
Date: 24<sup>th</sup> April, 2015

**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2015**

[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:**

|     |   |   |
|-----|---|---|
| i   | CIN   | U55101DL1986PTC114589   |
| ii  | Registration Date   | 30 <sup>th</sup> May, 1986  |
| iii | Name of the Company   | Competent Hotels Private Limited  |
| iv  | Category/Sub-Category of the Company                                | Company Limited by Shares/Indian Non-Government Company   |
| v   | Address of the Registered office and contact details of the Company | Unit No. 873, 8th Floor, Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi - 110 034<br>Ph. No. 01902 – 253312<br>Fax No. 01902 – 252562<br>E-Mail - arun.khandelwal@mahindraholidays.com |
| vi  | Whether listed company  | NA  |
| vii | Name, Address and Contact Details of Registrar and Transfer Agent   | 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:-

| Sl. No. | Name and Description of main product/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1       | Income from Room rental                       | 55101                           | 60.79%                             |
| 2       | Income from sale of food and beverage         | 55101                           | 34.67%                             |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

| Sl. No. | Name and Address of the Company  | CIN                   | Holding/Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|--|-----------------------|-------------------------------|------------------|--------------------|
| 1       | Mahindra Holidays & Resorts India Ltd<br>Mahindra Towers,<br>2 <sup>nd</sup> Floor, 17/18 Patullos Road, Chennai – 600 002 | L55101TN1996PLC036595 | Holding Company               | 100%             | 2(46)              |

**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<br>01/04/2014 |                 |                 |                   | No. of Shares held at the end of the year<br>31/03/2015 |                 |                 |                   | % Change during the year |
|--------------------------|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
|                          | Demat   | Physical        | Total           | % of Total Shares | Demat   | Physical        | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                 |                 |                   |   |                 |                 |                   |                          |
| <b>(1) Indian</b>        |   |                 |                 |                   |   |                 |                 |                   |                          |
| a) Individual/HUF        | –   | 3,08,300        | 3,08,300        | 100.00            | –   | –               | –               | –                 | 100.00                   |
| b) Central Govt.         | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| c) State Govt (s)        | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| d) Bodies Corp.          | –   | –               | –               | –                 | –   | 3,08,300        | 3,08,300        | 100.00            | 100.00                   |
| e) Banks/FI              | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| f) Any Other...          | –   | –               | –               | –                 | –   | –               | –               | –                 | –                        |
| <b>Sub-total A (1):-</b> | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>     | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>     | <b>100.00</b>            |

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>01/04/2014 |                 |                 |                      | No. of Shares held at the end of the year<br>31/03/2015 |                 |                 |                      | % Change<br>during the<br>year |
|--|---|-----------------|-----------------|----------------------|---|-----------------|-----------------|----------------------|--------------------------------|
|  | Demat   | Physical        | Total           | % of Total<br>Shares | Demat   | Physical        | Total           | % of Total<br>Shares |                                |
| <b>(2) Foreign</b>   |   |                 |                 |                      |   |                 |                 |                      |                                |
| a) NRIs – Individuals  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| b) Other – Individuals   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| c) Bodies Corp.  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| d) Banks/FI  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| e) Any Other...  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>Sub-total A (2):-</b>   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>Total shareholding of Promoter<br/>(A)= (A)(1) + (A)(2)</b>                             | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>        | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>        | <b>100.00</b>                  |
| <b>B. Public Shareholding</b>  |   |                 |                 |                      |   |                 |                 |                      |                                |
| <b>1. Institutions</b>   |   |                 |                 |                      |   |                 |                 |                      |                                |
| a) Mutual Funds  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| b) Banks/FI  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| c) Central Govt.   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| d) State Govt(s)   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| e) Venture Capital Funds   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| f) Insurance Companies   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| g) FIs   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| h) Foreign Venture Capital<br>Funds  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| i) Others (specify)  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>Sub-total (B)(1):-</b>  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>2. Non-Institutions</b>   |   |                 |                 |                      |   |                 |                 |                      |                                |
| a) Bodies Corp.  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| i) Indian  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| ii) Overseas   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| b) Individuals   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| i) Individual shareholders<br>holding nominal share<br>capital upto Rs. 1 lakh             | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| ii) Individual shareholders<br>holding nominal share<br>capital in excess of<br>Rs. 1 lakh | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| c) Others (specify)  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>Sub-total (B)(2):-</b>  | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| Total Public Shareholding<br>(B)=(B)(1) + (B)(2)   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| C. Shares held by Custodian<br>for GDRs & ADRs   | –   | –               | –               | –                    | –   | –               | –               | –                    | –                              |
| <b>Grand Total (A+B+C)</b>   | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>        | –   | <b>3,08,300</b> | <b>3,08,300</b> | <b>100.00</b>        | <b>100.00</b>                  |



**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                        | Shareholding at the beginning of the year<br>01/04/2014 |                                  |  | Shareholding at the end of the year<br>31/03/2015 |                                  |  | % 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.      | Raj Chopra                                | 17,359  | 5.63                             | –  | –   | –                                | –  | 100.00                                   |
| 2.      | Geeta Chopra                              | 30,789  | 9.99                             | –  | –   | –                                | –  | 100.00                                   |
| 3.      | Priya Chopra                              | 2,60,152  | 84.38                            | –  | –   | –                                | –  | 100.00                                   |
| 4.      | Mahindra Holidays & Resorts India Limited | –   | –                                | –  | 3,08,300  | 100.00                           | –  | 100.00                                   |
|         | <b>Total</b>                              | <b>3,08,300</b>   | <b>100.00</b>                    | <b>–</b>                                       | <b>3,08,300</b>                                   | <b>100.00</b>                    | <b>–</b>                                       | <b>100.00</b>                            |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change): Refer point No. IV(ii)**

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | Mr. Raj Chopra                          | Shareholding at the beginning of the year<br>01/04/2014 |                                  | 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 01/04/2014 | 17,359  | 5.63%                            | 17,359                                  | 5.63%                            |
|         | Sale (18 <sup>th</sup> June, 2014)      | 17,359  | 5.63%                            | –                                       | –                                |
|         | At the End of the year 31/03/2015       | –   | –                                | –                                       | –                                |
|         | <b>Ms. Geeta Chopra</b>                 |   |                                  |   |                                  |
|         | At the beginning of the year 01/04/2014 | 30,789  | 9.99%                            | 30,789                                  | 9.99%                            |
|         | Sale (18 <sup>th</sup> June, 2014)      | 30,789  | 9.99%                            | –                                       | –                                |
|         | At the End of the year 31/03/2015       | –   | –                                | –                                       | –                                |
|         | <b>Ms. Priya Chopra</b>                 |   |                                  |   |                                  |
|         | At the beginning of the year 01/04/2014 | 2,60,152  | 84.38%                           | 2,60,152                                | 84.38%                           |
|         | Sale (18 <sup>th</sup> June, 2014)      | 2,60,152  | 84.38%                           | –                                       | –                                |
|         | At the End of the year 31/03/2015       | –   | –                                | –                                       | –                                |

**The Company did not require to appoint Key Managerial Personnel.**

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

|   | <b>Secured Loans<br/>excluding deposits</b> | <b>Unsecured Loans</b> | <b>Deposits</b> | <b>Total<br/>Indebtedness</b> |
|---|---|------------------------|-----------------|-------------------------------|
| <b>Indebtedness at the beginning of the financial year (01/04/2014)</b> |   |                        |                 |                               |
| i) Principal Amount   | –   | –                      | –               | –                             |
| ii) Interest due but not paid   | –   | –                      | –               | –                             |
| iii) Interest accrued but not due                                       | –   | –                      | –               | –                             |
| <b>Total (i+ii+iii)</b>   | –   | –                      | –               | –                             |
| <b>Change in Indebtedness during the financial year</b>                 |   |                        |                 |                               |
| • Addition  | –   | –                      | –               | –                             |
| • Reduction   | –   | –                      | –               | –                             |
| <b>Net change</b>   | –   | –                      | –               | –                             |
| <b>Indebtedness at the end of the financial year (31/03/2015)</b>       |   |                        |                 |                               |
| i) Principal Amount   | –   | –                      | –               | –                             |
| ii) Interest due but not paid   | –   | –                      | –               | –                             |
| iii) Interest accrued but not due                                       | –   | –                      | –               | –                             |
| <b>Total (i+ii+iii)</b>   | –   | –                      | –               | –                             |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

**B. Remuneration to other directors: Nil**

**C. Remuneration to key managerial personnel other than MD/manager/WTD: Not Applicable**

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the company, its Directors or any of its officers.

**ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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 arm's length transactions 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 arrangement or transactions at arm's length basis:**

|  |  |
|--|--|
| (a) Name(s) of the related party<br>Nature of relationship   | Mahindra Holidays & Resorts India Limited<br>Holding Company   |
| (b) Nature of contracts/arrangements/transactions  | Room Inventory Agreement   |
| (c) Duration of the contracts/arrangements/<br>transactions  | 1 year   |
| (d) Salient terms of the contracts or arrangements or<br>transactions including the value, if any: | Room Inventory to be made available on requisition basis.<br>Period of agreement is one year. Aggregate value paid Rs. 43<br>lakhs for the FY 2014-15. |
| (e) Date(s) of approval by the Board, if any:  | NA   |
| (f) Amount paid as advances, if any;   | Nil  |

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place: Chennai

Date: 24<sup>th</sup> April, 2015

**ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015****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 energy audits 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 equipment: Nil

**(B) Technology absorption:**

- (i) The efforts made towards technology absorption:  
The Company has not carried out any Technology absorption
- (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; and
- (iv) The expenditure incurred on Research and Development - Not Applicable

**(C) Foreign exchange earnings and Outgo:**

There were no foreign exchange earnings and outgo during the financial year ended 31<sup>st</sup> March, 2015. (Refer note no. 23 of the notes of accounts.)

For and on behalf of the Board of Directors

**Dinesh Shetty**  
Director

**Ajay Agrawal**  
Director

Place: Chennai

Date: 24<sup>th</sup> April, 2015

## INDEPENDENT AUDITOR'S REPORT

### To the Members of COMPETENT HOTELS PRIVATE LIMITED

We have audited the accompanying standalone Financial Statements of **COMPETENT HOTELS PRIVATE LIMITED ("the company")** which comprises the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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 standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit. 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 and fair presentation 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 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.

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

### Opinion

In our opinion and to the best of our information and according to explanations given to us, the aforesaid standalone financial statements read with the Notes annexed thereto 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 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2015 issued by the Ministry of Corporate Affairs, Government of India, in terms of Section 143(11) of the Companies Act, 2013, we enclose in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the said order.

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 audit.
- b) In our opinion proper books of accounts 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 & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i) There are no pending litigations which require disclosure in the aforesaid standalone financial statements.
  - ii) The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
  - iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the company.

**For LAMBA VIJ & CO.**  
Chartered Accountants  
FRN: 002520N

**Vikash Agarwal**  
Partner  
M. No: 525384

Place : New Delhi  
Dated : April 24, 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Competent Hotels Private Limited on the accounts for the year ended 31<sup>st</sup> March 2015)**

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (v) As explained to us, the company has not accepted any deposits and therefore clause (v) of the order is not applicable.
- (vi) The company is not required to maintain cost records in terms of sub-section (1) of Section 148 of the Companies Act.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) The Company has no disputed dues of any tax which have not been deposited as on March 31, 2015.
- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank or debenture holder.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loan.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For LAMBA VIJ & CO.**  
Chartered Accountants  
FRN: 002520N

**Vikash Agarwal**  
Partner  
M. No: 525384

Place : New Delhi  
Dated : April 24, 2015

**BALANCE SHEET AS AT MARCH 31, 2015**

In Rs.

| Particulars                                 | Notes | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
|---|-------|-------------------------|-------------------------|
| <b>I. EQUITY AND LIABILITIES</b>            |       |                         |                         |
| <b>Shareholder's Funds</b>                  |       |                         |                         |
| Share Capital .....                         | 2     | 30,830,000              | 30,830,000              |
| Reserves and Surplus .....                  | 3     | 43,810,078              | 20,956,293              |
| <b>Non-Current Liabilities</b>              |       |                         |                         |
| Other Long Term Liabilities .....           | 4     | 20,000                  | 200,128                 |
| Deferred Tax Liabilities (Net) .....        | 5     | 9,869,864               | 138,291                 |
| Long-Term Provisions .....                  | 6     | 213,762                 | -                       |
| <b>Current Liabilities</b>                  |       |                         |                         |
| Trade Payables .....                        | 7     | -                       | 5,584,951               |
| Other Current Liabilities .....             | 8     | 3,596,305               | 5,330,991               |
| Short-Term Provisions .....                 | 9     | 4,140,621               | 13,456,771              |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> ..... |       | <b>92,480,630</b>       | <b>76,497,425</b>       |
| <b>II. ASSETS</b>                           |       |                         |                         |
| <b>Non-Current Assets</b>                   |       |                         |                         |
| Fixed Assets                                |       |                         |                         |
| Tangible .....                              | 10    | 58,941,763              | 35,681,296              |
| Long term loans and advances .....          | 11    | 11,366,019              | 18,874,724              |
| <b>Current assets</b>                       |       |                         |                         |
| Inventories .....                           | 12    | 2,770,183               | 3,000,204               |
| Trade receivables .....                     | 13    | 2,940,963               | 716,510                 |
| Cash and Bank Balances .....                | 14    | 12,440,151              | 10,467,977              |
| Short-term loans and advances .....         | 15    | 3,626,739               | 6,860,971               |
| Other Current Assets .....                  | 16    | 394,812                 | 895,742                 |
| <b>TOTAL ASSETS</b> .....                   |       | <b>92,480,630</b>       | <b>76,497,425</b>       |
| Significant Accounting Policies             | 1     |                         |                         |

The Accompanying Notes are Integral Part of the Financial Statements  
As per our report on even date

**For LAMBA VIJ & Co.**

Chartered Accountants

**For and on behalf of the Board**

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

**Vikash Agarwal**

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

In Rs.

| S.<br>No                             | Particulars  | Notes | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------------------------------------|--|-------|------------------------------|------------------------------|
| <b>REVENUE</b>                       |  |       |                              |                              |
| I                                    | Revenue from operations.....   | 17    | 52,078,889                   | 59,897,221                   |
| II                                   | Other Income.....  | 18    | 896,332                      | 2,087,807                    |
| III                                  | <b>TOTAL REVENUE (I+II)</b> .....  |       | <b>52,975,221</b>            | <b>61,985,028</b>            |
| <b>IV EXPENSES:</b>                  |  |       |                              |                              |
|                                      | Cost of Material Consumed .....  | 19    | 9,681,600                    | 8,616,417                    |
|                                      | Other Expenses .....   | 20    | 21,076,703                   | 22,870,623                   |
|                                      | Employee Benefit Expense .....   | 21    | 9,957,188                    | 10,409,064                   |
|                                      | Depreciation and Amortization Expense .....                              | 10    | (25,650,919)                 | 4,708,802                    |
|                                      | <b>TOTAL EXPENSES (IV)</b> .....   |       | <b>15,064,572</b>            | <b>46,604,906</b>            |
| V                                    | Profit before exceptional and extraordinary items and tax (III-IV) ..... |       | <b>37,910,649</b>            | <b>15,380,122</b>            |
| VI                                   | Exceptional and Extraordinary Items.....                                 |       | -                            | -                            |
| IX                                   | Profit before tax (VII-VIII).....  |       | <b>37,910,649</b>            | <b>15,380,122</b>            |
| <b>X TAX EXPENSE:</b>                |  |       |                              |                              |
|                                      | Current Tax.....   |       | 3,450,000                    | 5,070,000                    |
|                                      | Deferred Tax.....  |       | 9,731,573                    | (55,986)                     |
| XI                                   | Profit/(Loss) for the period from continuing operations (VII-VIII).....  |       | <b>24,729,076</b>            | <b>10,366,108</b>            |
| XII                                  | Profit/(Loss) for the period from discontinuing operations.....          |       | -                            | -                            |
| XIII                                 | Tax expense of discontinuing operations.....                             |       | -                            | -                            |
| XIV                                  | Profit/(Loss) from discontinuing operations (after tax) (XII-XIII).....  |       | -                            | -                            |
| XV                                   | Profit/(Loss) for the period (XI+XIV) .....                              |       | <b>24,729,076</b>            | <b>10,366,108</b>            |
| <b>XVI Earning per equity share:</b> |  |       |                              |                              |
|                                      | (1) Basic .....  |       | 80.21                        | 33.62                        |
|                                      | (2) Diluted.....   |       | 80.21                        | 33.62                        |
|                                      | Significant Accounting Policies  | 1     |                              |                              |

The Accompanying Notes are Integral Part of the Financial Statements

As per our report on even date

**For LAMBA VIJ & Co.**

Chartered Accountants

**For and on behalf of the Board****Ajay Agarwal**  
Director**Ravindera Nath Khanna**  
Director**Vikash Agarwal**

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

| Particulars   | In Rs.                       |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                            |                              |                              |
| Profit/(Loss) before tax .....  | 37,910,649                   | 15,380,122                   |
| <b>Adjustments for non-cash and other items</b>                           |                              |                              |
| Depreciation.....   | (25,650,919)                 | 4,708,802                    |
| Tax Adjustments in P&L .....  | –                            | 134,576                      |
| Loss/(Profit) on Sale of Fixed Assets.....                                | 2,311,176                    | (504,434)                    |
| Provision for employee benefits.....                                      | 707,262                      | (17,120)                     |
|   | <u>(22,632,481)</u>          | <u>4,321,824</u>             |
| <b>Operating Profit before working capital changes .....</b>              | <b>15,278,168</b>            | <b>19,701,946</b>            |
| Changes in:   |                              |                              |
| Trade and other receivables .....   | 1,009,780                    | (566,676)                    |
| Inventories.....  | 230,020                      | (574,563)                    |
| Other Current Assets.....   | 500,930                      | –                            |
| Trade and other payables .....  | (7,499,765)                  | 2,597,730                    |
|   | <u>(5,759,035)</u>           | <u>1,456,490</u>             |
| Income taxes paid .....   | (5,070,000)                  | (5,600,000)                  |
|   | <u>(5,070,000)</u>           | <u>(5,600,000)</u>           |
| <b>Net cash from operating activities [A].....</b>                        | <b>4,449,133</b>             | <b>15,558,436</b>            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                            |                              |                              |
| Purchase of fixed assets .....  | (1,821,102)                  | (1,826,266)                  |
| Sale Proceeds of Fixed Assets .....                                       | 25,088                       | 1,500,000                    |
| Repayment of Long Term Advances for Land Purchase.....                    | 7,508,705                    | (7,555,000)                  |
|   | <u>(1,821,102)</u>           | <u>(1,826,266)</u>           |
| <b>Net cash used in investing activities [B] .....</b>                    | <b>5,712,691</b>             | <b>(7,881,266)</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                            |                              |                              |
| Dividend and Dividend Tax Paid .....                                      | (8,189,650)                  | (9,593,590)                  |
|   | <u>(8,189,650)</u>           | <u>(9,593,590)</u>           |
| <b>Net cash from financing activities [C].....</b>                        | <b>(8,189,650)</b>           | <b>(9,593,590)</b>           |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b> | <b>1,972,174</b>             | <b>(1,916,419)</b>           |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                              |                              |
| Opening balance.....  | 10,467,977                   | 12,384,396                   |
| Closing balance.....  | 12,440,151                   | 10,467,977                   |
|   | <u>1,972,174</u>             | <u>(1,916,419)</u>           |

The Accompanying Notes are Integral Part of the Financial Statements

As per our report on even date

**For LAMBA VIJ & Co.**

Chartered Accountants

**For and on behalf of the Board**

**Ajay Agarwal**  
Director

**Ravindera Nath Khanna**  
Director

**Vikash Agarwal**

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015



## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

### 1.1 CORPORATE INFORMATION

Competent Hotels Private Limited is a private limited company incorporated on 30th May, 1986, under Companies Act, 1956. The company is engaged in business of Hospitality earns revenue from Room Rentals, Sale of food and beverages and other related guest services.

During the current reporting period, there has been a substantial change in the Shareholding pattern of the company and the management of the company. The management of the resort has been transferred to Club Mahindra from Competent Group of companies and the ownership of the company has been transferred to Mahindra Holidays and Resorts India Limited by way of sale of shares.

### 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Preparation

The Financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all Material respects with the accounting standards specified under Section 133 of the Act and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis and under the Historical Cost Convention. The Accounting Policies adopted in the preparation of financial statements are consistent with those of previous year.

#### B. (i) Fixed Assets

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the Intended Use. Any Trade Discounts and Rebates are deducted in arriving at the purchase price. Gains or losses arising from de-recognition of fixed assets are measured as difference between the net disposal proceeds and the carrying amount of asset and are recognized in the statement of profit and loss when the asset is recognized.

#### (ii) Depreciation

In order to follow uniform accounting policy for consolidation of the financials and to be in line with parent company, the company has changed the method of charging depreciation from written down value method to straight line method during the year. Depreciation on fixed assets are now provided on straight line method taking into consideration the useful life prescribed in the schedule II of the Companies Act, 2013.

#### C. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Amount of Luxury tax, Sales tax, and Service tax collected on generating operating revenue has been shown as a reduction from the operating revenue.

#### D. Inventories

The Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on Weighted Average Cost Method. Net Realizable value is the estimated price in the ordinary course of business, less estimated cost of completion and costs necessary to make sales.

#### E. Foreign Exchange Transaction

Transactions in foreign exchange, if any, would be recorded at the exchange rate prevailing on the date of transaction and in pursuant to AS-11 on "Foreign Exchange Translation" issued by ICAI.

#### F. Provision and Contingencies

Contingent liabilities are estimated on the basis of available information and are disclosed by way of Notes to Accounts. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

#### G. Impairment of Assets

At each Balance Sheet date the company assesses whether there is any indication that assets may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of assets exceeds its recoverable amount, an impairment Loss is recognized in the Accounts to the extent the carrying amount exceeds the recoverable amount.

#### H. Retirement Benefits

In respect of payment of gratuity to employees, the contributions are being made to approve Group Gratuity Scheme of Life Insurance Corporation of India. The premium and contribution paid during the year has been charged to revenue. The provision for Gratuity is being booked on the basis of Actuarial Valuation in excess of the Fund Value with the Life Insurance Corporation of India.

#### I. Taxes on Income

Provision for Income tax comprises of current tax, and deferred tax charge or release. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/ expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets are not recognized unless there is "Virtual Certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realized.

#### 2. Share Capital

| S. No    | Particulars   | In Rs.               |                      |
|----------|---|----------------------|----------------------|
|          |   | As At March 31, 2015 | As At March 31, 2014 |
| <b>1</b> | <b>Authorised Share Capital</b>   |                      |                      |
|          | 350,000 Equity Shares of Rs. 100/- each (Previous Year 350,000 Equity Shares of Rs. 100/- each)                                 | 35,000,000           | 35,000,000           |
|          | 150,000 14% Non-cumulative Red. Pref. Share of Rs. 100/-each (Prev. Yr. 1,50,000 14% Non-cum Red Pref. Share of Rs. 100/- Each) | 15,000,000           | 15,000,000           |
|          |   | <b>50,000,000</b>    | <b>50,000,000</b>    |
| <b>2</b> | <b>Issued, Subscribed &amp; Paid up Capital</b>   |                      |                      |
|          | 308,300 Equity Shares of Rs. 100 each (Previous Year 308,300 Equity Shares of Rs. 100/- each)                                   | 30,830,000           | 30,830,000           |
|          | <b>Total</b>  | <b>30,830,000</b>    | <b>30,830,000</b>    |

#### Share Holding Pattern

##### 2.1 Shareholders holding more than 5% shares

| S. No    | Particulars                                     | In Rs.               |                      |
|----------|---|----------------------|----------------------|
|          |   | As At March 31, 2015 | As At March 31, 2014 |
| <b>1</b> | <b>Mahindra Holidays and Resorts India Ltd.</b> |                      |                      |
|          | No. of shares                                   | 308,298              | -                    |
|          | % held  | 100.00%              | -                    |
| <b>2</b> | <b>Mr. Raj Chopra</b>                           |                      |                      |
|          | No. of shares                                   | -                    | 17,359               |
|          | % held  | -                    | 5.63%                |
| <b>3</b> | <b>Ms. Priya Chopra</b>                         |                      |                      |
|          | No. of shares                                   | -                    | 260,152              |
|          | % held  | -                    | 84.38%               |
| <b>4</b> | <b>Mrs Geeta Chopra</b>                         |                      |                      |
|          | No. of shares                                   | -                    | 30,789               |
|          | % held  | -                    | 9.99%                |

## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

2.2 The reconciliation of the number of shares outstanding is set out below:

| S. No | Particulars                                | In Rs.                  |                         |
|-------|--|-------------------------|-------------------------|
|       |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
|       | Equity Shares at the beginning of the year | 308,300                 | 308,300                 |
|       | Add: Shares Issued During the period       | -                       | -                       |
|       | <b>Equity Shares at the end of period</b>  | <b>308,300</b>          | <b>308,300</b>          |

## 3. Reserves &amp; Surplus

| S. No | Particulars  | In Rs.                  |                         |
|-------|--|-------------------------|-------------------------|
|       |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
|       | <b>Reserves</b>  |                         |                         |
| 1     | <b>General Reserves</b>  |                         |                         |
|       | As per last Financial Statements   | 2,574,256               | 1,789,256               |
|       | Add: Amount Transferred from surplus balance in the Statement of Profit & Loss Account | -                       | 785,000                 |
|       | Add: Transfer from Capital investment Subsidy  | 2,173,500               | -                       |
|       | Less: Transfer to Capital Redemption reserves  | -                       | -                       |
|       | Closing Balance  | 4,747,756               | 2,574,256               |
| 2     | <b>Capital Investment Subsidy</b>  | -                       | 2,173,500               |
| 3     | <b>Depreciation Reserve on account of changes in Schedule II *</b>                     | (1,875,291)             | -                       |
| 4     | <b>Capital Redemption Reserve</b>  | 14,580,000              | 14,580,000              |
|       | <b>Sub Total (A)</b>   | <b>17,452,465</b>       | <b>19,327,756</b>       |
| 5     | <b>Surplus</b>   |                         |                         |
|       | As per last Financial Statements   | 1,628,537               | 102,503                 |
|       | Add: Profit/(Loss) of the current year   | 24,729,076              | 10,366,108              |
|       | Less: Appropriations   |                         |                         |
|       | - General Reserves   | -                       | 785,000                 |
|       | - Proposed Dividend  | -                       | 7,000,000               |
|       | - Dividend Tax   | -                       | 1,189,650               |
|       | - Tax Adjustment of previous Years   | -                       | (134,576)               |
|       | - Capital Redemption Reserve   | -                       | -                       |
|       | <b>Sub Total (B)</b>   | <b>26,357,613</b>       | <b>1,628,537</b>        |
|       | <b>Total [A + B]</b>   | <b>43,810,078</b>       | <b>20,956,293</b>       |

\* During the Current Reporting period, the method of depreciation has been changed from Written Down Value Method to Straight Line Method in order to match the Accounting Policy of the company with the Accounting Policy of the Holding Company M/s Mahindra Holidays and Resorts India Ltd. The Useful life of assets has been taken as prescribed under the Companies Act, 2013.

Consequent to the change in the method of Depreciation, an amount of Rs. 18,75,291.15 has been debited to Depreciation Reserve on account of changes in Schedule II.

## 4. Other Long Term Liabilities

| S. No | Particulars       | In Rs.                  |                         |
|-------|-------------------|-------------------------|-------------------------|
|       |                   | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | Security Deposits |                         |                         |
|       | Contractors       | 20,000                  | 200,128                 |
|       | <b>Total</b>      | <b>20,000</b>           | <b>200,128</b>          |

## 5. Deferred Tax Assets/Liabilities (Net)

| S. No | Particulars   | In Rs.                  |                         |
|-------|---|-------------------------|-------------------------|
|       |   | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | <b>Deferred Tax Liabilities</b>   |                         |                         |
|       | Fixed Assets: Impact of difference between tax depreciation and depreciation/amortization charged for Financial Reporting | 9,869,864               | 138,291                 |
|       | <b>Net Deferred Tax Liability</b>   | <b>9,869,864</b>        | <b>138,291</b>          |

## 6. Long Term Provisions

| S. No | Particulars                            | In Rs.                  |                         |
|-------|--|-------------------------|-------------------------|
|       |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | <b>Provision for Employee Benefits</b> |                         |                         |
|       | Provision for Leave Encashment         | 213,762                 | -                       |
|       | <b>Total</b>                           | <b>213,762</b>          | <b>-</b>                |

## 7. Trade Payables

| S. No | Particulars                         | In Rs.                  |                         |
|-------|-------------------------------------|-------------------------|-------------------------|
|       |                                     | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | <b>Trade Payables</b>               |                         |                         |
|       | Micro, Small and Medium Enterprises | -                       | -                       |
|       | Others                              | -                       | 5,584,951               |
|       | <b>Total</b>                        | <b>-</b>                | <b>5,584,951</b>        |

7.1 As at March 31, 2015, the company has no outstanding dues to small-scale industrial undertaking (March 31, 2014 : Nil)

Also, the company is in process of identifying the micro, small and medium enterprises as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'. However, based on the information so far available with the company in respect of enterprises so identified, there are no delays in the payment of dues to such enterprises.

## 8. Other Current Liabilities

| S. No | Particulars            | In Rs.                  |                         |
|-------|------------------------|-------------------------|-------------------------|
|       |                        | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | Advance From Customers | 1,427,969               | 2,262,622               |
| 2     | Statutory Dues         | 395,911                 | 1,658,738               |
| 3     | Expenses Payable       | 1,772,425               | 1,409,631               |
|       | <b>Total</b>           | <b>3,596,305</b>        | <b>5,330,991</b>        |

## 9. Short Term Provisions

| S. No | Particulars               | In Rs.                  |                         |
|-------|---------------------------|-------------------------|-------------------------|
|       |                           | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
|       | <b>Provisions</b>         |                         |                         |
| 1     | For Employees Benefits    | 690,621                 | 197,121                 |
| 2     | Proposed Dividend         | -                       | 7,000,000               |
| 3     | Dividend Distribution Tax | -                       | 1,189,650               |
| 4     | Provision for Income Tax  | 3,450,000               | 5,070,000               |
|       | <b>Total</b>              | <b>4,140,621</b>        | <b>13,456,771</b>       |

## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

## 10. Fixed Assets

In Rs.

| Particulars                  | GROSS BLOCK            |                  |                  |                            | DEPRECIATION           |  |   |                   |                           |                            | NET BLOCK                  |                            |
|------------------------------|------------------------|------------------|------------------|----------------------------|------------------------|--|---|-------------------|---------------------------|----------------------------|----------------------------|----------------------------|
|                              | As At<br>April 1, 2014 | Additions        | Sale             | As At<br>March 31,<br>2015 | Up To<br>April 1, 2014 | Adjustment<br>on account<br>of change in<br>method of Dep. | Amount to be<br>transferred to<br>Reserve | For the<br>period | Dep. On<br>Assets<br>Sold | Up To<br>March 31,<br>2015 | As At<br>March 31,<br>2015 | As At<br>March 31,<br>2014 |
| <b>(A) TANGIBLE ASSETS</b>   |                        |                  |                  |                            |                        |  |   |                   |                           |                            |                            |                            |
| Land*                        | 2,578,150              | -                | -                | 2,578,150                  | -                      | -  | -   | -                 | -                         | -                          | 2,578,150                  | 2,578,150                  |
| Building Hotel               | 58,171,049             | -                | -                | 58,171,049                 | 39,859,577             | (26,781,749)   | -   | 969,517           |                           | 14,047,346                 | 44,123,703                 | 18,311,472                 |
| Building Staff Accomo.       | 4,748,219              | -                | -                | 4,748,219                  | 2,836,626              | (1,332,156)  | -   | 79,137            |                           | 1,583,607                  | 3,164,612                  | 1,911,593                  |
| Plant & Machinery            | 33,560,089             | 391,000          | 3,335,291        | 30,615,798                 | 22,883,808             | 102,813  | 1,533,380                                 | 1,477,855         | 999,027                   | 24,998,830                 | 5,616,968                  | 10,676,281                 |
| Furniture & Fixtures         | 18,244,269             | -                | -                | 18,244,269                 | 16,220,490             | (892,572)  | 327,398                                   | 552,387           |                           | 16,207,703                 | 2,036,566                  | 2,023,779                  |
| Office Equipments            | 34,457                 | -                | -                | 34,457                     | 30,627                 | -  | 3,830                                     | -                 |                           | 34,457                     | 0                          | 3,829                      |
| Computer                     | 2,229,924              | 1,430,102        | -                | 3,660,026                  | 2,220,659              | -  | 9,265                                     | 210,651           |                           | 2,440,575                  | 1,219,451                  | 9,265                      |
| Vehicles                     | 685,760                | -                | -                | 685,760                    | 518,832                | (107,036)  | 1,418                                     | 70,234            |                           | 483,447                    | 202,313                    | 166,928                    |
| <b>(B) INTANGIBLE ASSETS</b> | -                      | -                | -                | -                          | -                      | -  | -   | -                 | -                         | -                          | -                          | -                          |
| <b>TOTAL (Rs) (A+B)</b>      | <b>120,251,917</b>     | <b>1,821,102</b> | <b>3,335,291</b> | <b>118,737,728</b>         | <b>84,570,620</b>      | <b>(29,010,700)</b>  | <b>1,875,291</b>                          | <b>3,359,781</b>  | <b>999,027</b>            | <b>59,795,965</b>          | <b>58,941,763</b>          | <b>35,681,296</b>          |
| Figures for<br>Previous Year | 126,005,830            | 1,826,266        | 7,580,179        | 120,251,917                | 86,446,430             | -  | -   | 4,708,802         | 6,584,612                 | 84,570,620                 | 35,681,296                 | 39,559,399                 |

\* The Land includes certain lands which are in possession of the company and over which the company has some builtup area. However the related title deeds are pending to be transferred in favour of the company and for which the company has applied for requisite permission to the government for transfer of lands in favour of the company.

## Depreciation and amortisation relating to continuing operations:

| Particulars  | March 31, 2015 |
|--|----------------|
| Depreciation and amortisation for the year on tangible assets    | (25,650,919)   |
| Depreciation and amortisation for the year on intangible assets  | -              |
| Less: Utilised from revaluation reserve                          | -              |
| Depreciation and amortisation relating to discounting operations | -              |
| Depreciation and amortisation relating to continuing operations  | (25,650,919)   |

## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

## 11. Long Term Loans and Advances

| S. No    | Particulars  | In Rs.                  |                         |
|----------|--|-------------------------|-------------------------|
|          |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| <b>1</b> | <b>Capital Advances</b>                            |                         |                         |
|          | Advance for purchase of Additional Land at Manali* | 10,960,000              | 10,910,000              |
|          | Advance for booking of cottages at Mussorrie       | -                       | 7,500,000               |
| <b>2</b> | <b>Security Deposit</b>                            |                         |                         |
|          | Security Deposit                                   | 406,019                 | 464,724                 |
|          | <b>Total</b>                                       | <b>11,366,019</b>       | <b>18,874,724</b>       |

\* The capital advances represents an advance for purchase of additional land for the Hotel in Manali. The Company has applied for requisite permission to the government for registration of the above land.

## 12. Inventories

| S. No | Particulars                                 | In Rs.                  |                         |
|-------|---|-------------------------|-------------------------|
|       |   | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | House Keeping, Stationery, Crockery & Engg. | 2,472,752               | 2,542,407               |
| 2     | Kitchen Supplies                            | 120,075                 | 198,949                 |
| 3     | Beverages & Smoke                           | 132,265                 | 214,160                 |
| 4     | Diesel & Fuel                               | 45,091                  | 44,688                  |
|       | <b>Total</b>                                | <b>2,770,183</b>        | <b>3,000,204</b>        |

## 13. Trade Receivables

| S. No | Particulars                          | In Rs.                  |                         |
|-------|--------------------------------------|-------------------------|-------------------------|
|       |                                      | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
|       | <b>Unsecured and Considered Good</b> |                         |                         |
| 1     | Outstanding for more than six months | 9,270                   | 278,648                 |
| 2     | Others*                              | 2,931,693               | 437,862                 |
|       | <b>Total</b>                         | <b>2,940,963</b>        | <b>716,510</b>          |

\* Other trade receivable includes an amount of Rs. 2,363,654 receivable from Holding Company M/s Mahindra Holidays and Resorts India Limited.

## 14. Cash &amp; Bank Balances

| S. No    | Particulars  | In Rs.                  |                         |
|----------|--|-------------------------|-------------------------|
|          |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| <b>1</b> | <b>Cash &amp; Cash Equivalents</b>   |                         |                         |
|          | Cash in Hand   | 26,801                  | 21,921                  |
|          | <b>Balances with banks</b>   |                         |                         |
|          | - Current Accounts   | 4,413,350               | 6,446,056               |
|          | - Deposit Accounts   | 5,000,000               | -                       |
| <b>2</b> | <b>Other Bank Balances</b>   |                         |                         |
|          | - Deposits with Original Maturity for more than 3 Months but less than 12 Months | 3,000,000               | 4,000,000               |
|          | <b>Total</b>   | <b>12,440,151</b>       | <b>10,467,977</b>       |

## 15. Short Terms Loans and Advances

| S. No    | Particulars  | In Rs.                  |                         |
|----------|--|-------------------------|-------------------------|
|          |  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| <b>1</b> | <b>Other Advances</b>  |                         |                         |
|          | Advance Taxes ( Including Tax Deducted at Source)            | 3,626,739               | 5,354,771               |
|          | Advance Recoverable in Cash or kind for value to be received | -                       | 1,500,000               |
|          | Staff Advances   | -                       | 6,200                   |
|          | <b>Total</b>   | <b>3,626,739</b>        | <b>6,860,971</b>        |

## 16. Other Current Assets

| S. No | Particulars      | In Rs.                  |                         |
|-------|------------------|-------------------------|-------------------------|
|       |                  | As At<br>March 31, 2015 | As At<br>March 31, 2014 |
| 1     | Prepaid Expenses | 386,375                 | 633,323                 |
| 2     | Accrued Interest | 8,437                   | 262,419                 |
|       | <b>Total</b>     | <b>394,812</b>          | <b>895,742</b>          |

## 17. Revenue from Operations

| S. No | Particulars  | In Rs.                       |                              |
|-------|--------------|------------------------------|------------------------------|
|       |              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Services     | 32,673,298                   | 36,010,462                   |
| 2     | Sales        | 19,405,591                   | 23,886,759                   |
|       | <b>Total</b> | <b>52,078,889</b>            | <b>59,897,221</b>            |

## 17.1 Detail of Services

| S. No | Particulars                     | In Rs.                       |                              |
|-------|---------------------------------|------------------------------|------------------------------|
|       |                                 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Room Rent                       | 27,722,449                   | 35,550,728                   |
| 2     | Fitness Center & Beauty Parlour | 495,733                      | 314,159                      |
| 3     | Laundry                         | 108,866                      | 145,575                      |
| 4     | Lease Rent Received             | 4,346,250                    | -                            |
|       | <b>Total</b>                    | <b>32,673,298</b>            | <b>36,010,462</b>            |

## 17.2 Detail of sale

| S. No | Particulars                      | In Rs.                       |                              |
|-------|----------------------------------|------------------------------|------------------------------|
|       |                                  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Food                             | 18,555,042                   | 22,853,428                   |
| 2     | Beverage, Soft Drinks and Smokes | 850,549                      | 1,033,331                    |
|       | <b>Total</b>                     | <b>19,405,591</b>            | <b>23,886,759</b>            |

## 18. Other Income

| S. No | Particulars                    | In Rs.                       |                              |
|-------|--------------------------------|------------------------------|------------------------------|
|       |                                | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Interest on FDR's              | 200,796                      | 445,769                      |
| 2     | Other Non Operating Income     | 695,536                      | 627,904                      |
| 3     | Profit on Sale of Fixed Assets | -                            | 504,434                      |
| 4     | Balances Written Back          | -                            | 509,700                      |
|       | <b>Total</b>                   | <b>896,332</b>               | <b>2,087,807</b>             |

## 19. Cost of Material Consumed

| S. No | Particulars                            | In Rs.                       |                              |
|-------|--|------------------------------|------------------------------|
|       |  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Food & Kitchen Provisions              | 4,534,417                    | 4,372,158                    |
| 2     | Beverage, Soft Drinks & Smoke Consumed | 354,024                      | 554,025                      |
| 3     | Other Consumptions                     | 4,793,159                    | 3,690,234                    |
|       | <b>Total</b>                           | <b>9,681,600</b>             | <b>8,616,417</b>             |

## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

## 20. Other Expenses

| S. No    | Particulars                               | In Rs.                       |                              |
|----------|---|------------------------------|------------------------------|
|          |   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>A</b> | <b>Operating Expenses</b>                 |                              |                              |
| 1        | Electricity and Water                     | 3,435,490                    | 3,810,534                    |
| 2        | Gas and Fuel                              | 1,377,446                    | 1,374,582                    |
| 3        | Laundry Expenses                          | 352,519                      | 386,736                      |
| 4        | Audio, Video & Musical Show               | 971,449                      | 906,261                      |
| 5        | Royalty                                   | 653,815                      | 1,722,752                    |
| 6        | Maintenance Supplies                      | 459,626                      | 414,882                      |
| 7        | Telephone Expenses                        | 162,189                      | 266,907                      |
| 8        | Guest Relation Expenses                   | 191,504                      | 82,397                       |
| 9        | Travel Agent Commission                   | 3,817,130                    | 3,584,682                    |
| 10       | Health Club Expenses                      | 63,948                       | 55,547                       |
| 11       | Other Expenses                            | 172,253                      | 188,138                      |
| 12       | Discount                                  | -                            | -                            |
| 13       | Freight & Cartage                         | 138,817                      | 94,143                       |
|          | <b>Sub Total (A)</b>                      | <b>11,796,184</b>            | <b>12,887,561</b>            |
| <b>B</b> | <b>Other Expenses</b>                     |                              |                              |
| 1        | Printing and Stationery                   | 862,912                      | 433,288                      |
| 2        | Advertisement                             | 1,136,851                    | 3,242,286                    |
| 3        | Insurance                                 | 474,695                      | 557,790                      |
| 4        | Communication Expenses                    | 10,740                       | 38,717                       |
| 5        | Travelling Expenses                       | 590,605                      | 491,529                      |
| 6        | Conveyance                                | 241,379                      | 719,032                      |
| 7        | Legal & Professional Charges              | 412,556                      | 918,430                      |
| 8        | Repair & Maintenance: Building            | 892,933                      | 777,937                      |
|          | Plant & Mach.                             | 560,763                      | 503,139                      |
|          | Others                                    | 133,520                      | 517,725                      |
| 9        | Auditors' Remuneration<br>(Refer Note 22) | 325,039                      | 52,352                       |
| 10       | Marketing and Reservation<br>Expenses     | 679,577                      | 1,076,969                    |
| 11       | Loss on sale of fixed Assets              | 2,311,176                    | -                            |
| 12       | Miscellaneous Expenses                    | 373,155                      | 208,493                      |
| 13       | Bank Charges                              | 274,618                      | 374,880                      |
| 14       | Balances Written Off                      | -                            | 71,654                       |
| 15       | Foreign Exchange Fluctuation              | -                            | (1,158)                      |
|          | <b>Sub Total (B)</b>                      | <b>9,280,519</b>             | <b>9,983,063</b>             |
|          | <b>Grand Total (A+B)</b>                  | <b>21,076,703</b>            | <b>22,870,623</b>            |

## 21. Employee Benefit Expense

| S. No | Particulars                                      | In Rs.                       |                              |
|-------|--|------------------------------|------------------------------|
|       |  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Salaries   | 8,189,995                    | 8,334,391                    |
| 2     | Contribution to Provident Funds &<br>Other heads | 497,459                      | 417,023                      |
| 3     | Staff welfare                                    | 1,269,734                    | 1,657,650                    |
|       | <b>Total</b>                                     | <b>9,957,188</b>             | <b>10,409,064</b>            |

## 22. Auditors Remuneration

| S. No | Particulars            | In Rs.                       |                              |
|-------|------------------------|------------------------------|------------------------------|
|       |                        | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| 1     | Audit Fees             | 224,720                      | 35,956                       |
| 2     | Tax Audit Fees         | 56,180                       | 11,236                       |
| 3     | Out of Pocket Expenses | 10,431                       | 5,160                        |
| 4     | Professional services  | 33,708                       | -                            |
|       | <b>Total</b>           | <b>325,039</b>               | <b>52,352</b>                |

## 23. Foreign Exchange Earning and Expenditures

| S. No    | Particulars                  | In Rs.                       |                              |
|----------|------------------------------|------------------------------|------------------------------|
|          |                              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>1</b> | <b>Earnings</b>              | -                            | 1,773,937                    |
| <b>2</b> | <b>Expenditures</b>          |                              |                              |
|          | - Royalty & Related Payments | 1,233,461                    | 2,780,489                    |
|          | - Others                     | -                            | -                            |

## 24. As per Accounting Standard 18 'Related Party Disclosure', the required information is given below:

## 1. Detail of Related Parties

|    |  |                     |
|----|--|---------------------|
| a) | Mr. Dinesh Shivanna Shetty                             | Additional Director |
| b) | Mr. Ravindra Nath Khanna                               | Additional Director |
| c) | Mr. Ajay Agarwal                                       | Additional Director |
| d) | M/s Mahindra Holidays and<br>Resorts India Ltd (MHRIL) | Holding Company     |

## 2. Detail of transactions with related parties is as follows:

| S. No | Nature of Transaction   | Transactions<br>Placed with | Amount (Rs.) |
|-------|---|-----------------------------|--------------|
| 1     | Income from Room Rental   | MHRIL                       | 4,346,250    |
| 2     | Salaries paid by related party on<br>behalf of the company                    | MHRIL                       | 979,975      |
| 3     | Amounts paid by related party to/on<br>behalf of the company                  | MHRIL                       | 5,258,812    |
| 4     | Credit Card payments received<br>by related party on behalf of the<br>company | MHRIL                       | 5,805,934    |
| 5     | Amount debited by Company to<br>related party towards booking                 | MHRIL                       | 74,293       |

## 3. Closing Balances of Related Parties

| S. No | Particulars                   | Related Party | Amount (Rs.) |
|-------|-------------------------------|---------------|--------------|
| 1     | Short Term Loans and Advances | MHRIL         | 2,363,655    |

## 25. Employee Benefits

- A. Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are incurred.
- B. The company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all regular employees. The liability of Gratuity has been covered under the Group Gratuity Insurance Plan with Life Insurance Corporation of India. Provision for Gratuity has been booked by the company on the basis of actuarial valuation of Gratuity in excess of the Fund value with Life Insurance Corporation of India.

## NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

| Particulars                                   | In Rs.                  |
|---|-------------------------|
|   | As at<br>March 31, 2015 |
| Present value of commitment                   | 1,392,539               |
| Fair value of plan assets                     | 1,138,483               |
| Net liability recognised in the balance sheet | 254,056                 |

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

| Particulars                      | As at<br>March 31, 2015          |
|----------------------------------|----------------------------------|
|                                  | Rate for discounting liabilities |
| Expected salary increase rate    | 5.00%                            |
| Expected return on scheme assets | -                                |
| Withdrawal rates                 | 3%                               |
| Mortality table used             | IALM (2006-08) Unit              |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined.

| Particulars                               | In Rs.<br>As at<br>March 31, 2015 |
|---|-----------------------------------|
|   | Present value of commitment       |
| Fair value of the Plans                   | -                                 |
| Surplus/(Deficit)                         | -                                 |
| Experience adjustment on plan liabilities | 115,437                           |
| Experience adjustment on plan assets      | -                                 |

- C. As per the current employment policy of the company, employees can carry forward accumulated leave balances as per company's leave policy which can be utilized in the subsequent years. Leave encashment costs, which are defined benefits, are based on actuarial valuations on projected unit credit method made at the balance sheet date. The Actuarial assumptions used for calculating the Leave encashment liability of the company are:

|                        |   |                  |
|------------------------|---|------------------|
| Retirement Age         | 58 years                                |                  |
| Mortality Rate         | IALM (2006-08) Ultimate Mortality Table |                  |
| Withdrawal Rate        | Ages 18-30                              | 3.00 % per annum |
|                        | Ages 31-44                              | 2.00 % per annum |
|                        | Ages 45-58                              | 1.00 % per annum |
|                        | Discount Rate                           | 8.00 % per annum |
| Salary Escalation Rate | 5.00 % per annum                        |                  |

26. During the Current Reporting period, the method of depreciation has been changed from Written Down Value Method to Straight Line Method in order to match the Accounting Policy of the company with the Accounting Policy of the Holding Company M/s Mahindra Holidays and Resorts India Ltd. The Useful life of assets has been taken as prescribed under the Companies Act, 2013. Consequently, an amount of Rs. 29,010,700 has been credited to the Statement of Profit and Loss, being the difference between the depreciation as per the Straight Line Method and Depreciation as per the Written Down Value Method. Therefore the Profits for the Current year has been overstated by Rs. 29,010,700.
27. Provision for Taxation is made on the basis of estimated taxable income computed in accordance with the relevant Income Tax Laws.
28. Outstanding Balances as at March 31, 2015 in respect of Sundry Debtors, Creditors and Loans & Advances are Subject to Confirmation and Reconciliation
29. Previous year figures are regrouped, rearranged and reclassified wherever deemed necessary in order to make them comparable with the current year figures.

As per our report on even date

**For LAMBA VIJ & Co.**

Chartered Accountants

|                     |                              |
|---------------------|------------------------------|
| <b>Ajay Agarwal</b> | <b>Ravindera Nath Khanna</b> |
| Director            | Director                     |

**Vikash Agarwal**

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

**CORPORATE DATA**

|   |   |  |                                     |
|---|---|--|-------------------------------------|
| <b>DIRECTORS</b>  | : | Zakir Hussein Niamut   | <b>Appointed on</b><br>26 June 2014 |
|   |   | Teemulsingh Luchowa  | 26 June 2014                        |
|   |   | Dinesh Shivanna Shetty   | 26 June 2014                        |
| <b>ADMINISTRATOR,<br/>SECRETARY &amp;<br/>MAURITIAN TAX<br/>AGENT</b> | : | International Financial Services Limited<br>IFS Court<br>TwentyEight<br>Cybercity<br>Ebene<br>Republic of Mauritius    |                                     |
| <b>REGISTERED OFFICE</b>  | : | IFS Court<br>TwentyEight<br>Cybercity<br>Ebene<br>Republic of Mauritius  |                                     |
| <b>AUDITORS</b>   | : | Grant Thornton<br>Ebene Tower<br>52 Cybercity<br>Ebene<br>Republic of Mauritius  |                                     |
| <b>BANKER</b>   | : | HSBC Bank (Mauritius) Limited<br>6 <sup>th</sup> Floor, HSBC Centre<br>18, Cybercity<br>Ebene<br>Republic of Mauritius |                                     |

## **COMMENTARY OF THE DIRECTORS FROM THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

The Directors present the audited financial statements of MHR Holdings (Mauritius) Ltd, the “Company”, for the period from 26 June 2014 (Date of Incorporation) to 31 March 2015.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to hold investments.

### **RESULTS**

The results of the are shown in the statement of comprehensive income and related notes.

### **DIRECTORS**

The present membership of the Board is set out in this Report.

### **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company Law requires the Directors to prepare financial statements for each financial year, which presents fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance

with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act, 2001 for Companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act, 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS**

The Auditors, Grant Thornton, have indicated their willingness to continue in office until the next Annual General Meeting.

### **CERTIFICATE FROM THE SECRETARY UNDER SECTION 166(d) OF THE MAURITIUS COMPANIES ACT 2001**

We certify, to the best of our knowledge and belief, that we have filed with the registrar of Companies all such returns as are required of MHR Holdings (Mauritius ) Ltd. under the Mauritius Companies Act, 2001 for the period ended 31 March, 2015.

For International Financial Services Limited

Sd/-  
Secretary

Registered Office:  
IFS Court  
Twenty Eight  
Cyber City  
Ebene  
Republic of Mauritius

Date: 30 April 2015



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MHR HOLDINGS (MAURITIUS) LTD**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibilities for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements on pages 888 to 897 give a true and fair view of the financial position of the Company as at 31 March 2015, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the requirements of the Mauritius Companies Act 2001.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

### **Other Matters**

This report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

**Grant Thornton**  
**Chartered Accountants**

**K RAMCHURUN, FCCA**  
**Licensed by FRC**

**Date: 30 April 2015**

**Ebene, Republic of Mauritius**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

|  | Notes | For the<br>period from<br>26/06/14 to<br>31/3/2015 | For the<br>period from<br>26/06/14 to<br>31/3/2015 |
|--|-------|--|--|
|  |       | EUR  | INR  |
| <b>INCOME</b>  |       |  |  |
| Interest income .....  | 10    | 97,093   | 6,568,827  |
| <b>Total Income</b> .....  |       | <u>97,093</u>                                      | <u>6,568,827</u>                                   |
| <b>EXPENDITURE</b>   |       |  |  |
| Interest Expense .....   | 11    | 195,350  | 13,216,404   |
| Professional fees .....  | 12    | 55,821   | 3,776,570  |
| Audit fees .....   |       | 4,000  | 270,620  |
| Bank charges .....   |       | 1,424  | 96,341   |
| Licence fees .....   |       | 372  | 25,168   |
| <b>Total Expenses</b> .....  |       | <u>256,967</u>                                     | <u>17,385,102</u>                                  |
| <b>Loss before tax</b> .....   |       | (159,874)  | (10,816,275)                                       |
| Tax Expense .....  | 8     | -  | -  |
| <b>Loss for the period</b> .....   |       | <u>(159,874)</u>                                   | <u>(10,816,275)</u>                                |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |  |  |
| Items that will not be reclassified subsequently to profit or loss ..... |       | -  | -  |
| Items that will be classified subsequently to profit or loss .....       |       | -  | -  |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b> .....       |       | -  | -  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b> .....                     |       | <u>(159,874)</u>                                   | <u>(10,816,275)</u>                                |

The Notes form an integral part of these Financial Statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

|   | Notes | As at<br>31st March 15<br>EUR | As at<br>31st March 15<br>INR |
|---|-------|-------------------------------|-------------------------------|
| <b>ASSETS</b> .....                       |       |                               |                               |
| <b>Non-Current Assets</b>                 |       |                               |                               |
| Investment in subsidiary.....             | 9     | 7,182,500                     | 485,932,038                   |
| Loans.....                                | 10    | 3,711,920                     | 251,129,948                   |
|   |       | <u>10,894,420</u>             | <u>737,061,985</u>            |
| <b>Current Assets</b>                     |       |                               |                               |
| Prepayments.....                          |       | 1,287                         | 87,072                        |
| Cash and cash equivalents.....            |       | 58,147                        | 3,933,935                     |
|   |       | <u>59,434</u>                 | <u>4,021,007</u>              |
| <b>TOTAL ASSETS</b> .....                 |       | <u>10,953,854</u>             | <u>741,082,992</u>            |
| <b>EQUITY AND LIABILITIES</b>             |       |                               |                               |
| <b>Equity</b>                             |       |                               |                               |
| Stated capital.....                       | 13    | 145,000                       | 9,809,975                     |
| Loss for the period .....                 |       | (159,874)                     | (10,816,275)                  |
| Total Equity .....                        |       | <u>(14,874)</u>               | <u>(1,006,300)</u>            |
| <b>Liabilities</b>                        |       |                               |                               |
| <b>Non-current liabilities</b> .....      |       |                               |                               |
| Borrowings.....                           | 11    | 10,850,000                    | 734,056,750                   |
|   |       | <u>10,850,000</u>             | <u>734,056,750</u>            |
| <b>Current Liabilities</b>                |       |                               |                               |
| Borrowings.....                           | 11    | 74,562                        | 5,044,492                     |
| Accruals .....                            |       | 44,166                        | 2,988,051                     |
|   |       | <u>118,728</u>                | <u>8,032,543</u>              |
| Total Liabilities.....                    |       | <u>10,968,728</u>             | <u>742,089,293</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b> ..... |       | <u>10,953,854</u>             | <u>741,082,992</u>            |

Approved by the Board of Directors on 30 April 2015 and signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The Notes form an integral part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

|   | <u>Stated<br/>capital</u> | <u>Loss for the<br/>period</u> | <u>Total</u>    |
|---|---------------------------|--------------------------------|-----------------|
|   | EUR                       | EUR                            | EUR             |
| Issue of shares .....                         | 145,000                   | -                              | 145,000         |
| Transactions with the shareholder .....       | 145,000                   | -                              | 145,000         |
| Loss for the period .....                     | -                         | (159,874)                      | (159,874)       |
| Other comprehensive income .....              | -                         | -                              | -               |
| Total comprehensive loss for the period ..... | -                         | (159,874)                      | (159,874)       |
| Balance at 31 March 2015 .....                | <u>145,000</u>            | <u>(159,874)</u>               | <u>(14,874)</u> |

|   | <u>Stated<br/>capital</u> | <u>Loss for the<br/>period</u> | <u>Total</u>       |
|---|---------------------------|--------------------------------|--------------------|
|   | INR                       | INR                            | INR                |
| Issue of shares .....                         | 9,809,975                 | -                              | 9,809,975          |
| Transactions with the shareholder .....       | 9,809,975                 | -                              | 9,809,975          |
| Loss for the period .....                     | -                         | (10,816,275)                   | (10,816,275)       |
| Other comprehensive income .....              | -                         | -                              | -                  |
| Total comprehensive loss for the period ..... | -                         | (10,816,275)                   | (10,816,275)       |
| Balance at 31 March 2015 .....                | <u>9,809,975</u>          | <u>(10,816,275)</u>            | <u>(1,006,300)</u> |

The Notes form an integral part of these Financial Statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

|  | 2015               | 2015               |
|--|--------------------|--------------------|
|  | EUR                | INR                |
| <b>Operating activities</b>  |                    |                    |
| Loss before tax .....  | (159,874)          | (10,816,275)       |
| <i>Adjustments for:</i>  |                    |                    |
| Interest income .....  | (97,093)           | (6,568,827)        |
| Interest expense .....   | 195,350            | 13,216,404         |
|  | <u>(61,617)</u>    | <u>(4,168,698)</u> |
| <i>Changes in working capital:</i>   |                    |                    |
| Increase in prepayments.....   | (1,287)            | (87,072)           |
| Increase in accruals.....  | 44,166             | 2,988,051          |
| <b>Net cash used in operations</b> .....                                     | <u>42,879</u>      | <u>2,900,979</u>   |
| Interest received .....  | 69,173             | 4,679,899          |
| Interest paid .....  | (120,788)          | (8,171,912)        |
| <b>Net cash used in operating activities</b> .....                           | <u>(8,736)</u>     | <u>(591,034)</u>   |
| <b>Investing activities</b>  |                    |                    |
| Investments in subsidiary.....   | 7,182,500          | 485,932,038        |
| <b>Net cash used in investing activities</b> .....                           | <u>(7,182,500)</u> | <u>485,932,038</u> |
| <b>Financing activities</b>  |                    |                    |
| Loans from bank.....   | 10,850,000         | 734,056,750        |
| Proceeds from issue of shares .....  | 145,000            | 9,809,975          |
| Loans to subsidiary .....  | (3,800,000)        | (257,089,000)      |
| Loans repaid by subsidiary.....  | 116,000            | 7,847,980          |
| <b>Net cash from financing activities</b> .....                              | <u>7,311,000</u>   | <u>494,625,705</u> |
| <b>Net change in cash and cash equivalents and as at 31 March 2015</b> ..... | <u>58,147</u>      | <u>3,933,935</u>   |
| <b>Cash and cash equivalents made up of:</b>                                 |                    |                    |
| Cash at bank .....   | <u>58,147</u>      | <u>3,933,935</u>   |

The Notes form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015

### 1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 26 June 2014 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, TwentyEight, Cybercity, Ebene, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

### 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### 2.1 New and revised standards that are effective for the period beginning on 26 June 2014

In the current period, the following new and revised standards issued by the International Accounting Standards Board ("IASB") are mandatory for the first time for the financial period beginning on 26 June 2014:

|                        |   |
|------------------------|---|
| IAS 32                 | Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)        |
| IFRS 10, 12 and IAS 27 | Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)                     |
| IFRIC 21               | Levies  |
| IAS 36                 | Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)      |
| IAS 39                 | Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) |

The directors have assessed the impact of these revised standards and amendments and concluded that none of these have an impact on the disclosure of these financial statements.

#### 2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published by the IASB but not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new Standards, Amendments and Interpretations is provided below.

|                    |  |
|--------------------|--|
| IAS 19             | Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)   |
| IAS 16 and IAS 38  | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)                   |
| IFRS 16 and IAS 41 | Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41)   |
| IAS 27             | Equity Method in Separate Financial Statements (Amendments to IAS 27)  |
| IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) |
| IFRS 11            | Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)                                     |

|                             |   |
|-----------------------------|---|
| IFRS 14                     | Regulatory Deferral Accounts  |
| IFRS 15                     | Revenue from Contracts with Customers   |
| IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) |
| IAS 1                       | Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)                      |
| IFRS 9                      | Financial Instruments (2014)  |
| Various                     | Annual Improvements to IFRSs 2010-2012, 2011-2013 and 2012-2014 cycles                                |

### 3 SUMMARY OF ACCOUNTING POLICIES

#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

#### 3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

#### 3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

#### 3.5 Financial instruments

##### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and loans fall into this category of financial instruments.

**Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities consist of borrowings and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.6 Consolidated financial statements**

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

**3.7 Investment in subsidiary**

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

**3.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.9 Equity**

Stated capital represents the value of shares that have been issued.

Loss for the period includes current period results as disclosed in the statement of comprehensive income.

**3.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

**3.11 Related parties**

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

**3.12 Foreign currency translation**

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**3.13 Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

**3.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs.

**3.15 Set up costs**

Set up costs are written off in the period in which they arise.

**3.16 Comparatives**

No comparatives figures are presented as it is the first financial statements since the Company's incorporation date.

**4 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Significant management judgement**

The following is the significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

**Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Impairment of investments in subsidiary*

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

*Impairment of loans to subsidiary*

The Company reviews its significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

**5 FINANCIAL INSTRUMENT RISK****Risk management objectives and policies**

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

|  | 2015              | 2015               |
|--|-------------------|--------------------|
|  | EUR               | INR                |
| <b>Financial assets</b>                                  |                   |                    |
| <i>Loans and receivables:</i>                            |                   |                    |
| <b>Non-current</b>                                       |                   |                    |
| Loans  | 3,711,920         | 251,129,948        |
| <b>Current</b>   |                   |                    |
| Cash and cash equivalents                                | 58,147            | 3,933,935          |
| <b>Total financial assets</b>                            | <b>3,770,067</b>  | <b>255,063,883</b> |
| <b>Financial liabilities</b>                             |                   |                    |
| <i>Financial liabilities measured at amortised cost:</i> |                   |                    |
| <b>Non-current</b>                                       |                   |                    |
| Borrowings   | 10,850,000        | 734,056,750        |
| <b>Current</b>   |                   |                    |
| Borrowings   | 74,562            | 5,044,492          |
| Accruals   | 44,166            | 2,988,051          |
|  | 118,728           | 8,032,543          |
| <b>Total financial liabilities</b>                       | <b>10,968,728</b> | <b>742,089,293</b> |

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

**5.1 Market risk analysis**

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

**(i) Foreign currency sensitivity**

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro which is the functional currency of the Company.

**The currency profile of its financial assets and liabilities is as follows:**

|                            | Financial<br>assets<br>2015 | Financial<br>assets<br>2015 | Financial<br>liabilities<br>2015 | Financial<br>liabilities<br>2015 |
|----------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------------|
|                            | EUR                         | INR                         | EUR                              | INR                              |
| <b>Long term exposure</b>  |                             |                             |                                  |                                  |
| Euro (EUR)                 | 3,711,920                   | 251,129,948                 | 10,850,000                       | 734,056,750                      |
| <b>Short term exposure</b> |                             |                             |                                  |                                  |
| Euro (EUR)                 | 58,147                      | 3,933,935                   | 74,562                           | 5,044,492                        |
| United States Dollar (USD) | -                           | -                           | 44,166                           | 2,988,051                        |
|                            | <b>3,770,067</b>            | <b>255,063,883</b>          | <b>10,968,728</b>                | <b>742,089,293</b>               |

**(ii) Interest rate sensitivity**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited.

The Company's interest rate risk arises principally from the bank borrowings from HSBC Bank (Mauritius) Limited which are at variable interest rates. The Company manages its Cash flow interest rate risk by using floating to fixed rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

**Loans from HSBC Bank (Mauritius) Limited**

The Company has taken the following loans from HSBC Bank (Mauritius) Limited.

**Loan of EUR 6,850,000 (INR 463,436,750)**

The bank loan of EUR 6,850,000 (INR 463,436,750) from HSBC Bank (Mauritius) Limited bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 11 (ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months. Since the Interest Rate is fixed, the Company is therefore not exposed to interest rate risk on this loan.



**Loan of EUR 4,000,000 (INR 270,620,000)**

The bank loan of EUR 4,000,000 (INR 270,620,000) from HSBC Bank (Mauritius) Limited carries interest at EURIBOR 6 months plus Margin of 1.95% on floating basis (Note 11 (ii) to these financial statements). The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months. This is a floating rate loan and the interest risk is covered with an IRS.

Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hike. Therefore the Company is not affected with interest rate fluctuations.

**5.2 Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

|                           | 2015             | 2015               |
|---------------------------|------------------|--------------------|
|                           | EUR              | INR                |
| <b>ASSETS</b>             |                  |                    |
| <b>Non-current</b>        |                  |                    |
| Loans                     | 3,711,920        | 251,129,948        |
| <b>Current assets</b>     |                  |                    |
| Cash and cash equivalents | 58,147           | 3,933,935          |
|                           | <u>3,770,067</u> | <u>255,063,883</u> |

- (i) The Company has given loans to its subsidiary, which are unsecured, carry interest at 4% per annum and receivable in two years time. Since the loans are contractual, the directors consider that no credit risk is associated with these loans.
- (ii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.
- (iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.
- (iv) The loans to subsidiary are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

**5.3 Liquidity risk analysis**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

|              | Less than<br>1 year | Less than<br>1 year | More than<br>1 year | More than<br>1 year |
|--------------|---------------------|---------------------|---------------------|---------------------|
|              | EUR                 | INR                 | EUR                 | INR                 |
| Borrowings   | 74,562              | 5,044,492           | 10,850,000          | 734,056,750         |
| Accruals     | 44,166              | 2,988,051           | -                   | -                   |
| <b>Total</b> | <u>118,728</u>      | <u>8,032,543</u>    | <u>10,850,000</u>   | <u>734,056,750</u>  |

**6 FAIR VALUE MEASUREMENT****6.1 Fair value measurement of financial instruments**

The Company's financial assets and financial liabilities are measured at their carrying amounts, which approximate their fair values.

**6.2 Fair value measurement of non-financial instruments**

The Company's non-financial assets consist of only prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

**7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

At 31 March 2015, the Company was fully geared since it relies on external borrowings to finance its operations.

**8 TAXATION****(i) Income tax**

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Capital gains from sales of units and securities are exempt from income tax in the Republic of Mauritius.

The Company has received tax residence certificates from the Mauritian authorities that it is a tax resident of the Republic of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and which is eligible to obtain benefits under the double tax treaty between the Republic of Mauritius and the Republic of India.

At 31 March 2015, the Company has a tax loss of EUR 123,295 (INR 8,341,523) which will be carried forward and available for set off against future taxable profit up to the year ending 31 March 2020.

The foregoing is based on current interpretation and practice and is subject to any future changes in tax laws and in the double tax treaty between the Republic of India and the Republic of Mauritius.

**(ii) Deferred tax**

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2015, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

**(iii) Income tax reconciliation**

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

|                                   | 2015      | 2015         |
|-----------------------------------|-----------|--------------|
|                                   | EUR       | INR          |
| Loss for the period               | (159,874) | (10,816,275) |
| Tax calculated at the rate of 3%  | (4,796)   | (324,473)    |
| Non-allowable expenses            | 1,097     | 74,218       |
| Deferred tax asset not recognised | 3,699     | 250,256      |
| Tax expense                       | -         | -            |

**9 INVESTMENTS IN SUBSIDIARY**

|  | 2015             | 2015               |
|--|------------------|--------------------|
|  | EUR              | INR                |
| <b>(i) Unquoted investment at cost:</b>        |                  |                    |
| Acquisition of equity shares during the period | 17,500           | 1,183,963          |
| Funds contributed during the period            | 7,165,000        | 484,748,075        |
| At 31 March 2015                               | <u>7,182,500</u> | <u>485,932,038</u> |

## (ii) Details pertaining to the unquoted investments are as follows:

| Name of investee company | Country of Incorporation | Type of investments | Number of shares | Cost 2015        | Cost 2015          |
|--------------------------|--------------------------|---------------------|------------------|------------------|--------------------|
|                          |                          |                     |                  | EUR              | INR                |
| Covington S.à.r.l        | Luxembourg               | Equity              | 12,500           | 17,500           | 1,183,963          |
| Covington S.à.r.l        | Luxembourg               | Non-equity          | 12,500           | 7,165,000        | 484,748,075        |
|                          |                          |                     |                  | <u>7,182,500</u> | <u>485,932,038</u> |

(iii) Pursuant to a Share Sale and Purchase Agreement dated 17 July 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500 (INR 1,183,963).

(iv) Pursuant to Contribution Agreements dated 31 July 2014 and 10 November 2014 between the Company (the "Contributor") and Covington S.à.r.l (the "Receiver"), the Contributor granted EUR 3,165,000 (INR 214,128,075) and EUR 4,000,000 (INR 270,620,000) respectively to the Receiver.

(v) The directors have assessed the recoverable amount of the investments (equity and non-equity) and confirmed that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

## 10 LOANS

|                             | 2015             | 2015               |
|-----------------------------|------------------|--------------------|
|                             | EUR              | INR                |
| <i>Loans to subsidiary:</i> |                  |                    |
| Non-current                 |                  |                    |
| Principal amounts           | 3,684,000        | 249,241,020        |
| Interest receivable         | 27,920           | 1,888,928          |
| Total                       | <u>3,711,920</u> | <u>251,129,948</u> |

(i) The movement during the period on the loans is as follows:

|                                     | 2015             | 2015               |
|-------------------------------------|------------------|--------------------|
|                                     | EUR              | INR                |
| Loans granted during the period     | 3,800,000        | 257,089,000        |
| Loans repaid during the period      | (116,000)        | (7,847,980)        |
| Interest income for the period      | 97,093           | 6,568,827          |
| Interest received during the period | (69,173)         | (4,679,899)        |
| At 31 March                         | <u>3,711,920</u> | <u>251,129,948</u> |

Pursuant to Loan Agreements dated 31 July 2014, 25 August 2014 and 10 September 2014 between the Company (the "Lender") and Covington S.à.r.l (the "Borrower"), the Company advanced funds to the Borrower amounting to EUR 3,500,000 (INR 236,792,500), EUR 200,000 (INR 13,531,000) and EUR 100,000 (INR 6,765,500) respectively bearing interest of 4% per annum and receivable in two years time. During the period under review, part of the principal amounts and interest were repaid.

## 11 BORROWINGS

|                    | 2015              | 2015               |
|--------------------|-------------------|--------------------|
|                    | EUR               | INR                |
| <b>Non-current</b> |                   |                    |
| Principal amounts  | 10,850,000        | 734,056,750        |
| <b>Current</b>     |                   |                    |
| Interest payable   | 74,562            | 5,044,492          |
| <b>Total</b>       | <u>10,924,562</u> | <u>739,101,242</u> |

(i) The movement during the period on the borrowings is as follows:

|   | 2015              | 2015               |
|---|-------------------|--------------------|
|   | EUR               | INR                |
| <i>Loans taken during the period:</i>   |                   |                    |
| HSBC Bank (Mauritius) Limited           | 10,850,000        | 734,056,750        |
| <i>Interest element for the period:</i> |                   |                    |
| Interest expense                        | 200,238           | 13,547,102         |
| Gain on interest rate swap              | (4,888)           | (330,698)          |
| Interest payment                        | (120,788)         | (8,171,912)        |
| At 31 March                             | <u>10,924,562</u> | <u>739,101,242</u> |

(ii) **Bank loans**

**Loan of EUR 6,850,000 (INR 463,436,750)**

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 31 July 2014 whereby the loan is repayable on 04 August 2019. The loan bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to USD 36,762 (INR 2,302,772).

**Loan of EUR 4,000,000 (INR 270,620,000)**

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited (the "Lender") on floating basis. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to USD 37,800 (INR 2,367,792). This is a floating rate loan and the interest risk is covered with an IRS.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 11,200,000 (INR 757,736,000)) should be paid to the Guarantor until the loans are fully repaid. At 31 March 2015, an amount of EUR 33,831 (INR 2,288,836) was charged as commission.

**12 PROFESSIONAL FEES**

|  | 2015          | 2015             |
|--|---------------|------------------|
|  | EUR           | INR              |
| Administration fees and disbursements            | 16,018        | 1,083,698        |
| Directors' fees                                  | 1,414         | 95,664           |
| Fees for tax filings                             | 962           | 65,084           |
| Secretarial fees                                 | 848           | 57,371           |
| Fees for process agent                           | 489           | 33,083           |
| CDD verification fees                            | 377           | 25,506           |
| Fees for issue of legal opinion                  | 1,882         | 127,327          |
| Commissions on Corporate Guarantee (Note 11(ii)) | 33,831        | 2,288,836        |
|  | <u>55,821</u> | <u>3,776,570</u> |

All set up costs were borne by the holding company prior to the incorporation of the Company.

**14 RELATED PARTY TRANSACTIONS**

During the period ended 31 March 2015, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

| Name of companies   | Nature of Relationship                           | Nature of transactions                | Volume of transactions | Volume of transactions | Debit/(credit) balances at 31-Mar-15 | Debit/(credit) balances at 31-Mar-15 |
|---|--|---------------------------------------|------------------------|------------------------|--------------------------------------|--------------------------------------|
|   |  |                                       | EUR                    | INR                    | EUR                                  | INR                                  |
| Covington S.à.r.l.<br>(Note 10 (i))                           | Subsidiary                                       | Loans                                 | 3,800,000              | 257,089,000            | 3,711,920                            | 251,129,948                          |
| Mahindra Holidays and Resorts India Limited<br>(Note 11 (ii)) | Holding company                                  | Commission on Corporate Guarantee     | 33,831                 | 2,288,836              | (33,831)                             | (2,288,836)                          |
| International Financial Services Limited                      | Administrator, Secretary and Mauritius Tax Agent | Administration fees and disbursements | 16,018                 | 1,083,698              | (6,335)                              | (428,594)                            |
| International Financial Services Limited                      | Administrator, Secretary and Mauritius Tax Agent | Professional fees                     | 3,224                  | 218,120                | 1,074                                | 72,661                               |

**15 CONTINGENT LIABILITIES**

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2015.

**16 EVENTS AFTER THE REPORTING PERIOD**

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2015 financial statements.

**13 STATED CAPITAL**

|                                      | 2015           | 2015             |
|--------------------------------------|----------------|------------------|
|                                      | EUR            | INR              |
| <b>Issued and paid:</b>              |                |                  |
| 145,000 Ordinary shares of EUR1 each | <u>145,000</u> | <u>9,809,975</u> |

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

**17 HOLDING COMPANIES**

The directors consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

- 18** FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 67.655 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2015.

## DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company for the period ended 31<sup>st</sup> March, 2015.

Your Company became a wholly owned subsidiary of MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings), from 17<sup>th</sup> July, 2014, and in turn a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

Your Company invested to the extent of 23.3% in the share capital of Holiday Club Resorts Oy, Finland (HCR) during the year under review.

Your Company has availed term loans from RCI and MHR Holdings, for the purpose of investing in equity shares of HCR, during the year. As of 31<sup>st</sup> March, 2015 the net outstanding is, Euro 6.6 million in respect of RCI and Euro 3.71 million in respect of MHR Holdings.

Mr. Dinesh Shetty, Mr. Ajay Agrawal and Mr. Livio Gambardella (w.e.f. 31<sup>st</sup> October, 2014) are the Directors of your Company.

During the year under review, Mr. Philippe Salpetier resigned from the Directorship of the Company with effect from 31<sup>st</sup> October 2014. The Board places on record its sincere appreciation for the valuable services rendered and guidance received from him during his tenure as Director of the Company.

In the opinion of the Board of Directors, the accompanying financial statement together with its notes, annexures, etc., as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015.

For **Covington S.a.r.l**

|                                  |                                 |
|----------------------------------|---------------------------------|
| <b>Dinesh Shetty</b><br>Director | <b>Ajay Agrawal</b><br>Director |
|----------------------------------|---------------------------------|

Place: Chennai  
Dated: 24/04/2015

**BALANCE SHEET AS AT MARCH 31, 2015**

| <b>ASSETS</b>   | <b>Notes</b> | <b>As on<br/>March 31, 2015<br/>EURO</b> | <b>As on<br/>March 31, 2015<br/>INR</b> |
|---|--------------|--|---|
| <b>FIXED ASSETS</b>   |              |  |   |
| Financial Fixed Assets .....  | 1            |  |   |
| Shares in undertakings with which the company is linked by virtue of<br>participating interests ..... |              | 17,399,297.31                            | 1,177,149,460.00                        |
| <b>CURRENT ASSETS</b>   |              |  |   |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand...                             |              | 57,432.28                                | 3,885,581.00                            |
| PREPAYMENTS .....   |              | 3,461.90                                 | 234,215.00                              |
| <b>TOTAL ASSETS</b> .....   |              | <b>17,460,191.49</b>                     | <b>1,181,269,255.00</b>                 |
| <b>LIABILITIES</b>  |              |  |   |
| <b><u>CAPITAL AND RESERVES</u></b>  |              |  |   |
| Subscribed Capital .....  |              | 12,500.00                                | 845,688.00                              |
| Share premium and similar premiums .....  |              | 7,165,000.00                             | 484,748,075.00                          |
| Profit/(loss) brought forward .....   |              | (4,960.79)                               | (335,622.00)                            |
| Profit/(loss) for the Financial period .....  |              | (88,351.74)                              | (5,977,439.00)                          |
|   |              | <u>7,084,187.47</u>                      | <u>479,280,702.00</u>                   |
| <b><u>NON SUBORDINATED DEBTS</u></b>  |              |  |   |
| 2   |              |  |   |
| Trade Creditors   |              |  |   |
| <i>becoming due and payable within one year</i> .....   |              | 48,467.00                                | 3,279,035.00                            |
| Tax and Social security debts   |              |  |   |
| <i>Tax debts</i> .....  |              | 9,680.00                                 | 654,901.00                              |
| Other Creditors   |              |  |   |
| <i>becoming due and payable within one year</i> .....   |              | 133,857.02                               | 9,056,097.00                            |
| <i>becoming due and payable after more than one year</i> .....  |              | 10,184,000.00                            | 688,998,520.00                          |
|   |              | <u>10,376,004.02</u>                     | <u>701,988,553.00</u>                   |
|   |              | <b>17,460,191.49</b>                     | <b>1,181,269,255.00</b>                 |

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM JULY 17, 2014 TO MARCH 31, 2015**

| <b>CHARGES</b>  | <b>Notes</b> | <b>Period from</b>                  | <b>Period from</b>                  |
|---|--------------|-------------------------------------|-------------------------------------|
|   |              | <b>17/07/2014<br/>to 31/03/2015</b> | <b>17/07/2014<br/>to 31/03/2015</b> |
|   |              | <b>EURO</b>                         | <b>INR</b>                          |
| Other external charges                                  | <b>3</b>     | 66,700.20                           | 4,512,603.00                        |
| <u>Interest and other financial charges</u>             | <b>4</b>     |                                     |                                     |
| Other interest and similar financial charges            |              | 203,046.34                          | 13,737,101.00                       |
| Income Tax  |              | 6,420.00                            | 434,345.00                          |
| <i>Other taxes not included in the previous caption</i> |              | 10.00                               | 677.00                              |
| <b>TOTAL CHARGES</b>                                    |              | <b>276,176.54</b>                   | <b>18,684,726.00</b>                |
| <b>INCOME</b>   |              |                                     |                                     |
| <u>Income from financial fixed assets</u>               | <b>5</b>     |                                     |                                     |
| derived from affiliated undertakings                    |              | 187,824.80                          | 12,707,287.00                       |
| Loss for the financial period                           |              | 88,351.74                           | 5,977,439.00                        |
| <b>TOTAL INCOME</b>                                     |              | <b>276,176.54</b>                   | <b>18,684,726.00</b>                |

## NOTES TO THE ACCOUNTS

### Note 1 - Financial Fixed Assets

Undertakings in which the company holds interest in their share capital or in which it is a general partner are as follows:

| Undertaking's Name           | Registered Office | % of holding | in EUR               | in INR                  |
|------------------------------|-------------------|--------------|----------------------|-------------------------|
|                              |                   |              | As on March 31, 2015 | As on March 31, 2015    |
| Holiday Club Resorts Finland | Finland           | 22.34%       | 16,891,468.00        | 1,142,792,268.00        |
| Holiday Management Oy        | Finland           | 18.70%       | 507,829.31           | 34,357,192.00           |
| <b>Total</b>                 |                   |              | <b>17,399,297.31</b> | <b>1,177,149,460.00</b> |

### Note 2 - Non Subordinated Debts

This Caption is detailed as follows:

|   | in EUR            |                                 |                            | in INR               |                                 |                            |
|---|-------------------|---------------------------------|----------------------------|----------------------|---------------------------------|----------------------------|
|   | Within 1 Year     | After 1 Year and within 5 Years | Total as on March 31, 2015 | Within 1 Year        | After 1 Year and within 5 Years | Total as on March 31, 2015 |
| Trade Creditors                         | 48,467.00         |                                 | 48,467.00                  | 3,279,035.00         |                                 | 3,279,035.00               |
| <u>TaxDebts</u>                         |                   |                                 |                            |                      |                                 |                            |
| Corporate Income tax - estimated tax    | 9,630.00          |                                 | 9,630.00                   | 651,518.00           |                                 | 651,518.00                 |
| Net wealth tax - estimated tax          | 50.00             |                                 | 50.00                      | 3,383.00             |                                 | 3,383.00                   |
| <u>Other Creditors</u>                  |                   |                                 |                            |                      |                                 |                            |
| Loan from MHR Holdings (Mauritius) Ltd. | 27,921.10         | 3,684,000.00                    | 3,711,921.10               | 1,889,002.00         | 249,241,020.00                  | 251,130,022.00             |
| Loan from RCI Europe                    | 105,935.92        | 6,500,000.00                    | 6,605,935.92               | 7,167,095.00         | 439,757,500.00                  | 446,924,595.00             |
| <b>Total</b>                            | <b>192,004.02</b> | <b>10,184,000.00</b>            | <b>10,376,004.02</b>       | <b>12,990,033.00</b> | <b>688,998,520.00</b>           | <b>701,988,553.00</b>      |

### Note 3 - Other External Charges

This Caption is detailed as follows:

|                    | in EUR                               | in INR                               |
|--------------------|--------------------------------------|--------------------------------------|
|                    | Period from 17/07/2014 to 31/03/2015 | Period from 17/07/2014 to 31/03/2015 |
| Accounting fees    | 39,561.83                            | 2,676,556.00                         |
| Audit fees         | 8,750.00                             | 591,981.00                           |
| Notary fees        | 6,093.80                             | 412,276.00                           |
| Tax Advisory fees  | 4,375.00                             | 295,991.00                           |
| Domiciliation fees | 4,181.33                             | 282,888.00                           |
| Bank fees          | 3,614.04                             | 244,508.00                           |
| Legal fees         | 64.40                                | 4,357.00                             |
| Translation fees   | 59.80                                | 4,046.00                             |
| <b>Total</b>       | <b>66,700.20</b>                     | <b>4,512,603.00</b>                  |

### Note 4 - Interest and Other Financial Charges

This Caption is detailed as follows:

|   | Period from 17/07/2014 to 31/03/2015               | Period from 17/07/2014 to 31/03/2015 |
|---|--|--------------------------------------|
|   | Interest charge on Loan amounts owed to RCI Europe | 105,935.92                           |
| Interest charge on Loan amounts owed to MHR Holdings (Mauritius) Ltd. | 97,093.68  | 6,568,873.00                         |
| Foreign Exchange Losses   | 11.60  | 785.00                               |
| Banking Interest on current accounts                                  | 5.14   | 348.00                               |
| <b>Total</b>  | <b>203,046.34</b>                                  | <b>13,737,101.00</b>                 |

### Note 5 - Income from financial fixed assets

This Caption is detailed as follows:

|              | Period from 17/07/2014 to 31/03/2015 | Period from 17/07/2014 to 31/03/2015 |
|--------------|--------------------------------------|--------------------------------------|
|              | Dividend Income                      | 187,824.80                           |
| <b>Total</b> | <b>187,824.80</b>                    | <b>12,707,287.00</b>                 |

### Note 6

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 67.655 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2015.

For Covington S.ar.l

**Dinesh Shetty** Director  
**Ajay Agrawal** Director

Dated:

Place: