



## **Mahindra Holidays & Resorts India Limited**

Regd. Office: **Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18 Patullos Road, Chennai – 600 002, Tamil Nadu**

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## **MEETING OF EQUITY SHAREHOLDERS**

<b>Date</b>	<b>Thursday, 10<sup>th</sup> September, 2015</b>
<b>Time</b>	<b>3.00 P.M.</b>
<b>Venue</b>	<b>Mahindra Towers, Roof Top, 17/18 Patullos Road, Chennai – 600 002</b>

<b>CONTENTS</b>		<b>Page Nos.</b>
1	Notice convening Meeting of Equity Shareholders of Mahindra Holidays & Resorts India Limited	2
2	Explanatory Statement under Section 393 of the Companies Act, 1956	4
3	Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956.	16
4	Fairness Opinion Report dated 22 <sup>nd</sup> January, 2015 issued by Ernst & Young Merchant Banking Services Pvt. Ltd	31
5	Observation Letters as issued by the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)	37
6	Complaints Report	41
7	Form of Proxy	43
8	Attendance Slip	45

**FORM NO: 36**  
**IN THE HIGH COURT OF JUDICATURE AT MADRAS**  
(Ordinary Original Civil Jurisdiction)  
**COMPANY APPLICATION NO. 726 OF 2015**

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors

Mahindra Holidays & Resorts India Limited  
a Company incorporated under the Companies  
Act, 1956, having its Registered Office at  
Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18,  
Patullos Road, Chennai – 600 002, Tamil Nadu  
represented by Dinesh Shetty, Company Secretary

.....Applicant /  
Transferee Company

**NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS**

To,

All Equity Shareholders,

**Mahindra Holidays & Resorts India Limited**

**TAKE NOTICE** that by an Order made on 10<sup>th</sup> July 2015 the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of the Applicant Company be convened and held at Mahindra Towers, Roof Top, No. 17/18 Patullos Road, Chennai – 600 002, on Thursday, 10<sup>th</sup> September, 2015 at 3.00 pm for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors.

**TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a Meeting of the Equity Shareholders of the Applicant Company will be Convened and held at Mahindra Towers, Roof Top, No. 17/18 Patullos Road, Chennai – 600 002, on Thursday, 10<sup>th</sup> September, 2015 at 3.00 pm at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said Meeting in person or by proxy, provided that the proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18 Patullos Road, Chennai – 600 002, Tamil Nadu not later than 48 hours before the Meeting.

The quorum for the meeting shall be 30 (Thirty) members present in person or by proxy.

The Hon'ble High Court has appointed Mr. D. Ravichandar, Advocate, to be the Chairman of the said Meeting. A copy of the said Scheme of Amalgamation and Arrangement, the explanatory statement under Section 393 of the Companies Act, 1956, form of proxy and attendance slip is enclosed herewith.

Dated at Chennai this 06<sup>th</sup> day of August, 2015.

**Sd/-**

**Mr. D. Ravichandar**  
**Chairman appointed for the meeting**

Regd Office :

Mahindra Towers, 2<sup>nd</sup> Floor,

No. 17/18 Patullos Road,

Chennai – 600 002, Tamil Nadu.

CIN: L55101TH1996PLC036595

Email: investors@mahindraholidays.com

**Notes:**

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the Equity Shareholders' meeting. The authorised representative of a body-corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders Meeting provided that a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such a representative to attend and vote at the Equity Shareholders Meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY. The Form of Proxy duly completed should, however, be deposited at the registered office of the Applicant Company not less than 48 hours before the meeting.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. In case of multiple proxies, the proxy received later in time shall be accepted.
5. A member or his proxy is requested to bring the copy of the notice to the meeting and produce the Attendance Slip duly completed and signed at the entrance of meeting hall.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID nos. for easy identifications of attendance at the meeting.
7. Members are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company in respect of such joint holding will be entitled to vote.

Enclosed: as above

**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

(Ordinary Original Civil Jurisdiction)

**COMPANY APPLICATION NO. 726 OF 2015**

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors

Mahindra Holidays & Resorts India Limited  
a Company incorporated under the Companies  
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Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18,

Patullos Road, Chennai – 600 002, Tamil Nadu  
represented by Dinesh Shetty, Company Secretary

.....Applicant /  
Transferee Company

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

1. By an order dated 10<sup>th</sup> July, 2015, the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of Mahindra Holidays & Resorts India Limited ("**Applicant Company**" or "**Company**" or "**Transferee Company**") be convened and held at Mahindra Towers, Roof Top, No. 17/18 Patullos Road, Chennai – 600 002, on Thursday, 10<sup>th</sup> September, 2015 at 3.00 pm for the purpose of considering, and if thought fit, approving with or without modification, Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited ("**Transferor Company 1**") and Divine Heritage Hotels Private Limited ("**Transferor Company 2**") and Holiday on Hills Resorts Private Limited ("**Transferor Company 3**") with Mahindra Holidays & Resorts India Limited and their shareholders and creditors ("**Scheme**" or "**Scheme of Amalgamation and Arrangement**").
2. This statement explaining the terms of the Scheme is being furnished as required under Section 393(1)(a) of the Companies Act, 1956 including any statutory modification or re-enactment or amendment thereof ("**Act**").

**BACKGROUND OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED**

3. The Applicant Company was originally incorporated as private limited company on 20<sup>th</sup> September, 1996 under the Companies Act, 1956 in the state of Tamil Nadu and subsequently Applicant Company converted into public limited company and fresh certificate of incorporation was issued on 17<sup>th</sup> April, 1998. The equity shares of the Applicant Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**").
4. The registered office of the Applicant Company is situated at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600 002, Tamil Nadu.

5. The share capital structure of the Applicant Company as on 31<sup>st</sup> March, 2015 is as follows:

<b>Particulars</b>	<b>Amount in Rs</b>
<b>Authorized</b>	
100,000,000 equity shares of Rs. 10/- each	1,000,000,000
<b>Total</b>	<b>1,000,000,000</b>
<b>Issued, subscribed and paid-up Share Capital</b>	
88,780,856 equity shares of Rs. 10/- each fully paid	887,808,560
Less: 7,54,605 equity shares of Rs. 10/- each fully paid-up issued to the Transferee Company employees stock option trust but not exercised by employees	(7,546,050)
<b>Total</b>	<b>88,0262,510</b>

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid-up share capital of the Applicant Company.

6. The Applicant Company is a leading player in the vacation ownership business and is a part of the leisure and hospitality sector of the Mahindra Group.
7. The Main Objects of the Applicant Company as set out in Clause III (A) of its Memorandum of Association are given here under:
1. "To carry on the business of hotel, guest house, lodging house, restaurant, conference centre, motel, holiday camp, leisure centre, centre for water sports, adventure sports, amusement parks and golf courses, theme parks, exhibition centres, movie theatres, discotheques, caravan site and apartment-house proprietors; to equip and furnish any such property for the purpose of letting it to visitors or guests or giving it on time sharing or property sharing basis by days, weeks, months, points and any undivided shares with or without holiday exchange basis both in India and outside India (including outright sale thereof) whether in single rooms, suits, chalets, villas, caravans, movable structures, cottages or otherwise and to buy, sell, import, produce, manufacture and deal in food and food products, meat, fish, groceries, fruit, confectionery, wine, spirits, beer and other beverages whether alcoholic or not.
  2. To manage and to provide consultancy services and other services and facilities of every kind and sort for the management of hotels, lodging houses, resorts, motels and dwelling units, restaurants, cafes, refreshment rooms, clubs, gymnasiums, casinos, kitchen, canteens and for the sale of food and beverages of every kind and to manage and to provide consultancy services for all manners of entertainment, amusement and recreation and leisure sports of every description for the public in India and any part of the world.
  3. To carry on the business of or to manage or provide consultancy in connection with services related to and ordinarily provided by a hotel, motel, lodging house, resort, dwelling unit of every kind and sort including but not restricted to business centres, medical and health services, laundry, sports facilities and conference facilities and to carry on and engage in the business of providing consultative and technical services relating to the business of the Company by way of market survey, preparing feasibility and project reports and to enter into any arrangements of licensing, chartering, brokerage, technical business or financial collaboration with any other party or concern, for singular or mutual benefit of intake or outflow of know-how, whether existing or newly developed techniques, including any rights or special methods and trade secrets.
  4. To carry on the business of or manage or provide consultancy services in connection with hospitality management schools, catering schools, hotel management schools, and other training institutions, professional colleges and training and educational institutions relating to the business of the company with or without any affiliation from Indian or foreign governments, universities, or any other professional bodies, or individuals in India or abroad and to impart academic, professional or technical education to provide knowledge in the field of hospitality management or other related field.
  5. To purchase, sell, develop, take in exchange, or on lease, hire or otherwise acquire, whether for investment or sale, or working the same, any real estate including lands, business, building, houses, cottages, shops, houses, flats, row houses, residential and commercial buildings, sheds, concessions, privileges, license, easement or interest in or with

respect to any property or interest in or with respect to any property whatsoever for the purposes or in relation to the holiday resort business of the company in consideration for a gross sum or rent or for any other consideration and to rent, lease or sell or let out otherwise apartments, flats and other residential units therein and to provide for the conveniences commonly provided in flats, sites and residential and business quarters relating to the holiday resort business of the Company”.

**BACKGROUND OF COMPETENT HOTELS PRIVATE LIMITED (“TRANSFEROR COMPANY 1”)**

8. The Transferor Company 1 was originally incorporated under the name of Orchids Resorts Private Limited on 13<sup>th</sup> May, 1986 in the State of Himachal Pradesh. Subsequently, its name was changed to Competent Hotels Private Limited with effect from 20<sup>th</sup> September 2002. The Registered office of the Transferor Company 1 was thereafter shifted from State of Himachal Pradesh to State of Delhi.
9. The registered office of the Transferor Company 1 is situated at Unit No. 873, 8<sup>th</sup> Floor, Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi – 110034.
10. The share capital structure of Transferor Company 1 as on 31<sup>st</sup> March, 2015 is as follows:

<b>Particulars</b>	<b>Amount in Rs</b>
<b>Authorised share capital</b>	
350,000 Equity Shares of Rs. 100/- each	35,000,000
150,000 14% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each	15,000,000
<b>Total</b>	<b>50,000,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
308,300 Equity Shares of Rs. 100/- each	30,830,000
<b>Total</b>	<b>30,830,000</b>

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid-up share capital of the Transferor Company 1. Further, the entire equity share capital of the Transferor Company 1 is held by the Applicant Company (i.e. the Transferor Company 1 is a wholly owned subsidiary of the Applicant Company).

11. The Transferor Company 1 is in the business of operating a resort/hotel Property in Manali, Himachal Pradesh.
12. The Main Objects of the Transferor Company 1 as set out in Clause III (A) of its Memorandum of Association are given here under:
  1. “To carry on the business of hotels, restaurants, bars, cafes, Motels, taverns, refreshment room, lodging houses and Travel Agents.
  2. To run the hotel management training schools and to provide consultancy relating to Hotel business.”

**BACKGROUND OF DIVINE HERITAGE HOTELS PRIVATE LIMITED (“TRANSFEROR COMPANY 2”)**

13. The Transferor Company 2 was incorporated under the name of Divine Heritage Hotels Private Limited on 23<sup>rd</sup> January, 2008 in the State of Rajasthan.
14. The registered office of the Transferor Company 2 is situated at No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur - 302018.
15. The share capital structure of Transferor Company 2 as on 31<sup>st</sup> March, 2015 is as follows:

<b>Particulars</b>	<b>Amount in Rs</b>
<b>Authorised share capital</b>	
750,000 Equity Shares of Rs. 10/- each	7,500,000
<b>Total</b>	<b>7,500,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
700,000 Equity Shares of Rs. 10/- each	7,000,000
<b>Total</b>	<b>7,000,000</b>

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid-up share capital of the Transferor Company 2. Further, the entire equity share capital of the Transferor Company 2 is held by the Applicant Company (i.e. the Transferor Company 2 is a wholly owned subsidiary of the Applicant Company).

16. The Transferor Company 2 is in the business of operating a resort/hotel Property in Jaisalmer, Rajasthan.
17. The Main Objects of the Transferor Company 2 as set out in Clause III (A) of its Memorandum of Association are given here under:
  1. "To purchase, on lease, hire, erect, construct, building, alter, equip, maintain or otherwise acquire, establish, run, manage, administer, own and to carry on the business of running hotels, heritage hotels, holiday resorts, ethnic resorts, adventure-tours, motels, inns, holiday homes, canteens cafes, taverns, pubs, bars, beerhouses, refreshment room and lodging apartments, housekeepers, casinos, discotheques, swimming pools, health clubs, dressing rooms, aerated and artificial water and other drinks, purveyors, caterers in India and abroad and to act as collaborators, technicians of any of other hotels in India or in any other part of the world and to act as agents of any hotel or as buying and selling agents of any hotel and to do and perform all and singular the several duties, services which the agents, buying and selling agents of any hotel company usually do and perform.
  2. To carry on the business as tourist agents and contractors and to facilitate travelling domestic and international by air road and sea to provide all types of facilities for tourists and travellers and to promote the provision of convenience of all kinds in the way of through tickets, circular, sleeper coaches or berths, reserve places, lodging accommodation, to arrange safaris and sightseeing arrangement, enquiry bureaus, libraries, reading rooms, baggage, laundries, lavatories, grounds and entrainment and to own or hire taxi cars, buses, coaches, air taxis. "

**BACKGROUND OF HOLIDAY ON HILLS RESORTS PRIVATE LIMITED ("TRANSFEROR COMPANY 3")**

18. The Transferor Company 3 was incorporated under the name of Holiday on Hills Resorts Private Limited on 6<sup>th</sup> March, 1996 in the State of Himachal Pradesh.
19. The registered office of the Transferor Company 3 is situated at Village Sicharateh Kandaghat, Solan District, Himachal Pradesh - 173215.
20. The share capital structure of Transferor Company 3 as on 31<sup>st</sup> March, 2015 is as follows:

<b>Particulars</b>	<b>Amount in Rs</b>
<b>Authorised share capital</b>	
1,000,000 Equity Shares of Rs. 10/- each	10,000,000
<b>Total</b>	<b>10,000,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
1,000,000 Equity Shares of Rs. 10/- each	10,000,000
<b>Total</b>	<b>10,000,000</b>

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid-up share capital of the Transferor Company 3. Further, the entire equity share capital of the Transferor Company 3 is held by the Applicant Company (i.e. the Transferor Company 3 is a wholly owned subsidiary of the Applicant Company).

21. The Transferor Company 3 is in the business of operating a resort/hotel Property in Kandaghat, Himachal Pradesh.
22. The Main Objects of the Transferor Company 3 as set out in Clause III (A) of its Memorandum of Association are given here under:
  1. "To carry on any part of India or any part of the World the Business of Hotel, Motel, Resorts, Way side Inns, Clubs, Country-houses, Restaurants, and Amusement Parks.
  2. To develop Tourists spot, Resorts, arrange cultural & Sports events, Undertake research in the field of Tourism, provide managerial or technical assistance to the tourist & contribute in the promotion & development of the Tourism.

3. To carry on the business of travel agent, tour operator, to acquire, operate and maintain/charter motor cabs, buses, cargo and luggage carriers.”

## **23. RATIONALE AND PURPOSE OF THE SCHEME**

To consolidate the hotel and resorts business in a single entity which will provide synergy benefits, attain efficiencies and reduce overall cost, it is intended that the Transferor Companies should merge into the Transferee Company. The Scheme also provides for the consequent reorganization of securities premium of the Transferee Company.

The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:

1. Enable creation of a larger entity and derive optimal management and synergy benefits;
2. Result in business synergies besides economies in cost by combining all the functions, related activities and operations and benefits in the form of managerial and technical expertise;
3. Greater integration and flexibility for the amalgamated entity and strengthening position in the industry, in terms of the asset base, revenues, product and service range;
4. Enable cost saving, pooling of managerial skills and optimum utilization of valuable resources which will enhance the management focus thereby leading to higher operational efficiency and enhancing shareholders' value.

## **24. SALIENT FEATURES OF THE SCHEME**

- a) The Appointed Date for the Scheme means the 1<sup>st</sup> day of April 2015 or such other date as the High Court may direct.
- b) The Effective Date of the Scheme shall mean the last of the dates on which the certified or authenticated copies of the orders of the High Court of Delhi, Rajasthan, Himachal Pradesh and Madras are filed with the Registrar of Companies, Delhi, Rajasthan, Himachal Pradesh and Tamil Nadu respectively.
- c) The amalgamation of the Transferor Companies with the Applicant Company shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.
- d) Upon coming into effect of the Scheme and with effect from the Appointed Date, the entire business and whole of the Undertaking of the Transferor Companies, shall without any further act or deed, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in the Applicant Company as a going concern.
- e) As the Transferor Companies are wholly-owned subsidiary of the Transferee Company, no consideration shall be payable pursuant to the amalgamation of the Transferor Companies with the Applicant Company, and the equity shares held by the Applicant Company and along with the joint holders in the Transferor Companies shall stand cancelled without any further act, application or deed.
- f) Amalgamation of the Transferor Companies with the Transferee Company shall be accounted for in accordance with “Pooling of Interest Method” of accounting as per Accounting Standard – 14 as notified under the Act.
- g) Amount of share capital of the Transferor Companies and the value recorded as investment in the books of the Applicant Company shall be adjusted against each other and difference, if any, shall be adjusted in the Amalgamation Reserve Account in the books of the Transferee Company.
- h) Upon the Scheme coming into effect and with effect from the Appointed Date, debit balances in Amalgamation Reserve Account, if any, after giving effect to Clauses 6, 9 and 12 of this Scheme shall be adjusted against the Securities Premium Account of the Transferee Company. The application and reduction of the securities premium account, as above shall be effected as an integral part of the Scheme without having to follow the process under Section 52 of the Companies Act, 2013 and Sections 100, 102 and 103 of the Act separately and the order of the High Courts sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act confirming the reduction. The reduction would not involve either diminution of liability in respect of unpaid share capital or payment of paid-up share capital and provisions of Section 101 of the Act will not be applicable.



- i) The Scheme is conditional upon and subject to:
- (a) approval of the Scheme by the requisite majority of each class of the respective members and creditors of the Transferor Companies and the Transferee Company, if applicable as per the provisions of the Act and as may be directed by the High Courts;
  - (b) sanctions and orders under the provisions of Sections 391 to 394 of the Act read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Act being obtained by the Transferor Companies and the Transferee Company from the respective High Courts subject to clause 25.2 of the Scheme;
  - (c) the certified or authenticated copies of the orders of the respective High Courts sanctioning this Scheme being filed with the appropriate Registrar of Companies; and
  - (d) any other sanctions and approvals as may be required by law in respect of this Scheme being obtained;
- j) In case one or more High Courts do not approve the Scheme or there is a delay in obtaining approvals beyond a reasonable time as decided by the Board of Directors of the Transferor Company, as far as the Transferor Companies are concerned, the Board of Directors of the said Transferor Company(ies), as the case may be, and the Transferee Company, declare such part concerning the said Transferor Company under the Scheme as severable and shall be deleted from the Scheme. Such amended or modified Scheme excluding the severable and deleted portion shall continue to be effective in respect of the pending Transferor Companies and Transferee Company in respect of whom the Scheme has been approved by the respective High Courts.
- k) All costs, charges, taxes including duties and levies and all other expenses in relation to or in connection with carrying out and completing the terms and conditions of this Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company.
25. **The features set out above being only the salient features of the Scheme, the members are requested to read the enclosed Scheme to get themselves acquainted with all the detailed provisions thereof.**
26. The Scheme would not be prejudicial to the interests of the creditors of the Applicant Company and the Transferor Companies. The latest audited accounts for the year ended 31<sup>st</sup> March, 2015 of the Applicant Company indicate that they are in a solvent position and would be able to meet liabilities as they arise in the course of business. Hence, the arrangement will not cast any additional burden on the creditors of either companies, nor will it affect the interest of any of the shareholders or creditors.
27. The Applicant Company obtained a Fairness Opinion dated 22<sup>nd</sup> January 2015 from Ernst & Young Merchant Banking Services Pvt. Ltd.
28. The Board of Directors of the Transferor Companies and the Applicant Company have in their Board Meeting, held on 22<sup>nd</sup> January, 2015 approved and adopted the proposed Scheme of Amalgamation and Arrangement. The proposed Scheme of Amalgamation and Arrangement under Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 is deemed to form part of this statement.
29. The Applicant Company has obtained in-principle approvals from the BSE and NSE under clause 24(f) of the Listing Agreement. The Applicant Company, in compliance with the Securities and Exchange Board of India (“SEBI”) circulars dated 4<sup>th</sup> February, 2013 (“Circular 1”) and 21<sup>st</sup> May, 2013 (“Circular 2”) has obtained no-objection letter / observation letter both from BSE and NSE vide their letters dated 28<sup>th</sup> April, 2015.
30. With respect to the voting mechanism, the process of voting by public shareholders through postal ballot and e-voting as stated under Para 5.16 (a) of Circular 1 and as modified by Para 7 of Circular 2 would not be applicable to the Applicant Company as the present Scheme of Amalgamation and Arrangement does not qualify to fall within the circumstances and illustrations as laid down under Para 5.16 (a) of Circular 1 and as modified by Para 7 of Circular 2. The Applicant Company, therefore has provided an undertaking certified from its auditor in this regard, which is also approved by the Board of Directors of the Applicant Company in accordance with Para 5.16 (b) of Circular 1 as modified by Para 7 of Circular 2. Therefore the voting for the Scheme of Amalgamation and Arrangement shall be undertaken only in accordance with Section 391 of the Companies Act 1956, wherein, the proposed Scheme of Amalgamation and Arrangement will have to be approved by a majority in number representing three-fourths in value of the Equity Shareholders present and voting either in person or by proxy at the meeting.

31. A proxy form is also enclosed to this explanatory statement. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of proxy will, however, not prevent you from attending and voting in person, if you so desire.
32. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 or such other equivalent provisions under the Companies Act, 2013 against the Applicant Company.
33. The Scheme does not in any way violate or override or circumscribe the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Company are listed.
34. Pursuant to Clause 24(h) of the Listing Agreement and based on the shareholding pattern as on 30th June, 2015, the expected pre and post Scheme shareholding pattern of the Applicant Company is given below herein:

**(I)(a) Statement showing Shareholding Pattern**

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up Shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
<b>Total</b>	0	0	0
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
<b>Total</b>	0	0	0
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of Warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
<b>Total</b>	0	0	0
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	0		

**(I)(a) Statement showing Shareholding Pattern**

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	<b>Promoter and Promoter Group</b>							
(1)	<b>Indian</b>							
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0
(c)	Bodies Corporate	1	66585642	66585642	75.00	75.00	0	0
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0
(e)	Any Other (Total)	0	0	0	0.00	0.00	0	0
	<b>Sub-Total (A)(1)</b>	1	66585642	66585642	75.00	75.00	0	0.00

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Total)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (A)(2)</b>	0	0	0	0.00	0.00	0	0.00
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	1	66585642	66585642	75.00	75.00	0	0.00
<b>(B)</b>	<b>Public shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	7	2086612	2086612	2.35	2.35	N.A.	N.A.
(b)	Financial Institutions/Banks	3	45178	45178	0.05	0.05	N.A.	N.A.
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0.00	0.00	N.A.	N.A.
(e)	Insurance Companies	0	0	0	0.00	0.00	N.A.	N.A.
(f)	Foreign Institutional Investors	14	8908540	8908540	10.03	10.03	N.A.	N.A.
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	N.A.	N.A.
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(i)	Any Other (Total)	0	0	0	0.00	0.00	N.A.	N.A.
	<b>Sub-Total (B)(1)</b>	24	11040330	11040330	12.44	12.44	N.A.	N.A.
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	540	1669904	1669904	1.88	1.88	N.A.	N.A.
(b)	Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >Rs. 1 Lakh.	20258	3641932	3627630	4.10	4.10	N.A.	N.A.
	Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	70	3684782	3684782	4.15	4.15	N.A.	N.A.
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Any Other (Total)	1211	2158266	2158265	2.43	2.43	N.A.	N.A.
(d1)	CLEARING MEMBERS	50	26714	26714	0.03	0.03	N.A.	N.A.
(d2)	FOREIGN BODIES	1	824565	824565	0.93	0.93	N.A.	N.A.
(d3)	HUF	807	365811	365810	0.41	0.41	N.A.	N.A.
(d4)	NON RESIDENT INDIANS	352	186571	186571	0.21	0.21	N.A.	N.A.
(d5)	TRUSTS	1	754605	754605	0.85	0.85	N.A.	N.A.
	<b>Sub-Total (B)(2)</b>	22079	11154884	11140581	12.56	12.56	N.A.	N.A.
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	22103	22195214	22180911	25.00	25.00	N.A.	N.A.
	<b>TOTAL (A) + (B)</b>	22104	88780856	88766553	100.00	100.00	0	0.00

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	N.A.	0.00	N.A.	N.A.
C1	Promoter and Promoter Group	0	0	0	N.A.	0.00	N.A.	N.A.
C2	Public	0	0	0	N.A.	0.00	N.A.	N.A.
	<b>GRAND TOTAL (A) + (B) + (C)</b>	22104	88780856	88766553	N.A.	100.00	0	0.00

**(I)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No.	Name of the shareholder	PAN of the Shareholder	Total Shares held		Shares pledged or otherwise encumbered			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
			Number	as a % of grand total (A) + (B) + (C)	Number	as a percentage	as a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VIII)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (VI) / (IV)*100	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)
1	MAHINDRA & MAHINDRA LIMITED	AAACM3025E	66585642	75.00	0	0.00	0.00	0	0.00	0	0.00	0.00
	TOTAL		66585642	75.00	0	0.00	0.00	0	0.00	0	0.00	0.00

**(I)(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted
					Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	GOVERNMENT PENSION FUND GLOBAL	AACCN1454E	3312000	3.73	0	0.00	0	0.00	0
2	BNP PARIBAS ARBITRAGE	AAGFB5324G	2559234	2.88	0	0.00	0	0.00	0
3	NYLIM JACOB BALLAS INDIA (FII) III LLC	AADCN1551F	1174676	1.32	0	0.00	0	0.00	0
4	MORGAN STANLEY MAURITIUS COMPANY LIMITED	AADCM5927G	1035271	1.17	0	0.00	0	0.00	0

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted
					Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
5	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND	AACTA5925A	900000	1.01	0	0	0	0	0
	TOTAL		8981181	10.12	0	0.00	0	0.00	0

**(I)(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 5% of the total number of shares**

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted
					Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	NIL		0	0.00	0	0.00	0	0.00	0.00
	TOTAL		0	0.00	0	0.00	0	0.00	0.00

**(I)(d) Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1	Nil		0	0.00
	TOTAL		0	0.00

**(II)(a) Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.	TOTAL	0	0	0.00

**(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}
1.		TOTAL	0	0.00

35. The Resolution proposed to be considered in the above meeting, is given hereunder:

**“RESOLVED** that pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof) and subject to the approval of the concerned jurisdictional High Courts or such other competent authority, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary, the Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors, placed before the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.

**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorised to make and / or consent to any modifications, alterations or amendments in the scheme, which may be deemed to be necessary by them or which are desired, directed or imposed by the Hon'ble High Court of Judicature at Madras or any other authority and to take all such steps as may be necessary and desirable to implement the Scheme and to give effect to this resolution.”

36. The Directors of the Applicant Company and the Transferor Companies have no interest in the Scheme except as shareholders in general, the extent of which will appear from the Register of Directors' Shareholding maintained by the Applicant Company which are as follows:

The details of the Directors of the Applicant Company and the Transferor Companies and their shareholding as on 30<sup>th</sup> June, 2015 is provided below:

**Applicant Company**

Name of Director	No. of Shares held in Applicant Company	No. of shares held in the Transferor Company 1	No. of shares held in the Transferor Company 2	No. of shares held in the Transferor Company 3
A K Nanda	694,730	-	-	-
Cyrus Guzder	26,700	-	-	-
Vineet Nayyar	26,700	-	-	-
Rohit Khattar	26,700	-	-	-
Sridar Iyengar	-	-	-	-
Sanjeev Aga	-	-	-	-
V S Parthasarathy	-	-	-	-
Radhika Shastry	-	-	-	-
Kavinder Singh	-	-	-	-
S Krishnan	-	-	-	-

**Transferor Company 1**

Name of Director	No. of Shares held in Applicant Company	No. of shares held in the Transferor Company 1
Dinesh Shetty	-	-
Ravindera Khanna	27,459	-
Ajay Agarwal	-	-

**Transferor Company 2**

Name of Director	No. of Shares held in Applicant Company	No. of shares held in the Transferor Company 2
Dinesh Shetty	-	-
Ravindera Khanna	27,459	-
Ajay Agarwal	-	-

**Transferor Company 3**

Name of Director	No. of Shares held in Applicant Company	No. of shares held in the Transferor Company 3
Dinesh Shetty	-	-
Ravindera Khanna	27,459	-
Ajay Agrawal	-	-

None of the Directors / Key Managerial Personnel of the Applicant Company and Transferor Companies have any material interest in the Scheme, save and except to the extent of their shareholding in the respective companies. Their interest shall not in any way be treated differently than other shareholders.

37. The following documents will be open for inspection at the Registered Office of the Applicant Company between 10.00 a.m. and 12 Noon on any working day of the Applicant Company (except Saturday, Sunday and Public Holidays) upto the date of the meeting:
- The Memorandum and Articles of Association of Applicant Company and the Transferor Companies.
  - Annual Report of the Applicant Company and the Transferor Companies for the year ended 31<sup>st</sup> March, 2015.
  - Quarterly results of the Applicant Company as on 30th June, 2015.
  - Fairness opinion dated 22<sup>nd</sup> January, 2015 issued by Ernst & Young Merchant Banking Services Pvt. Ltd.
  - Report of Audit Committee of the Applicant Company dated 22<sup>nd</sup> January, 2015.
  - Copy of resolution dated 22<sup>nd</sup> January, 2015 passed by Board of Directors of the Transferor Companies and Applicant Company approving the Scheme of Amalgamation and Arrangement.
  - Observation letters issued by BSE and NSE dated 28<sup>th</sup> April, 2015.
  - Proposed Scheme of Amalgamation and Arrangement.
  - Complaints Report filed with the BSE as on 18<sup>th</sup> March, 2015
  - Register of Directors' shareholdings of the Applicant Company.
  - Certified copy of the Order dated 10<sup>th</sup> July 2015 passed by the Hon'ble High Court of Judicature at Madras in Company Application No. 726 of 2015.
38. A copy of the Scheme, Explanatory Statement under Section 393, Form of Proxy and Attendance Slip may be obtained from the Registered Office of the Applicant Company situated at Mahindra Towers, 2<sup>nd</sup> Floor, 17/18 Patullos Road, Chennai – 600 002, Tamil Nadu.

Dated at Chennai this 6<sup>th</sup> day of August, 2015.

Sd/-

**Mr. D. Ravichandar**  
Chairman appointed for the meeting

**SCHEME OF AMALGAMATION AND ARRANGEMENT  
OF  
COMPETENT HOTELS PRIVATE LIMITED  
AND  
DIVINE HERITAGE HOTELS PRIVATE LIMITED  
AND  
HOLIDAY ON HILLS RESORTS PRIVATE LIMITED  
WITH  
MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED  
AND  
THEIR SHAREHOLDERS AND CREDITORS**

**UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 READ WITH SECTION 52 OF THE COMPANIES ACT, 2013  
AND SECTIONS 100 to 104 OF THE COMPANIES ACT, 1956**

This Scheme of Amalgamation and Arrangement (the “**Scheme**”) is presented under Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof) for amalgamation of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited (collectively referred to as “Transferor Companies”) with Mahindra Holidays & Resorts India Limited.

**A. Description of Companies**

**Transferee Company**

- (a) Mahindra Holidays & Resorts India Limited (“**MHRIL**” or “**Transferee Company**”) is a listed company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600 002, Tamil Nadu. Transferee Company is a leading player in vacation ownership business and a part of the leisure and hospitality sector of the Mahindra Group.

**Transferor Companies**

- (a) Competent Hotels Private Limited (“**CHPL**” or “**the Transferor Company 1**”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Unit No. 873, 8<sup>th</sup> Floor , Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi – 110034. The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company and is in the business of operating a resort/hotel in Manali, Himachal Pradesh.
- (b) Divine Heritage Hotels Private Limited (“**DHHPL**” or “**the Transferor Company 2**”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur - 302018. The Transferor Company 2 is a wholly owned subsidiary of the Transferee Company and is in the business of operating a resort/hotel in Jaisalmer, Rajasthan.
- (c) Holiday on Hills Resorts Private Limited (“**HHRPL**” or “**the Transferor Company 3**”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Village Siharateh Kandaghat, Solan District, Himachal Pradesh - 173215. The Transferor Company 3 is a wholly owned subsidiary of the Transferee Company and is in the business of operating a resort/hotel in Kandaghat, Himachal Pradesh.



## B. Rationale and Purpose of the Scheme

To consolidate the hotel and resorts business in a single entity which will provide synergy benefits, attain efficiencies and reduce overall cost, it is intended that the Transferor Companies should merge into the Transferee Company. The Scheme also provides for the consequent reorganization of securities premium of the Transferee Company.

The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:

- i) Enable creation of a larger entity and derive optimal management and synergy benefits;
- ii) Result in business synergies besides economies in cost by combining all the functions, related activities and operations and benefits in the form of managerial and technical expertise;
- iii) Greater integration and flexibility for the amalgamated entity and strengthening position in the industry, in terms of the asset base, revenues, product and service range;
- iv) Enable cost saving, pooling of managerial skills and optimum utilization of valuable resources which will enhance the management focus thereby leading to higher operational efficiency and enhancing shareholders' value.

In view of the aforesaid, the Board of Directors of the Transferor Companies as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of the said companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme for the transfer and vesting of the entire business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 391 to Section 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof).

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

For sake of convenience this Scheme is divided into following parts:

- Part A dealing with definitions and share capital;
- Part B dealing with amalgamation of the Transferor Company 1 with the Transferee Company;
- Part C dealing with amalgamation of the Transferor Company 2 with the Transferee Company;
- Part D dealing with amalgamation of the Transferor Company 3 with the Transferee Company;
- Part E dealing with general terms and conditions.

Part B, C and D of the Scheme are independent and severable to each other.

### PART A

#### 1. DEFINITIONS

1.1 In this Scheme, unless repugnant to or inconsistent with the subject or context thereof, the following expressions shall have the following meanings:

1.1.1 **“Act”** means the Companies Act, 1956, as applicable, and rules and regulations made thereunder and shall include any statutory modification or amendments or re-enactment thereof for the time being in force. It is being clarified that as on the date of approval of this Scheme by the Board of Directors of the Transferor Companies and the Transferee Company, Sections 100 to 104 and Sections 391 to 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such reference shall, unless a different intention appears, be construed as reference to the provisions so re-enacted;

1.1.2 **“Appointed Date”** means the April 01, 2015 or such other date as the High Court may direct;

1.1.3 **“Board of Directors”** or **“Board”** means the board of directors of the Transferor Companies or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof;

- 1.1.4 **“CHPL”** or **“the Transferor Company 1”** means Competent Hotels Private Limited, a company incorporated under the provisions of the Act and having its registered office at Unit No. 873, 8<sup>th</sup> Floor , Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi – 110034;
- 1.1.5 **“DHHPL”** or **“the Transferor Company 2”** means Divine Heritage Hotels Private Limited, a company incorporated under the provisions of the Act and having its registered office at No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur - 302018;
- 1.1.6 **“Effective Date”** means the last of the dates on which the certified or authenticated copies of the orders of the High Court of Delhi, Rajasthan, Himachal Pradesh and Madras are filed with the Registrar of Companies, Delhi, Rajasthan, Himachal Pradesh and Tamil Nadu respectively;
- Any references in this Scheme to “upon this Scheme becoming effective” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” shall be construed to be a reference to the Effective Date; provided however, that such references shall not affect the deemed taking into effect of certain parts of this Scheme, whether prior to, or after, other parts of this Scheme, as specifically contemplated herein.
- 1.1.7 **“HHRPL”** or **“the Transferor Company 3”** means Holiday on Hills Resorts Private Limited, a company incorporated under the provisions of the Act and having its registered office at Village Sicharateh Kandaghat, Solan District, Himachal Pradesh - 173215;
- 1.1.8 **“Governmental Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction;
- 1.1.9 **“High Court(s)”** means either the High Court of Delhi or High Court of Rajasthan or High Court of Himachal Pradesh or High Court of Madras or all these High Courts and shall include the National Company Law Tribunal, or any other similar judicial body, if applicable;
- 1.1.10 **“MHRIL”** or **“Transferee Company”** means Mahindra Holidays & Resorts India Limited, a company incorporated under the provisions of the Act and having its registered office at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600002, Tami Nadu.
- 1.1.11 **“New Act”** means the Companies Act, 2013, as applicable, and rules and regulations made thereunder and shall include any statutory modification or amendments or re-enactment thereof for the time being in force.
- 1.1.12 **“Scheme”** or **“the Scheme”** or **“this Scheme”** or **“Scheme of Amalgamation”** means this Scheme of Amalgamation and Arrangement in its present form or with any modification(s) made under Clause 22 of this Scheme or any modifications approved or directed by the High Court(s) or any other Government Authority;
- 1.1.13 **“Stock Exchanges”** means National Stock Exchange of India Limited and BSE Limited;
- 1.1.14 **“Transferor Companies”** means collectively CHPL, DHHPL and HHRPL;
- 1.1.15 **“Undertaking”** shall mean the entire business and the whole of the undertaking of the Transferor Companies as a going concern, all its assets, rights, licenses and powers, and all its debts, outstandings, liabilities, duties, obligations and employees as on the Appointed Date including, but not in any way limited to, the following:
- (a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Companies, including, without being limited to, land, plant and machinery, computers, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, interiors, office equipment, vehicles, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies, financial assets, leases (including but not limited to lease rights of the Transferor Companies), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions,

powers, municipal permissions, tenancies or licenses in relation to the office and/or residential properties (including for the employees or other persons), guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, title, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits), Minimum Alternate Tax Credit entitlement ("MAT Credit"), tax losses, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad.

- (b) All agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, trademarks, designs, quota rights, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Companies business activities and operations.
- (c) All intellectual property rights, records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of present and former customers and suppliers, other customer information and all other records and documents, whether in physical or electronic form, relating to the Transferor Companies business activities and operations.
- (d) Amounts claimed by the Transferor Companies whether or not so recorded in the books of account of the Transferor Companies from any Governmental Authority, under any law, act or rule in force, as refund of any tax, duty, cess or of any excess payment.
- (e) Right to any claim not preferred or made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon, with regard to any law, act or rule or scheme made by the Governmental Authority, and in respect of set-off, carry forward of un-absorbed losses, deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. under the Income-tax Act, 1961, or taxation laws of other countries, or any other or like benefits under the said acts or under and in accordance with any law or act, whether in India or anywhere outside India.
- (f) All debts (secured and unsecured), liabilities including contingent liabilities, duties, leases of the Transferor Companies and all other obligations of whatsoever kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised. Provided that, any reference in the security documents or arrangements entered into by the Transferor Companies and under which, the assets of the Transferor Companies stand offered as a security, for any financial assistance or obligation, the said reference shall be construed as a reference to the assets pertaining to that Undertaking of the Transferor Companies only as are vested in the Transferee Company by virtue of the Scheme.
- (g) All other obligations of whatsoever kind, including liabilities of the Transferor Companies with regard to their employees, or the employees of any of their subsidiaries, with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise.

The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meanings ascribed to them under the Act and other applicable laws,

rules, regulations, bye-laws, as the case may be including any statutory modification or re-enactment or amendment thereof.

## 2. DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or any other Governmental authority under Clause 22 of the Scheme shall be effective from the Appointed Date but shall become operative only from the Effective Date.

The amalgamation of the Transferor Companies with the Transferee Company shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.

## 3. SHARE CAPITAL

- 3.1 The share capital structure of the Transferee Company as per the last audited accounts for the year ended as on March 31, 2014 is as under:

Particulars	Amount in Rs
<b>Authorised</b>	
100,000,000 equity shares of Rs. 10/- each	1,000,000,000
<b>Total</b>	<b>1,000,000,000</b>
<b>Issued, subscribed and paid-up</b>	
88,780,856 equity shares of Rs. 10/- each fully paid	887,808,560
Less: 756,683 equity shares of Rs. 10/- each fully paid-up issued to the Transferee Company employees' stock option trust but not exercised by employees	(7,566,830)
<b>Total</b>	<b>880,241,730</b>

Subsequent to March 31, 2014 and up to the date of approval of this Scheme by the Board of the Transferee Company, there has been no change in the Share Capital of the Transferee Company.

- 3.2. The share capital structure of the Transferor Company 1 as per the latest audited balance sheet as on March 31, 2014 is as under:

Particulars	Amount in Rs
<b>Authorised</b>	
350,000 Equity Shares of Rs. 100/- each	35,000,000
150,000 14% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each	15,000,000
<b>Total</b>	<b>50,000,000</b>
<b>Issued, subscribed and paid-up</b>	
308,300 Equity Shares of Rs. 100/- each	30,830,000
<b>Total</b>	<b>30,830,000</b>

Subsequent to March 31, 2014, and up to the date of approval of this Scheme by the Board of the Transferor Company 1, there has been no change in the share capital of the Transferor Company 1. Further, the entire paid-up equity share capital of the Transferor Company 1 is held by the Transferee Company (i.e. the Transferor Company 1 is a wholly owned subsidiary of the Transferee Company).

- 3.3 The share capital structure of the Transferor Company 2 as per the latest audited balance sheet as on March 31, 2014 is as under:

Particulars	Amount in Rs
<b>Authorised</b>	
750,000 Equity Shares of Rs. 10/- each	7,500,000
<b>Total</b>	<b>7,500,000</b>
<b>Issued, subscribed and paid-up</b>	
700,000 Equity Shares of Rs. 10/- each	7,000,000
<b>Total</b>	<b>7,000,000</b>

Subsequent to March 31, 2014, and up to the date of approval of this Scheme by the Board of the Transferor Company 2, there has been no change in the share capital of the Transferor Company 2. Further, the entire paid-up equity share capital of the Transferor Company 2 is held by the Transferee Company (i.e. the Transferor Company 2 is a wholly owned subsidiary of the Transferee Company).

- 3.4 The share capital structure of the Transferor Company 3 as per the latest audited balance sheet as on March 31, 2014 is as under:

Particulars	Amount in Rs
<b>Authorised</b>	
1,000,000 Equity Shares of ₹. 10/- each with voting rights	10,000,000
<b>Total</b>	<b>10,000,000</b>
<b>Issued, subscribed and fully paid-up</b>	
1,000,000 Equity Shares of ₹. 10/- each with voting rights	10,000,000
<b>Total</b>	<b>10,000,000</b>

Subsequent to March 31, 2014, and up to the date of approval of this Scheme by the Board of the Transferor Company 3, there has been no change in the share capital of the Transferor Company 3. Further, the entire paid-up equity share capital of the Transferor Company 3 is held by the Transferee Company (i.e. the Transferor Company 3 is a wholly owned subsidiary of the Transferee Company).

## PART B

### AMALGAMATION OF THE TRANSFEROR COMPANY 1 WITH THE TRANSFEREE COMPANY

#### 4. TRANSFER AND VESTING OF UNDERTAKING

- 4.1 Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the entire business and whole of the Undertaking of the Transferor Company 1, as a going concern, including but not limited to all the debts, liabilities, duties and obligations of every description and also including, without limitation, all the movables and immovable properties and assets comprising amongst others all freehold and leasehold land, all freehold and leasehold buildings, investments, vehicles, furniture and fixtures, computers, office equipment, permits, licenses, authorisations, if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall without any further act or deed except as mentioned in Sub Clauses 4.2 to 4.4 below, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and liabilities of the Transferee Company.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company 1 or the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.

- 4.2 All the movable assets of the Transferor Company 1 along with assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash on hand, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, without the need to execute any separate instrument, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date.
- 4.3 Such delivery and transfer shall be made on a date mutually agreed upon between the Transferor Company 1 and the Transferee Company.
- 4.4 In respect of any assets of the Transferor Company 1, other than those mentioned in Sub Clause 4.2 above, including actionable claims, sundry debtors, outstanding loans, income tax refunds, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company 1 shall, if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Courts having sanctioned this Scheme, the relevant debt, loan, income tax refunds, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1 to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.5 With effect from the Appointed Date, all debts, liabilities, including contingent liabilities, duties and obligations of the Transferor Company 1, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company 1, and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall, pursuant to the orders of the High Courts or such other competent authority as may be applicable under provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 1.
- 4.6 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Company 1 and the Transferee Company per se shall be considered as intra-party transactions for all purposes from the Appointed Date.
- 4.7 Upon this Scheme being effective, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

## **5. CONSIDERATION**

As the Transferor Company 1 is a wholly-owned subsidiary of the Transferee Company, no consideration shall be payable pursuant to the amalgamation of the Transferor Company 1 with the Transferee Company, and the equity shares held by the Transferee Company along with the joint holders in the Transferor Company 1 shall stand cancelled without any further act, application or deed.

## **6. ACCOUNTING TREATMENT**

- 6.1 On the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company 1 in its books of account with effect from the Appointed Date.
- 6.2 Amalgamation of the Transferor Company 1 with the Transferee Company shall be accounted for in accordance with "Pooling of Interest Method" of accounting as per Accounting Standard – 14 as notified under the Act.
- 6.3 All assets & liabilities, including reserves, of the Transferor Company 1 shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form as they appear in the financial statement of the Transferor Company 1.

- 6.4** Amount of share capital of the Transferor Company 1 and the value recorded as investment in the books of the Transferee Company shall be adjusted against each other and difference, if any, shall be adjusted in the Amalgamation Reserve Account in the books of the Transferee Company.
- 6.5** All inter-corporate deposits, loans and advances, outstanding balances or other obligations between the Transferor Company 1 and the Transferee Company, shall be cancelled and there shall be no obligation/outstanding in that behalf.
- 6.6** In case of any differences in accounting policy between the Transferee Company and the Transferor Company 1, the impact of the same till the Appointed Date will be quantified and recorded in accordance with the applicable Accounting Standards notified under the Act to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

## **PART C**

### **AMALGAMATION OF THE TRANSFEROR COMPANY 2 WITH THE TRANSFEE COMPANY**

#### **7. TRANSFER AND VESTING OF UNDERTAKING**

- 7.1** Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the entire business and whole of the Undertaking of the Transferor Company 2, as a going concern, including but not limited to all the debts, liabilities, duties and obligations of every description and also including, without limitation, all the movables and immovable properties and assets comprising amongst others all freehold and leasehold land, all freehold and leasehold buildings, investments, vehicles, furniture and fixtures, computers, office equipment, permits, licenses, authorisations, if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall without any further act or deed except as mentioned in Sub Clauses 7.2 to 7.4 below, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and liabilities of the Transferee Company.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company 2 or the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.

- 7.2** All the movable assets of the Transferor Company 2 along with assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash on hand, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, without the need to execute any separate instrument, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date.
- 7.3** Such delivery and transfer shall be made on a date mutually agreed upon between the Transferor Company 2 and the Transferee Company.
- 7.4** In respect of any assets of the Transferor Company 2, other than those mentioned in Sub Clause 7.2 above, including actionable claims, sundry debtors, outstanding loans, income tax refunds, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company 2 shall, if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Courts having sanctioned this Scheme, the relevant debt, loan, income tax refunds, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2 to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 7.5** With effect from the Appointed Date, all debts, liabilities, including contingent liabilities, duties and obligations of the Transferor Company 2, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company 2, and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall, pursuant to the orders of the High Courts or such other competent authority as may be applicable



under provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 2.

- 7.6 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Company 2 and the Transferee Company per se shall be considered as intra-party transactions for all purposes from the Appointed Date.
- 7.7 Upon this Scheme being effective, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

## **8. CONSIDERATION**

As the Transferor Company 2 is a wholly-owned subsidiary of the Transferee Company, no consideration shall be payable pursuant to the amalgamation of the Transferor Company 2 with the Transferee Company, and the equity shares held by the Transferee Company along with the joint holders in the Transferor Company 2 shall stand cancelled without any further act, application or deed.

## **9. ACCOUNTING TREATMENT**

- 9.1 On the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company 2 in its books of account with effect from the Appointed Date.
- 9.2 Amalgamation of the Transferor Company 2 with the Transferee Company shall be accounted for in accordance with "Pooling of Interest Method" of accounting as per Accounting Standard – 14 as notified under the Act.
- 9.3 All assets & liabilities, including reserves, of the Transferor Company 2 shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form as they appear in the financial statement of the Transferor Company 2.
- 9.4 Amount of share capital of the Transferor Company 2 and the value recorded as investment in the books of the Transferee Company shall be adjusted against each other and difference, if any, shall be adjusted in the Amalgamation Reserve Account in the books of the Transferee Company.
- 9.5 All inter-corporate deposits, loans and advances, outstanding balances or other obligations between the Transferor Company 2 and the Transferee Company, shall be cancelled and there shall be no obligation/outstanding in that behalf.
- 9.6 In case of any differences in accounting policy between the Transferee Company and the Transferor Company 2, the impact of the same till the Appointed Date will be quantified and recorded in accordance with the applicable Accounting Standards notified under the Act to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

## **PART D**

### **AMALGAMATION OF THE TRANSFEROR COMPANY 3 WITH THE TRANSFEREE COMPANY**

## **10. TRANSFER AND VESTING OF UNDERTAKING**

- 10.1 Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the entire business and whole of the Undertaking of the Transferor Company 3, as a going concern, including but not limited to all the debts, liabilities, duties and obligations of every description and also including, without limitation, all the movables and immovable properties and assets comprising amongst others all freehold and leasehold land, all freehold and leasehold buildings, investments, vehicles, furniture and fixtures, computers, office equipment, permits, licenses, authorisations, if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall without any further act or deed except as mentioned in Sub Clauses 10.2 to 10.4 below, but subject to the charges affecting the same be transferred and/or deemed



to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and liabilities of the Transferee Company.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company 3 or the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.

- 10.2 All the movable assets of the Transferor Company 3 along with assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash on hand, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, without the need to execute any separate instrument, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date.
- 10.3 Such delivery and transfer shall be made on a date mutually agreed upon between the Transferor Company 3 and the Transferee Company.
- 10.4 In respect of any assets of the Transferor Company 3, other than those mentioned in Sub Clause 10.2 above, including actionable claims, sundry debtors, outstanding loans, income tax refunds, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company 3 shall, if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Courts having sanctioned this Scheme, the relevant debt, loan, income tax refunds, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 3 to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 10.5 With effect from the Appointed Date, all debts, liabilities, including contingent liabilities, duties and obligations of the Transferor Company 3, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company 3, and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall, pursuant to the orders of the High Courts or such other competent authority as may be applicable under provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 3.
- 10.6 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Company 3 and the Transferee Company per se shall be considered as intra-party transactions for all purposes from the Appointed Date.
- 10.7 Upon this Scheme being effective, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

## **11. CONSIDERATION**

As the Transferor Company 3 is a wholly-owned subsidiary of the Transferee Company, no consideration shall be payable pursuant to the amalgamation of the Transferor Company 3 with the Transferee Company, and the equity shares held by the Transferee Company along with the joint holders in the Transferor Company 3 shall stand cancelled without any further act, application or deed.

## **12. ACCOUNTING TREATMENT**

- 12.1 On the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company 3 in its books of account with effect from the Appointed Date.

- 12.2 Amalgamation of the Transferor Company 3 with the Transferee Company shall be accounted for in accordance with “Pooling of Interest Method” of accounting as per Accounting Standard – 14 as notified under the Act.
- 12.3 All assets & liabilities, including reserves, of the Transferor Company 3 shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form as they appear in the financial statement of the Transferor Company 3.
- 12.4 Amount of share capital of the Transferor Company 3 and the value recorded as investment in the books of the Transferee Company shall be adjusted against each other and difference, if any, shall be adjusted in the Amalgamation Reserve Account in the books of the Transferee Company.
- 12.5 All inter-corporate deposits, loans and advances, outstanding balances or other obligations between the Transferor Company 3 and the Transferee Company, shall be cancelled and there shall be no obligation/outstanding in that behalf.
- 12.5 In case of any differences in accounting policy between the Transferee Company and the Transferor Company 3, the impact of the same till the Appointed Date will be quantified and recorded in accordance with the applicable Accounting Standards notified under the Act to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

## **PART E**

### **GENERAL TERMS AND CONDITIONS**

#### **13. UTILIZATION OF SECURITIES PREMIUM ACCOUNT IN THE BOOKS OF THE TRANSFEEE COMPANY**

- 13.1 Upon the Scheme coming into effect and with effect from the Appointed Date, debit balances in Amalgamation Reserve Account, if any, after giving effect to Clauses 6, 9 and 12 of this Scheme shall be adjusted against the Securities Premium Account of the Transferee Company.
- 13.2 The application and reduction of the securities premium account, as above shall be effected as an integral part of the Scheme without having to follow the process under Section 52 of the New Act and Sections 100, 102 and 103 of the Act separately and the order of the High Courts sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act confirming the reduction. The reduction would not involve either diminution of liability in respect of unpaid share capital or payment of paid-up share capital and provisions of Section 101 of the Act will not be applicable.

#### **14. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

- 14.1 Upon the coming into effect of this Scheme and subject to the provisions of the Scheme and without any further act of the parties, all memoranda of understanding, contracts (including but not limited to customer contracts, service contracts and supplier contracts), schemes, assurances, licences, insurance policies, guarantees, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, and other assurances in favour of the Transferor Companies or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.
- 14.2 The Transferee Company shall, if so required or becomes necessary, upon the coming into effect of this Scheme enter into and/ or issue and/or execute deeds, writings or confirmations to give effect to the provisions of this Scheme and to the extent that the Transferor Companies is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Companies, as the case may be.

#### **15. LEGAL PROCEEDINGS**

If any legal proceedings including but not limited to suits, summary suits, indigent petitions, appeal, or other proceedings of whatever nature (hereinafter called “the proceedings”) by or against the Transferor Companies are pending as on the Effective Date, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the transfer of the entire

business and Undertaking of the Transferor Companies or of anything contained in the Scheme, but the proceedings shall be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted or enforced by or against the Transferor Companies, if the Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Companies.

## **16. EMPLOYEES OF TRANSFEROR COMPANIES**

- 16.1 All the permanent employees of the Transferor Companies, who are in service on the date immediately preceding the Effective Date shall, on and from the Effective Date become and be engaged as the employees of the Transferee Company, without any break or interruption in service as a result of the transfer and on terms and conditions not less favourable than those on which they are engaged by the Transferor Companies immediately preceding the Effective Date. Services of the employees of the Transferor Companies shall be taken into account from the date of their respective appointment with the Transferor Companies for the purposes of all retirement benefits and all other entitlements for which they may be eligible. For the purpose of payment of any retrenchment compensation, if any, such past services with the Transferor Companies shall also be taken into account.
- 16.2 On and from the Effective Date, the services of the employees of the Transferor Companies will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of provident fund or gratuity fund or pension fund or superannuation fund or other statutory purposes as the case may be.
- 16.3 It is provided that as far as the provident fund, gratuity fund and pension and/ or superannuation fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies in respect of the employees transferred with the entire business and Undertaking of the Transferor Companies for all purposes whatsoever relating to the administration or operation of such funds or trusts or in relation to the obligation to make contribution to the said funds or trusts in accordance with the provisions of such funds or trusts as provided in the respective trust deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to such funds or trusts shall become those of the Transferee Company. The trustees including the Board of Directors of the Transferor Companies and the Transferee Company or through any committee / person duly authorized by the Board of Directors in this regard shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or breakage in the services of the employees of the Transferor Companies.

## **17. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE**

With effect from the Appointed Date and upto and including the Effective Date:

- 17.1 The Transferor Companies shall carry on and be deemed to have been carrying on its business and activities and shall stand possessed of and hold all of the Undertaking for and on account of and for the benefit of and in trust for the Transferee Company. The Transferor Companies hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 17.2 The Transferor Companies shall carry on its business and activities with reasonable diligence, business prudence and shall not without the prior consent in writing of any of the persons authorised by the Board of Directors of the Transferee Company, (i) sell, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets comprising the Undertaking or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business (ii) nor shall it undertake any new business or substantially expand its existing business.
- 17.3 All the profits or income, taxes (including advance tax, tax deducted at source and MAT Credit) accruing or arising to the Transferor Companies or expenditure or losses arising to or incurred or suffered by the Transferor Companies, with effect from the said Appointed Date shall for all purposes and intents be treated and be deemed to be and accrue as the profits, incomes, taxes, tax losses, MAT Credit, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 17.4 The Transferor Companies shall not alter its equity capital structure either by fresh issue of shares or convertible securities (on a rights basis or by way of bonus shares or otherwise) or by any decrease, reduction, reclassification, sub-division,

consolidation, re-organisation or in any other manner, except by and with the consent of the Board of Directors of the Transferee Company.

17.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Companies.

## **18. DIVIDENDS**

The Transferor Companies shall not declare any dividend for the period commencing from and after the Appointed Date without the prior written consent of the Transferee Company.

## **19. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the entire business and Undertaking of the Transferor Companies pursuant to this Scheme, and the continuance of proceedings under Clause 15 above shall not affect any transaction or proceedings already concluded by the Transferor Companies on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

## **20. DISSOLUTION OF THE TRANSFEROR COMPANIES**

20.1 On the Scheme becoming effective, the Transferor Companies shall stand dissolved without being wound up and without any further act by the parties.

20.2 On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the appropriate Registrar of Companies. The Transferee Company shall make necessary filings in this regard.

20.3 Even after the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts relating to Transferor Companies and realize all monies and complete and enforce all pending contracts and transactions in the name of Transferor Companies insofar as may be necessary until the transfer and vesting of rights and obligations of the Transferor Companies to the Transferee Company under this Scheme is formally effected by the parties concerned.

## **21. APPLICATIONS/PETITIONS TO THE HIGH COURTS AND APPROVALS**

21.1 The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make and file all applications under Sections 391 to 394 of the Act read with Section 52 of the New Act and Sections 100 to 104 of the Act to the High Courts, for sanction of this Scheme and for dissolution of the Transferor Companies.

21.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Companies.

## **22. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

22.1 The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme, or to any conditions or limitations that the High Courts or any other Government Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the High Courts or such other Government Authority, or make any modifications / amendments to the Scheme in pursuance of a change in law or otherwise. The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

22.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) of the Transferor Companies and/or the Transferee Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulties

that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

### **23. VALIDITY OF EXISTING RESOLUTIONS, ETC**

Upon the coming into effect of the Scheme, the resolutions of the Transferor Companies as are considered necessary by the Board of Directors of the Transferee Company which are validly subsisting be considered as resolutions of the Transferee Company. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company.

### **24. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

24.1 The Scheme is conditional upon and subject to:

24.2 approval of the Scheme by the requisite majority of each class of the respective members and creditors of the Transferor Companies and the Transferee Company, if applicable as per the provisions of Act and as may be directed by the High Courts;

24.3 sanctions and orders under the provisions of Sections 391 to 394 of the Act read with Section 52 of the New Act and Sections 100 to 104 of the Act being obtained by the Transferor Companies and the Transferee Company from the respective High Courts subject to clause 25.2 of the Scheme;

24.4 the certified or authenticated copies of the orders of the respective High Courts sanctioning this Scheme being filed with the appropriate Registrar of Companies; and

24.5 any other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

### **25. EFFECT OF NON RECEIPT OF APPROVALS/SANCTIONS**

25.1 In the event of any of the said approvals referred to in Clause 24 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the respective High Courts and/or order or orders not being passed as aforesaid by 30 September 2016 or any other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Companies and the Transferee Company (who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)), this Scheme shall stand revoked, cancelled and be of no effect.

25.2 In case one or more High Courts do not approve the Scheme or there is a delay in obtaining approvals beyond a reasonable time as decided by the Board of Directors of the Transferor Company, as far as the Transferor Companies are concerned, the Board of Directors of the said Transferor Company(ies), as the case may be, and the Transferee Company, declare such part concerning the said Transferor Company under the Scheme of Amalgamation as severable and shall be deleted from the Scheme of Amalgamation. Such amended or modified Scheme excluding the severable and deleted portion shall continue to be effective in respect of the pending Transferor Companies and Transferee Company in respect of whom the Scheme has been approved by the respective High Courts.

25.3 If any part of this Scheme hereof is invalid, ruled illegal by any High Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Companies and the Transferee Company that such part shall be severable from the remainder of the Scheme.

25.4 The Boards of Directors of the Transferor Companies and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme could have adverse implications on the Transferor Companies and/ or the Transferee Company.

### **26. COSTS AND EXPENSES**

All costs, charges, taxes including duties and levies and all other expenses in relation to or in connection with carrying out and completing the terms and conditions of this Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company.

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Ernst & Young Merchant Banking Services Pvt. Ltd. Tel: +91 22 6192 0000  
5th Floor, Block B 2 Fax: +91 22 6192 3000  
Nirlon Knowledge Park ey.com  
Off Western Express Highway  
Goregaon (E), Mumbai-400 063, India

22 January 2015

**The Board of Directors**

Mahindra Holidays and Resorts India Limited  
Mahindra Towers, 1st floor, 'A' Wing,  
Dr. G M Bhosle Marg,  
P K Kurne Chowk, Worli,  
Mumbai – 400 018.

Re: Fairness opinion on the proposed equity share swap ratio as recommended by the Management of MHRIL for allotment of equity shares of Mahindra Holidays and Resorts India Limited to the equity shareholders of Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with respect to their proposed merger into Mahindra Holidays and Resorts India Limited

Dear Sirs,

We refer to engagement letter dated 29 October 2014 and addendum letter dated 21 January 2015 with Ernst & Young Merchant Banking Services Private Limited (hereinafter referred to as “EY” or “we” or “us”), wherein Mahindra Holidays and Resorts India Limited (“MHRIL” or “Client”) has requested us to provide fairness opinion on the equity share swap ratio recommended by the Management of MHRIL (the “Management”) in relation to the proposed merger (the “Merger”) of Competent Hotels Private Limited (“CH”), Divine Heritage Hotels Private Limited (“DHH”) and Holiday on Hills Resorts Private Limited (“HHR”) (hereinafter collectively referred to as the “Companies” or the “Merging Companies”) into MHRIL. As requested by the Client, our fairness opinion is based on the Management’s recommendation dated 21 January 2015 (the “Recommendation”).

**SCOPE AND PURPOSE OF THIS REPORT**

Mahindra Holidays & Resorts India Limited operates in the leisure and hospitality sector. It is engaged in the sale of vacation ownership; and provision of holiday facilities and other services in India and internationally. MHRIL has its registered office at Mahindra Towers, 2nd floor, No. 17/18, Patullos road, Chennai – 600002, Tamil Nadu and is listed on both the National Stock Exchange of India (“NSE”) and Bombay Stock Exchange (“BSE”). For the year ended 31 March 2014, it reported consolidated revenue of INR 8,303 million and profit after tax of INR 867.9 million.

1





Competent Hotels Private Limited is engaged in business of operating a resort/hotel in Manali, Himachal Pradesh and has its registered office at Unit No. 873, 8th Floor, Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi – 110034. The equity shares of CH were held by individuals as at 31 March 2014. 100% equity stake in CH is held by MHRIL as at the date of the Recommendation.

Divine Heritage Hotels Private Limited is engaged in the business of operating a resort/hotel in Jaisalmer, Rajasthan and has its registered office at No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur – 302018. 100% equity stake in DHH is held by MHRIL as at the date of the Recommendation.

Holiday on Hills Resorts Private Limited is engaged in the business of operating a resort/hotel in Kandaghat, Himachal Pradesh and has its registered office at Village Sicharateh Kandaghat, Solan district, Himachal Pradesh – 173215. 100% equity stake in HHR is held by MHRIL as at the date of the Recommendation.

None of the Merging Companies is listed on any stock exchange. The Management has further informed us that there would not be any change in capital structure or ownership structure in the Merging Companies till the date the Merger becomes effective.

We understand that the managements of MHRIL and the Companies are proposing to merge the Companies into MHRIL pursuant to a Scheme of Amalgamation and Arrangement under the provisions of Sections 391-394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013, 100 to 104 of the Companies Act, 1956 (hereinafter referred to as the “Scheme of Arrangement”).

The Management’s recommendation states that since the Merging Companies are wholly owned subsidiaries of MHRIL, no shares are to be issued by MHRIL as consideration for the proposed merger. Further as informed to us by the Management, there will be no change in the shareholding pattern of MHRIL due to merger after the Merger takes place and hence the valuation of the Merging companies and/or MHRIL has not been undertaken by MHRIL from an Independent Valuer as per SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4 February 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21 May 2013. We understand that the proposed appointed date for the merger is 1 April 2015.

In this connection, to comply with regulatory requirements for the Merger, the Management of MHRIL has engaged EY to provide a fairness opinion on their recommendation dated 21 January 2015 from the perspective of the shareholders of MHRIL and not on the fairness or economic rationale of the Merger per se.

This report is our deliverable in respect of our fairness opinion on the Recommendation by the Management for the purpose of the Merger of CH, DHH and HHR into MHRIL.







This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Merger and should not be used for any other purpose.

### **SOURCES OF INFORMATION**

We have primarily relied on the Recommendation provided by the Management and the Management certified shareholding structures of the Merging Companies as at the date of the recommendation given by the Management of MHRIL. We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the representatives of the Management.

It may be mentioned that MHRIL has been provided an opportunity to review the draft report for the current engagement as part of our standard practice to make sure that factual inaccuracies are avoided in our report.





## STATEMENT OF LIMITING CONDITIONS

### Affecting results

Provision of fairness opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This opinion, its contents and the results herein are specific to (i) the purpose of opinion as agreed as per the terms of our engagement and (ii) the date of this opinion. An opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this opinion only represent our recommendation(s) based upon information as at 22 January 2015, furnished by the Client and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

In the course of the fairness opinion, we were provided with both written and verbal information, including market, technical, financial and operating data.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information made available to us by the Client/Companies and (ii) the accuracy of the information that was publicly available and formed a substantial basis for this report. In accordance with our Engagement Letter and in accordance with the customary approach adopted in fairness opinion exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Client/Companies, we have been given to understand by the Client/Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Client/Companies. The Management of the Client has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our opinion/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Client/Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Client/Companies. However nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford





reasonable grounds upon which to base the opinion. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose

The Report assumes that the Client complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Client/Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this opinion has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Client/Companies.

This report does not look into the business/ commercial reasons behind the Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. In addition, this report does not in any manner address the prices at which MHRIL's equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders of any of the companies should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

No investigation of the Client's/Companies' claims to title of assets has been made for the purpose of this report and the Client's/Companies' claims to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The financial forecasts used in the preparation of the Report, if applicable, reflect judgment of the Management of the Client, based on the present circumstances, as to the most likely set of conditions and the course of action they are most likely to take. It is usually the case that some events and circumstances do not occur as expected and are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts, and such differences may be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility to only the Board of Directors of the Client, under the terms of our engagement letter, and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. This report is subject to the laws of India.



## RECOMMENDATION BY THE MANAGEMENT

It has been recommended by the Management that since the Merging Companies are 100% subsidiaries of MHRIL, no consideration in the form of equity shares is required to be issued by MHRIL for the Merger.

## OUR COMMENTS ON THE RECOMMENDATION BY THE MANAGEMENT

Our fairness opinion has been prepared based on the Management's Recommendation and our discussions with the Management, having regard to the representations from the Management, key underlying assumptions and limitations.

As explained to us, upon the Merger taking place, the economic interest, shareholding and other rights of the shareholders of MHRIL will remain unaffected on account of the Merger since the Merging Companies are 100% subsidiaries of MHRIL. In light of the above, and on consideration of all the relevant factors and circumstances including the structure of the transaction as discussed and outlined hereinabove, we believe that the Management's Recommendation that no consideration in the form of equity shares is required to be issued by MHRIL to the shareholders of the Merging Companies, is fair.

It should be noted that we have examined only the fairness of the Management's Recommendation for the shareholders of MHRIL and the Merging Companies inter-se and have not examined any other matter including fairness or economic rationale of the Merger per se or accounting and tax matters involved in the proposed Merger exercise.

Yours faithfully,



Parag Mehta  
Ernst & Young Merchant Banking Services Private Limited





DCS/AMAL/FR/24(f)/031/2015-16

April 28, 2015

The Company Secretary,  
**Mahindra Holidays & Resorts India Ltd.**  
Mahindra Towers, 2nd floor, No 17/18,  
Patullos Road, Chennai,  
Tamil Nadu 600 002.

**Sub: Observation letter regarding the Draft Scheme of Arrangement involving merger of Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited into Mahindra Holidays & Resorts India Ltd.**

We are in receipt of Scheme of Arrangement involving merger of Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited into the company.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter April 27, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *Company to ensure that additional information submitted by Mahindra Holidays & Resorts India Ltd with respect to pre-scheme and post-scheme shareholding as submitted by company is displayed from the date of receipt of this letter on the website of the company along with various documents submitted pursuant to the circulars.*
- *Company shall duly comply with various provisions of the Circulars."*

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable;
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,



Nith Pujari  
Manager



Pooja Sanghvi  
Asst. Manager

Ref: NSE/LIST/24126

April 28, 2015

The Company Secretary  
Mahindra Holidays & Resorts India Limited  
1 floor, A Wing, Mahindra Towers,  
P.K Hurne Chowk, Dr G M Bhosale Marg,  
Worli, Mumbai – 400018.

**Kind Attn.: Mr. Dinesh Shetty**

Dear Sir,

**Sub: Observation letter for draft Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday On Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited.**

This has reference to draft Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday On Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their respective shareholders and creditors under sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 submitted to NSE vide your letter dated February 16, 2015.

Based on our letter reference no Ref: NSE/LIST/22370 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated April 27, 2015, has given following comments on the draft Composite Scheme of Arrangement and Amalgamation:

*“1. The Company to ensure that additional information submitted with respect to pre-scheme and post-scheme shareholding vide Mahindra Holidays & Resorts India Limited email dated April 08, 2015 is displayed from the date of receipt of this letter on the website of the listed company along with various documents pursuant to the Circulars.*

*2. The Company shall duly comply with various provisions of the Circulars.”*

We hereby convey our ‘No-objection’ with limited reference to those matters having a bearing on listing/delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon’ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from April 28, 2015, within which the Scheme shall be submitted to the Hon’ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon’ble High Court, you shall submit to NSE the following:

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India. • Tel: +91 22 26598235/36, 26598346 • Fax: +91 22 26598237/38  
E-mail : [cmlist@nse.co.in](mailto:cmlist@nse.co.in) • Web site: [www.nseindia.com](http://www.nseindia.com)



Continuation Sheet

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,  
For National Stock Exchange of India Limited

Kamlesh Patel  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL  
[http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)



**Complaints Report: Mahindra Holidays & Resorts India Limited  
from 23<sup>rd</sup> February, 2015 to 16<sup>th</sup> March, 2015**

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
NA			

For Mahindra Holidays & Resorts India Ltd

  
Dinesh Shetty  
Company Secretary

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**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

(Ordinary Original Civil Jurisdiction)

**COMPANY APPLICATION NO. 726 OF 2015**

**In the matter of the Companies Act, 1956 (1 of 1956)**

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors

Mahindra Holidays & Resorts India Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600 002, .....Applicant / Tamil Nadu, represented by Dinesh Shetty, Company Secretary Transferee Company

**Proxy Form**

I/We, the undersigned Equity Shareholder(s) of Mahindra Holidays & Resorts India Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to act for me / us on my /our behalf at the Court Convened Meeting of the Equity Shareholders of Mahindra Holidays & Resorts India Limited to be held on Thursday, 10th September, 2015 at 3.00 pm at Mahindra Towers, Roof Top, No. 17/18 Patullos Road, Chennai – 600 002 for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors at such meeting and at any adjournment or adjournments thereof to vote for me/us and in my/our name \_\_\_\_\_, (here, if 'for', insert 'for', if 'against' insert 'against', and in the latter case, strike out the words below after "Scheme of Amalgamation and Arrangement") the said arrangement embodied in the Scheme of Amalgamation and Arrangement and the resolution, either with or without modification, as my/our proxy may approve.

[Strike out what is not necessary]

Dated this \_\_\_\_\_.

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Folio No:/ Client Id : \_\_\_\_\_

D.P. Id : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

Please Affix Re.1/- Revenue Stamp

**NOTES:**

- 1. All alterations made in the Form of Proxy should be initialed.
- 2. Proxy, in order to be effective, to be deposited at the registered office of the Company at Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18 Patullos Road, Chennai – 600002 not later than 48 hours before the meeting

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**Mahindra Holidays & Resorts India Limited**

Regd. Office: **Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18 Patullos Road, Chennai – 600 002, Tamil Nadu**

**t. +91 44 3988 1000 f. +91 44 3027 7778 CIN: L55101TN1996PLC036595**

**e. investors@mahindraholidays.com / w. www.clubmahindra.com**

**ATTENDANCE SLIP**

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

DP ID*		Folio No.	
Client ID*		No. of shares held	

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER(S) (in block letters):

.....

.....

NAME AND ADDRESS OF THE PROXYHOLDER (in Block Letters, to be filled in by the Proxy attending instead of the Equity Shareholders):

.....

.....

I hereby record my presence at the Court convened meeting of the Equity Shareholders of Mahindra Holidays & Resorts India Limited, the Applicant Company, convened pursuant to the Order dated 10th July 2015 of the Hon'ble High Court of Judicature at Madras of the Equity Shareholders of the Company at Mahindra Towers, Roof Top, No. 17/18 Patullos Road, Chennai – 600 002, on Thursday, 10<sup>th</sup> September, 2015 at 3.00 p.m.

Signature of the Equity Shareholder/ Proxy holder : .....

\*Applicable for shareholders holding share(s) in dematerialized form.

**Notes:**

- 1 Equity Shareholders attending the Meeting in person or by Proxy or through authorized representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall after affixing their signature on it.
2. Equity Shareholders who come to attend the meeting are requested to bring with them copy of the Notice and Scheme of Amalgamation and Arrangement.
3. Joint Shareholders may obtain additional attendance slip at the venue of the meeting.

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