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## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2018.

### Performance of the Company

Your Company is yet to commence operations. During the year under review, the Company has incurred loss of Rs. 1,06,213/-.

### Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

### Transfer to Reserves

Your Directors do not propose to transfer any amount to reserves.

### Holding Company

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

### Auditors' Report

There are no reservations, qualifications or adverse remarks contained in the Auditors' Report attached to the Financial Statements for the year ended March 31, 2018. Information referred in Auditors' Report are self-explanatory and do not call for any further comments.

### Extract of the Annual Return

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

### Board of Directors

As on March 31, 2018, your Company has 3 (three) Directors consisting of following:

Name of the Director	DIN	Designation
Mrs. Akhila Balachandar	07676670	Non-Executive Director
Mr. Ravindera Nath Khanna	05349095	Non-Executive Director
Mr. Jaiminikumar Shah <sup>#</sup>	07797955	Non-Executive Director

<sup>#</sup> appointed on the Board w.e.f April 20, 2017

### Appointment of Director

During the year under review, Mr. Jaiminikumar Shah (DIN: 07797955) was appointed as an Additional Director of the Company with effect from April 20, 2017.

The Shareholders of the Company at their Annual General Meeting held on August 1, 2017, approved the appointments of Mrs. Akhila Balachandar (appointed as an Additional Director by the Board w.e.f January 30, 2017) and Mr. Jaiminikumar Shah as the Directors of the Company.

### Resignation of Director

During the year under review Mr. Ajay Agrawal resigned as a Director of the Company w.e.f. April 20, 2017.

### Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act and Articles of Association of the Company, Mrs. Akhila Balachandar (DIN: 07676670), being longest in the office, is liable to retire by rotation and being eligible, offers herself for re-appointment.

### Key Managerial Personnel

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

### Number of meetings of the Board of Directors and Attendance

During the year under review, the Board met four times on: April 20, 2017, August 1, 2017, October 31, 2017 and January 18, 2018. The gap between two Meetings did not exceed one hundred and twenty (120) days. The details of attendance of Directors at the Meetings are given below:

Name of the Director	No. of Meetings held	No. of Meetings attended
Ajay Agrawal <sup>*</sup>	1	Nil
Ravindera Nath Khanna	4	3
Akhila Balachandar	4	4
Jaiminikumar Shah <sup>#</sup>	3	2

<sup>\*</sup> Resigned w.e.f April 20, 2017

<sup>#</sup> Appointed w.e.f April 20, 2017

### Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, Independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

### Disclosure of Composition of Audit Committee and providing Vigil Mechanism

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

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

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

### Particulars of contracts or arrangements with related parties

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

During the year under review, your Company has availed Inter Corporate Deposits (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding Company, amounting to Rs. 3 lakh. As on March 31, 2018, the aggregate ICD availed by your company from MHRIL was Rs. 5.5 lakh.

Apart from the above transaction, there were no materially significant related party transactions with the Promoters and Directors, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note 14 to the Financial Statements which sets out related party disclosure.

#### **Statutory Auditors**

Messrs Anil Nair & Associates, Chartered Accountants, Chennai (ICAI Registration Number 000175S), were appointed as the Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting ("AGM") held on August 26, 2014 till the conclusion of AGM to be held in the year 2019, subject to a yearly ratification of such appointment by Shareholders at the AGM. Accordingly, the Shareholders of the Company ratified the appointment of Statutory Auditors at their AGM held on August 1, 2017 for the financial year 2017-18.

Further, as required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made, at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors for the financial year 2018-19 is being sought from the Shareholders of the Company at the ensuing AGM.

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

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018, and the date of the Directors' Report.

#### **Details of Policy developed and implemented by the Company on its Corporate Social Responsibility initiatives**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

#### **Internal Financial Controls**

Your Company has adequate internal financial controls with reference to Financial Statements.

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

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

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the Annual Report of the Company pursuant to Regulation 34(3) read with Schedule V of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

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

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

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

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

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

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

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

- (a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view the state of affairs of the Company at the end of March 31, 2018, and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Disclosure Requirements**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

#### **Acknowledgements**

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

**For and on behalf of the Board of Directors**

<b>Akhila Balachandar</b>	<b>Jaiminikumar Shah</b>
Director	Director
(DIN:07676670)	(DIN:07797955)

Place: Mumbai  
Date: April 11, 2018

**ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2018***[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS**

i	CIN	U55101TN2007PLC063285
ii	Registration Date	April 26, 2007
iii	Name of the Company	Mahindra Hotels And Residences India Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No.17 & 18, 2 <sup>nd</sup> Floor, Mahindra Towers, Pattulos Road, Chennai – 600002 Ph. No. - 044 – 3988 1000 Fax No. - 044 – 3027 7778 E-Mail – nirav.momaya@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50,000	50,000	100.00	-	50,000	50,000	100.00	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	-	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	-

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
<b>Sub-total (A) (2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	–
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(1):-</b>	–	–	–	–	–	–	–	–	–
<b>2. Non-Institutions</b>									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
<b>Sub-total (B)(2):-</b>	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	–	<b>50,000</b>	<b>50,000</b>	<b>100.00</b>	–

**(ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	50,000	100%	–	50,000	100%	–	–
	<b>Total</b>	<b>50,000</b>	<b>100%</b>	<b>–</b>	<b>50,000</b>	<b>100%</b>	<b>–</b>	<b>–</b>

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

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

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

**V. INDEBTEDNESS**

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

**(Amount in Rs.)**

	Secured Loans excluding deposits	Unsecured Loans(ICD)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	–	2,50,000	–	2,50,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	12,708	–	12,708
<b>Total (i+ii+iii)</b>	<b>–</b>	<b>2,62,708</b>	<b>–</b>	<b>2,62,708</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	–	3,00,000	–	3,00,000
– Reduction	–	–	–	–
<b>Net change</b>	<b>–</b>	<b>3,00,000</b>	<b>–</b>	<b>3,00,000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	–	5,50,000	–	5,50,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	43,219	–	43,219
<b>Total (i+ii+iii)</b>	<b>–</b>	<b>5,93,219</b>	<b>–</b>	<b>5,93,219</b>

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

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

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

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

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

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

**For and on behalf of the Board of Directors**

**Akhila Balachandar**  
Director  
(DIN: 07676670)

**Jaiminikumar Shah**  
Director  
(DIN: 07797955)

Place: Mumbai

Date: April 11, 2018

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

#### **Mahindra Hotels & Residences India Limited**

#### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Mahindra Hotels & Residences India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information .

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and changes in the equity of the company in accordance with the accounting principles generally accepted in India , including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.

The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS ,of the financial position of company as at 31 March, 2018 , and its financial performance including other comprehensive income , its cash flows and the changes in equity for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we given in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the Directors of the as on March 31, 2018 taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.

- ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**For Anil Nair & Associates**  
Chartered Accountants  
Firm's Reg. No.: 000175S

Place: Chennai  
Date: April 11, 2018

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



## ANNEXURE “A” TO THE AUDITORS’ REPORT

The Annexure referred to in Independent Auditor’s Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

- (i) The Company does not carry any fixed assets in its books. Accordingly, reporting under Paragraph 3(i) (a), (b) and (c) of the order does not arise.
- (ii) The Company does not carry any inventory in its books. Accordingly, reporting under paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies ACT ,2013 (the Act)
- (iv) In our opinion and according to the information and explanations given to us, the Company does not provide any loans and investments that has to be complied with the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- (vii) According to the information and explanation given to us and on the basis of our examination of the records of the Company , amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax ,sales tax ,value added tax ,service tax, goods & service tax , cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, goods & service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of records of the company, the company has not paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section -197 read with Schedule-V of the Act for the year ended March 31,2018.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Anil Nair & Associates**  
Chartered Accountants  
Firm’s Reg. No.: 000175S

Place: Chennai  
Date: April 11, 2018

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

## ANNEXURE “B” TO THE AUDITORS’ REPORT

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Hotels & Residencies India Limited (“Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

In our opinion the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Anil Nair & Associates  
Chartered Accountants  
Firm’s Reg. No.: 000175S

P. Narayanan  
Partner  
Membership No.: 201758

Place: Chennai  
Date: April 11, 2018

**BALANCE SHEET AS MARCH 31, 2018**

Particulars	Note	In Rs.	
		As At March 31, 2018	As At March 31, 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	2	<u>2,94,895</u>	1,10,812
		<u>2,94,895</u>	1,10,812
		<u>2,94,895</u>	1,10,812
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	3	5,00,000	5,00,000
Reserves and Surplus	4	<u>(16,01,518)</u>	(14,95,305)
		<u>(11,01,518)</u>	(9,95,305)
<b>Non-Current Liabilities</b>			
<b>Other Long term Liabilities</b>	5	7,40,333	7,40,333
<b>Current Liabilities</b>			
Short term borrowings	6	5,50,000	2,50,000
Other Current Liabilities	7	<u>1,06,081</u>	1,15,784
		<u>6,56,081</u>	3,65,784
		<u>2,94,895</u>	1,10,812

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2018

**For and on behalf of the Board of Directors**

**Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2018

**Jaiminikumar Shah**

Director

DIN: 07797955

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Note	In Rs.	
		Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Revenue:</b>			
Revenue from operations		-	-
Other Income		11,236	-
<b>Total Revenue</b>		<b>11,236</b>	<b>-</b>
<b>Expenses</b>			
Finance Costs	8	33,901	11,048
Other Expenses	9	83,548	1,29,269
<b>Total Expenses</b>		<b>1,17,449</b>	<b>1,40,317</b>
<b>Profit Before Tax</b>		<b>(1,06,213)</b>	<b>(1,40,317)</b>
<b>Less: Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit/(Loss) for the Year</b>		<b>(1,06,213)</b>	<b>(1,40,317)</b>
<b>Significant Accounting Policies</b>	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2018

**For and on behalf of the Board of Directors****Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2018

**Jaiminikumar Shah**

Director

DIN: 07797955

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Year Ended March 31, 2018	In Rs. Year Ended March 31, 2017
<b>A Cash Flow from Operating Activities:</b>		
Profit before exceptional items and tax	(1,06,213)	(1,40,317)
<b>Adjustments:</b>		
Finance costs	33,901	11,048
<b>Operating profit before working capital changes</b>	<b>(72,312)</b>	<b>(1,29,269)</b>
<b>Changes in working capital:</b>		
Other Current Liabilities	(9,704)	30,829
Income tax	-	-
<b>Net Cash (used in)/from Operating Activities</b>	<b>(82,015)</b>	<b>(98,440)</b>
<b>B Cash Flow from Investing Activities:</b>		
<b>Net Cash (used in)/from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from borrowings	3,00,000	2,00,000
Profit before exceptional items and tax	(33,901)	(11,048)
<b>Net Cash (used in)/from Financing Activities</b>	<b>2,66,099</b>	<b>1,88,952</b>
<b>Net increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,84,083</b>	<b>90,512</b>
<b>Cash and Cash Equivalents:</b>		
Opening Balance	1,10,812	20,300
Closing Balance	2,94,895	1,10,812
	<b>1,84,083</b>	<b>90,512</b>

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2018

**For and on behalf of the Board of Directors**

**Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2018

**Jaiminikumar Shah**

Director

DIN: 07797955

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1 Corporate Information

The Company was incorporated on April 26, 2007 and has not yet commenced commercial operations.

### 2 Significant accounting policies

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles in India (previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

#### (ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### (iii) Revenue recognition

The Company had not commenced commercial operations during the year ended March 31, 2018

#### (iv) Taxation

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

#### (v) Property, plant and equipment

There were no fixed assets in the Company during the year ended March 31, 2018.

#### (vi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (vii) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Classification of financial assets

##### Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A debt instrument that meets the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

**Equity**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

**De-recognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

**Financial liabilities subsequently measured at amortized cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

**De-recognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**(viii) Cash flow statements**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future

cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

**(ix) Earnings per share**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

**2 Cash and Cash Equivalents**

Particulars	In Rs.	
	As at March 31, 2018	As at March 31, 2017
Cash on hand	-	-
<b>Balances with Banks</b>		
On Current Account	2,94,895	1,10,812
	<u>2,94,895</u>	<u>1,10,812</u>

**3 Share Capital**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs.	No. of shares	Rs.
<b>Authorised:</b>				
50,000 Equity Shares of Rs. 10 each	50,000	5,00,000	50,000	5,00,000
<b>Issued, Subscribed and Fully Paid up:</b>				
<b>Equity</b>				
50,000 Equity Shares of Rs. 10 each	50,000	5,00,000	50,000	5,00,000
	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>

**Notes:**

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year	-	-	-	-
At the end of the year	50,000	5,00,000	50,000	5,00,000

4 Shares in the company held by each shareholder holding more than 5% shares specifying the no. of shares held

Name of the Shareholder	No. of Shares		% held as at	
	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
Mahindra Holidays & Resorts India Limited	49994	99.99%	49994	99.99%

#### 4 Reserves and Surplus

Particulars	In Rs.	
	As at March 31, 2018	As at March 31, 2017
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
As per last balance sheet	(14,95,305)	(13,54,988)
Add: Profit / (Loss) for the year	(1,06,213)	(1,40,317)
	<u>(16,01,518)</u>	<u>(14,95,305)</u>

#### 5 Other Long term Liabilities

Particulars	In Rs.	
	As at March 31, 2018	As at March 31, 2017
Due to Holding Company - MHRIL	7,40,333	7,40,333
	<u>7,40,333</u>	<u>7,40,333</u>

#### 6 Short term borrowings

Particulars	In Rs.	
	As at March 31, 2018	As at March 31, 2017
Due to Holding Company - MHRIL	5,50,000	2,50,000
	<u>5,50,000</u>	<u>2,50,000</u>

#### 7 Other Current Liabilities

Particulars	In Rs.	
	As at March 31, 2018	As at March 31, 2017
Audit Fee Payable	34,350	34,350
Other Expenses Payable	24,664	68,141
Interest accrued on ICD from MHRIL	43,219	12,708
TDS Payable	3,848	586
	<u>1,06,081</u>	<u>1,15,784</u>

#### 8 Finance Costs

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
Interest on ICD	33,901	11,048
	<u>33,901</u>	<u>11,048</u>

#### 9 Other Expenses

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
Rates & Taxes	-	585
Legal and Professional Charges	48,985	94,228
Auditors' Remuneration	34,350	34,350
Misc. Expenses	150	-
Interest on tax	63	106
	<u>83,548</u>	<u>1,29,269</u>

#### 10 Earnings per Share

Particulars	In Rs.	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Basic and Diluted Earnings per share</b>	<b>(2.12)</b>	<b>(2.81)</b>

Particulars	In Rs.	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	(1,06,213)	(1,40,317)
Weighted average number of equity shares	50,000	50,000
Earnings per share - Basic and Diluted	(2.12)	(2.81)

#### 11 Categories of financial assets and financial liabilities

Particulars	In Rs.	
	As at March 31, 2018 Amortised Costs	Total
<b>Current Assets</b>		
Cash & Bank balances	2,94,895	2,94,895
<b>Current Liabilities</b>		
Borrowings	5,50,000	5,50,000
Trade Payables	7,40,333	7,40,333
<b>Amortised Costs</b>		
In Rs. As at March 31, 2017		
<b>Current Assets</b>		
Cash & Bank balances	1,10,812	1,10,812
<b>Current Liabilities</b>		
Borrowings	2,50,000	2,50,000
Trade Payables	7,40,333	7,40,333



**12 Fair Value Measurement**

**Fair value of financial assets and financial liabilities that are not measured at fair value**

The fair value of the financial assets and financial liabilities that are not measured at fair value is closely approximates the carrying value as disclosed below:

	In Rs.			
	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial liabilities</b>				
Cash and Cash Equivalents	2,94,895	2,94,895	1,10,812	1,10,812
<b>Financial liabilities</b>				
Borrowings	5,50,000	5,50,000	2,50,000	2,50,000
Trade Payables	7,40,333	7,40,333	7,40,333	7,40,333
<b>Total</b>	<u>12,90,333</u>	<u>12,90,333</u>	<u>9,90,333</u>	<u>9,90,333</u>

**13 Segment information**

The Company did not commence commercial operations during the year ended March 31, 2018. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

**14 Related Party Transactions**

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

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

**(ii) Related Party Transactions and balances**

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
<b><u>Holding company</u></b>		
<b>Transactions during the year:</b>		
Interest accrued on ICD	33,901	11,048
ICD Aailed	3,00,000	2,00,000
<b><u>Holding company</u></b>		
<b>Balances as at:</b>		
Trade Payables	7,40,333	7,40,333
ICD Outstanding	5,50,000	2,50,000
Interest accrued but not due on ICD	43,219	12,708
<b><u>Ultimate Holding company</u></b>		
<b>Balances as at:</b>		
Other Payables	10,305	10,305

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

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2018

**For and on behalf of the Board of Directors**

**Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2018

**Jaiminikumar Shah**

Director

DIN: 07797955

## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

### Principal Activities

The Company's principal activities are holding of investment properties and lease rental.

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

### Financial Results

	RM	INR
Total comprehensive income for the year, after taxation	156,553	2,643,820

### Dividends

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

### Reserves and Provisions

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

### Issue of Shares and Debentures

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

### Options

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

### Directors

The names of the directors of the Company who held office since the date of the last report and at the date of this report are:-

Ravindera Nath Khanna

Koh Yeow York

Koh Tong Ngee

Ajay Agrawal (Resigned on 10.04.2017)

Akhila Balachandar (Appointed on 10.04.2017)

Dinesh Shivanna Shetty (Resigned on 28.03.2018)

Joyakesh Podder (Appointed on 28.03.2018)

### Directors' Interest

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

### Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiary is a party,

with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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

### Directors' Remuneration

Details of emoluments paid to directors and past directors of the Company during and at the end of the financial year are as stated in Note 12 to the financial statements.

### Auditors' Remuneration

The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year under review, inclusive of all fees, percentages or other payments or consideration given by or from the Company is as stated in Note 12 to the financial statements.

### Bad and Doubtful Debts

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

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

### Current Assets

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

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

### Valuation Methods

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

#### **Indemnities to Directors, Officers or Auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

#### **Contingent and Other Liabilities**

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

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

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

#### **Change of Circumstances**

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

#### **Items of An Unusual Nature**

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

#### **Events Subsequent To Reporting Date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

#### **Holding Company**

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

#### **Auditors**

The auditors, Messrs. Lloyds.Earle.Panicker, Chartered Accountants, have intimated their willingness to continue in office in accordance with Section 267(4) (a) of the Companies Act, 2016.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

**AKHILA BALACHANDAR**  
Director

**RAVINDERA NATH KHANNA**  
Director

Date: 26 April 2018

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Heritage Bird (M) Sdn. Bhd.**, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out from Note no. 1 to 18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**LLOYDS.EARLE.PANICKER**

A.F. 0604

*Chartered Accountants*

**KESAVAN K. PANICKER**

761/03/19(J)

*Chartered Accountant*

Place : Kuala Lumpur

Dated : 26 APR 2018

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Note	2018 RM	2018 INR	2017 RM	2017 INR
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	6	3,955,400	66,797,609	4,055,062	68,480,671
<b>Current Assets</b>					
Trade receivables	7	79,500	1,342,572	–	–
Cash at bank		315,461	5,327,411	70,251	1,186,378
		<u>394,961</u>	<u>6,669,983</u>	<u>70,251</u>	<u>1,186,378</u>
<b>TOTAL ASSETS</b>		<u><b>4,350,361</b></u>	<u><b>73,467,591</b></u>	<u><b>4,125,313</b></u>	<u><b>69,667,048</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	8	300,002	5,066,344	300,002	5,066,344
Reserves		(809,881)	(13,677,027)	(966,434)	(16,320,847)
<b>Total Equity</b>		<u>(509,879)</u>	<u>(8,610,684)</u>	<u>(666,432)</u>	<u>(11,254,504)</u>
<b>Non-Current Liabilities</b>					
Amount due to holding company	9	4,673,077	78,917,522	4,673,077	78,917,522
<b>Current Liabilities</b>					
Non-trade payables		118,963	2,009,011	104,668	1,767,602
Amount due to directors	10	14,000	236,428	14,000	236,428
Taxation		54,200	915,313	–	–
		<u>187,163</u>	<u>3,160,753</u>	<u>118,668</u>	<u>2,004,030</u>
<b>Total Liabilities</b>		<u><b>4,860,240</b></u>	<u><b>82,078,275</b></u>	<u><b>4,791,745</b></u>	<u><b>80,921,552</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,350,361</b></u>	<u><b>73,467,591</b></u>	<u><b>4,125,313</b></u>	<u><b>69,667,048</b></u>

The notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

		2018	2018	2017	2017
	Note	RM	INR	RM	INR
<b>Revenue</b>	11	<b>872,188</b>	<b>14,729,249</b>	846,815	14,300,758
Cost of sales		(59,390)	(1,002,961)	(290,666)	(4,908,680)
<b>Gross profit</b>		<b>812,798</b>	<b>13,726,289</b>	556,149	9,392,077
Other Income		17,210	290,637	–	–
Administration expenses		(210,280)	(3,551,146)	(356,866)	(6,026,646)
Profit from operations	12	<b>619,728</b>	<b>10,465,781</b>	199,283	3,365,432
Finance charge	13	(408,975)	(6,906,647)	(408,975)	(6,906,647)
Net profit/(loss) before taxation		<b>210,753</b>	<b>3,559,133</b>	(209,692)	(3,541,216)
Taxation	14	(54,200)	(915,313)	1,889	31,901
<b>Total comprehensive income/(loss) for the year</b>		<b>156,553</b>	<b>2,643,820</b>	(207,803)	(3,509,315)

The notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018**

	2018 RM	2018 INR	2017 RM	2017 INR
<b>Cash Flows From Operating Activities</b>				
Net profit/(loss) before taxation	210,753	3,559,133	(209,692)	(3,541,216)
Adjustment :-				
Depreciation on property, plant and equipment	99,662	1,683,062	99,662	1,683,062
Interest on loan	408,975	6,906,647	408,975	6,906,647
Operating profit before working capital changes	719,390	12,148,843	298,945	5,048,493
Changes in receivables	(79,500)	(1,342,572)	54,045	912,696
Changes in payables	14,295	241,410	(173,434)	(2,928,901)
Cash generated from operations	654,185	11,047,680	179,556	3,032,288
Tax paid	-		(4,111)	(69,425)
<b>Net cash from operating activities</b>	<b>654,185</b>	<b>11,047,680</b>	<b>175,445</b>	<b>2,962,863</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of property, plant and equipment	-	-	(4,200)	(70,928)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>(4,200)</b>	<b>(70,928)</b>
<b>Cash Flows From Financing Activities</b>				
Amount due to holding company	-	-	184,878	3,122,164
Interest paid to holding company	(408,975)	(6,906,647)	(408,975)	(6,906,647)
<b>Net cash from financing activities</b>	<b>(408,975)</b>	<b>(6,906,647)</b>	<b>(224,097)</b>	<b>(3,784,483)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>245,210</b>	<b>4,141,033</b>	<b>(52,852)</b>	<b>(892,549)</b>
<b>Cash and cash equivalents brought forward</b>	<b>70,251</b>	<b>1,186,378</b>	<b>123,103</b>	<b>2,078,927</b>
<b>Cash and cash equivalents carried forward</b>	<b>315,461</b>	<b>5,327,411</b>	<b>70,251</b>	<b>1,186,378</b>

**Note:**

Cash and cash equivalent at the end of the year comprises:

	2018 RM	2018 INR	2017 RM	2017 INR
Cash at bank	315,461	5,327,411	70,251	1,186,378

The notes form an integral part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Share Capital RM</b>	<b>Accumulated Loss RM</b>	<b>Total RM</b>
<b>31 March 2018</b>			
Balance as at 31 March 2017	300,002	(966,434)	(666,432)
Profit for the year	–	156,553	156,553
<b>Balance as as 31 March 2018</b>	<b>300,002</b>	<b>(809,881)</b>	<b>(509,879)</b>
<b>31 March 2017</b>			
Balance as at 31 March 2016	300,002	(758,631)	(458,629)
Loss for the year	–	(207,803)	(207,803)
Balance as at 31 March 2017	300,002	(966,434)	(666,432)
<b>31 March 2018</b>			
	<b>Share Capital INR</b>	<b>Accumulated Loss INR</b>	<b>Total INR</b>
Balance as at 31 March 2017	5,066,344	(16,320,847)	(11,254,504)
Profit for the year	–	2,643,820	2,643,820
<b>Balance as as 31 March 2018</b>	<b>5,066,344</b>	<b>(13,677,027)</b>	<b>(8,610,684)</b>
<b>31 March 2017</b>			
Balance as at 31 March 2016	5,066,344	(12,811,533)	(7,745,189)
Loss for the year	–	(3,509,315)	(3,509,315)
Balance as at 31 March 2017	5,066,344	(16,320,847)	(11,254,504)

The notes form an integral part of these financial statements.

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

	2018 RM	2018 INR	2017 RM	2017 INR
<b>Revenue</b>	<b>872,188</b>	<b>14,729,249</b>	846,815	14,300,758
<b>Less: Cost of Sales</b>	<b>(59,390)</b>	<b>(1,002,961)</b>	(290,666)	(4,908,680)
<b>Gross Profit</b>	<b>812,798</b>	<b>13,726,289</b>	556,149	9,392,077
<b>Add: Other Income</b>				
GST written off	17,210	290,637	-	-
<b>Less: Expenditure</b>				
<b>Administration expenses</b>				
Audit fee	16,000	270,203	16,000	270,203
Accountancy fee	48,000	810,610	48,000	810,610
Assessment and quit rent	3,312	55,932	3,312	55,932
Astro	-	-	15,931	269,038
Access cards	1,080	18,239	-	-
Bank charges	293	4,948	306	5,168
Bad debt written off	-	-	6,615	111,712
Depreciation of property, plant and equipment	99,662	1,683,062	99,662	1,683,062
Directors' fee	14,000	236,428	14,000	236,428
Electricity charges	-	-	37,670	636,160
Fine & penalty	908	15,334	21,054	355,554
Forex loss	3,222	54,412	840	14,186
Insurance	1,384	23,373	2,736	46,205
Printing and stationery	1,836	31,006	2,081	35,143
Professional fee	15,332	258,922	12,900	217,851
Provision for doubtful debt	-	-	664	11,213
Secretarial fees and charges	2,980	50,325	7,757	130,998
Travelling charges	897	15,148	-	-
Upkeep of premises	-	-	10,106	170,667
Water charges	1,374	23,204	3,851	65,035
GST not claimable	-	-	53,381	901,482
	<b>210,280</b>	<b>3,551,146</b>	356,866	6,026,646
<b>Finance Costs</b>				
Interest on loan	408,975	6,906,647	408,975	6,906,647
<b>Net Profit/(Loss) for the Year</b>	<b>210,753</b>	<b>3,559,133</b>	(209,692)	(3,541,216)

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

### 1. GENERAL INFORMATION

The Company is a private company, incorporated and domiciled in Malaysia. The registered office is situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, and its principal place of business is located at 3A07, Block B, Phileo Damansara II, 15 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.

The Company's principal activities are holding of investment properties and lease rental.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

### 2. Compliance With Financial Reporting Standards and the Companies Act, 2016

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

### 3. Financial Risk Management Policies

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

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

#### a) Liquidity and cash flow risks

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

#### b) Interest rate risk

The Company's interest rate exposure arises principally from the trade creditors and borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

#### c) Foreign currency risk

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

#### d) Credit risk

Credit risk is controlled by monitoring procedures and by internal credit review where credit risk is material.

#### e) Market risk

The Company's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Company manages disposal of its investment to optimise returns on realisation.

### 4. Basis of Preparation

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

### 5. Significant Accounting Policies

#### a) Revenue recognition

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

#### b) Property, plant and equipment

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

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

Furniture and fittings	10%
Freehold building	2%

#### c) Trade receivables

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

#### d) Cash and cash equivalents

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

#### e) Provisions

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

#### f) Foreign currency transactions and balances

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

#### g) Financial instruments

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

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

#### h) Income tax

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

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

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

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity. In this case the deferred tax is charged or credited directly in equity. When the deferred tax arises from a business combination that is an acquisition, it is included in the resulting goodwill or negative goodwill.

**i) Impairment of assets**

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

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

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

**6. Property, Plant and Equipment**

	Furniture and Fittings RM	Freehold Building RM	Total RM
Gross Carrying Amount:			
At 1 April 2017	54,454	4,941,100	4,995,554
Additions	-	-	-
At 31 March 2018	<b>54,454</b>	<b>4,941,100</b>	<b>4,995,554</b>
Accumulated Depreciation:			
At 1 April 2017	51,094	889,398	940,492
Charge for the year	840	98,822	99,662
At 31 March 2018	<b>51,934</b>	<b>988,220</b>	<b>1,040,154</b>
Net Book Value at 1 April 2017	3,360	4,051,702	4,055,062
Net Book Value at 31 March 2018	<b>2,520</b>	<b>3,952,880</b>	<b>3,955,400</b>
	Furniture and fittings INR	Freehold Building INR	Total INR
Gross Carrying Amount:			
At 1 April 2017	919,599	83,443,821	84,363,420
Additions	-	-	-
At 31 March 2018	<b>919,599</b>	<b>83,443,821</b>	<b>84,363,420</b>
Accumulated Depreciation:			
At 1 April 2017	862,856	15,019,888	15,882,744
Charge for the year	14,186	1,668,876	99,662
At 31 March 2018	<b>877,042</b>	<b>16,688,764</b>	<b>15,982,406</b>
Net Book Value at 1 April 2017	56,743	68,423,933	68,480,676
Net Book Value at 31 March 2018	<b>42,557</b>	<b>66,755,057</b>	<b>68,381,014</b>

**7. Trade Receivables**

	2018 RM	2017 RM
Holding Company	<b>79,500</b>	-

	2018 INR	2017 INR
Holding Company	<b>1,342,572</b>	-

**8. Share Capital**

	2018			2017		
	No of shares	RM	INR	No of shares	RM	INR
Authorised ordinary shares						
Balance b/f	-	-	-	500,000	500,000	8,443,850
Created during the year	-	-	-	-	-	-
Balance c/f	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>8,443,850</b>
Issued and fully paid ordinary shares						
Balance b/f	<b>300,002</b>	<b>300,002</b>	<b>5,066,344</b>	300,002	300,002	5,066,344
Issued during the year	-	-	-	-	-	-
Balance c/f	<b>300,002</b>	<b>300,002</b>	<b>5,066,344</b>	<b>300,002</b>	<b>300,002</b>	<b>5,066,344</b>

The new Companies Act 2016 ("CA 2016") which came into effect on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

There is no impact on the numbers of shares in issue or the relative entitlements of any of the member as a result of this transition.

**9. Amount Due To Holding Company**

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

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

**10. Amount Due To Directors**

The amount due to directors is RM14,000. The said amount is interest free, unsecured and without any fixed terms of repayment.

**11. Revenue**

Revenue represents income from lease rental and rental income receivable.

**12. Profit From Operations**

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

	2018 RM	2018 INR	2017 RM	2017 INR
Audit fee	<b>16,000</b>	<b>270,203</b>	16,000	270,203
Assessment and quit rent	<b>3,312</b>	<b>55,932</b>	3,312	55,932
Depreciation of property, plant and equipment	<b>99,662</b>	<b>1,683,062</b>	99,662	1,683,062
Directors' fee	<b>14,000</b>	<b>236,428</b>	14,000	236,428

**13. Finance Costs**

	2018 RM	2018 INR	2017 RM	2017 INR
Interest expense on loan from holding company	<b>408,975</b>	<b>6,906,647</b>	408,975	6,906,647

**14. Taxation**

	2018	2018	2017	2018
	RM	RM	RM	INR
Current year provision	54,200	915,313	-	-
Over provision in previous year	-	-	(1,889)	(31,901)
	<u>54,200</u>	<u>915,313</u>	<u>(1,889)</u>	<u>(31,901)</u>

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

	2018	2018	2017	2017
	RM	INR	RM	INR
Profit/(loss) before taxation	210,753	3,559,133	(209,692)	(3,541,216)
Tax at statutory income tax rate of 18% (2017: 18%)	37,936	640,652	(37,745)	(637,426)
Tax effect of expenses that are not deductible for tax purposes	3,460	58,431	7,508	126,793
Deferred tax not recognised in the financial statements	17,667	298,355	17,940	302,965
Over provision from previous year	-	-	(1,889)	(31,901)
Unutilised tax losses	-	-	12,297	207,668

	2018	2018	2017	2017
	RM	INR	RM	INR
Utilised prior year tax losses	(4,863)	(82,125)	-	-
	<u>54,200</u>	<u>915,313</u>	<u>(1,889)</u>	<u>(31,901)</u>

**15. Going Concern**

The Company has deficiency in shareholders' funds amounting to RM509,879 (2017: RM666,432).

However, the financial statements have been prepared on a going concern basis, as Mahindra Holidays and Resort India Ltd., the Holding Company, has given a confirmation of continued financial support to the Company.

**16. Related Party Transactions**

	2018	2017
	RM	RM
Revenue	(872,188)	(846,815)
Interest on loan	<u>408,975</u>	<u>408,975</u>

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

**17. Employees**

The number of employees of the Company as at 31 March 2018 is Nil (2017 : Nil).

**18. Date of Authorisation for Issue of the Financial Statements**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 April 2018.

## DIRECTORS' REPORT

To,  
**The Shareholders,**

Your Directors have pleasure in presenting the Seventh Annual Report of the Company along with the audited Financial Statements for the Financial Year ended March 31, 2018.

### FINANCIAL HIGHLIGHTS

Particulars	(Rs in Lakh)	
	2018	2017
<b>Income:</b>		
Revenue from Operations	645.32	–
Other Income	–	0.30
Total Income	<b>645.32</b>	<b>0.30</b>
<b>Expenses</b>		
Less: Employee benefit expense & Other Expenses	(596.42)	(29.04)
Profit/(Loss) before Depreciation and Taxation	48.90	(28.74)
Less: Depreciation	(320.81)	–
<b>Profit/(Loss) before Taxation</b>	<b>(271.92)</b>	<b>(28.74)</b>
Less: Taxation	–	–
<b>Profit/(Loss) for the year after Taxation</b>	<b>(271.92)</b>	<b>(28.74)</b>

### PERFORMANCE OF THE COMPANY

During the year under review, your Company has completed its greenfield project of construction of resort property consisting of 115 rooms at Naldehra, Himachal Pradesh and the resort property has become fully operational. The Company has entered into an inventory arrangement for the usage of rooms with Mahindra Holidays & Resorts India Limited, holding company.

As on March 31, 2018, your Company has an outstanding loan of Rs.6,500 lakh availed from Kotak Mahindra Bank. The said loan has been secured by way of creating a mortgage on the resort property of the Company.

### AUDITORS' REPORT

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to the Financial Statements for the financial year ended March 31, 2018. Information referred in the Auditors Report are self-explanatory and do not call for any further comments.

### DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year under review.

### TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves.

### ARTICLES OF ASSOCIATION

During the year under review, with a view to align the Articles vis-à-vis, the provisions of the Companies Act, 2013 ("the Act")

including Rules framed thereunder pertaining to further issue of share capital, the Articles of Association of the Company, after obtaining the shareholders' approval at the 6<sup>th</sup> Annual General Meeting ("AGM") held on September 25, 2017, were altered to that effect.

### SHARE CAPITAL

#### AUTHORISED SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 60,00,00,000/- (Rupees Sixty Crore only) divided into 6,00,00,000 (Six Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 65,00,00,000/- (Rupees Sixty Five Crore only) divided into 6,50,00,000 (Six Crore and Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.

#### PAID UP SHARE CAPITAL

The Board of Directors of the Company at their meeting held on October 25, 2017, has approved the Rights Issue of 1,53,21,400 (One Crore Fifty Three Lakh Twenty One Thousand and Four Hundred) equity shares at par i.e. Rs. 10/- per equity share aggregating Rs. 15,32,14,000/- (Rupees Fifteen Crore Thirty Two Lakh and Fourteen Thousand Only). The Rights Issue was opened on November 1, 2017 and closed on November 15, 2017 (both days inclusive). Accordingly, the Board of Directors, at their meeting held on November 16, 2017, approved the allotment of 1,53,21,400 equity shares. The Rights Issue proceeds are being utilized for the purpose of issue.

Consequent to the aforesaid allotment, the paid up share capital of the Company increased from Rs. 49,67,86,000/- (Rupees Forty Nine Crore Sixty Seven Lakh Eighty Six Thousand Only) divided into 4,96,78,600 (Four Crore Ninety Six Lakh Seventy Eight Thousand and Six Hundred) of Rs.10/- (Rupees Ten only) each to Rs. 65,00,00,000/- (Rupees Sixty Five Crore only) divided into 6,50,00,000 (Six Crore and Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.

#### HOLDING COMPANY

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

#### EXTRACT OF THE ANNUAL RETURN

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

#### BOARD OF DIRECTORS

As on March 31, 2018, your Company has 5 (five) Directors consisting of following:

Name of the Director	DIN	Category
Mrs. Akhila Balachandar	07676670	Non-Executive Director
Mr. Ravindera Nath Khanna	05349095	Non-Executive Director
Mr. Joyakesh Poddar <sup>#</sup>	07924728	Non-Executive Director
Mr. Kanwaljit Singh Thanewal	01231075	Independent Director
Mr. Manish Vora	07133944	Independent Director

<sup>#</sup> appointed w.e.f August 31, 2017

#### APPOINTMENT OF DIRECTOR

Pursuant to Section 161 of the Act and Articles of Association of the Company, the Board of Directors at their meeting held on August 31, 2017, on the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Mr. Joyakesh Poddar as an Additional Director of the Company to hold office till the next General Meeting. His appointment as a Director was subsequently approved by the Shareholders of the Company at their Annual General meeting held on September 25, 2017.

#### RESIGNATION OF DIRECTOR

Mr. Ajay Agrawal resigned as a Director of the Company w.e.f. the close of the business hours on April 10, 2017.

#### RETIREMENT BY ROTATION

Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora are Independent Directors of the Company and are not liable to retire by rotation.

Pursuant to Section 152(6) of the Act and Articles of Association of the Company, Mrs. Akhila Balachandar (DIN: 07676670) being longest in the office, is liable to retire by rotation, and being eligible, offers herself for re-appointment.

#### DECELERATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that they meet the criteria of independence as laid down under Section 149(6) of the Act.

#### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND ATTENDANCE

During the year under review, the Board met five times on: May 3, 2017, August 31, 2017, October 25, 2017, November 16, 2017 and March 14, 2018. The gap between two Meetings did not exceeded one hundred and twenty days. The details of attendance of Directors at the meeting are given below:

Name of Director	No. of Meetings held	No. of Meetings attended
Ajay Agrawal <sup>#</sup>	NA	NA
Akhila Balachandar	5	5
Ravindera Nath Khanna	5	2
Joyakesh Poddar <sup>*</sup>	3	2
Kanwaljit Singh Thanewal	5	3
Manish Vora	5	4

<sup>#</sup> Resigned w.e.f. April 10, 2017

<sup>\*</sup> Appointed w.e.f. August 31, 2017

#### AUDIT COMMITTEE

The Composition of the Audit Committee was in compliance with the provisions of Section 177 of the Act. The Audit Committee comprised of Mrs. Akhila Balachandar, Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora. During the year under review, the Audit Committee met once on May 3, 2017. All the members were present at the meeting.

Pursuant to amendment dated July 13, 2017 in the provisions of the Act, and the Rules made thereunder, your Company is exempted from the constitution of an Audit Committee, and accordingly the Board of Directors at their Meeting held on March 14, 2018 dissolved the Audit Committee with effect from that date.

#### NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Composition of the NRC was in compliance with the provisions of Section 178 of the Act. The NRC comprised of Mrs. Akhila Balachandar, Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora. During the year under review, the NRC met twice on: May 3, 2017 and August 31, 2017. All the members were present at the meetings, except Mr. Kanwaljit Singh Thanewal who attended one meeting.

Pursuant to amendment dated July 13, 2017 in the provisions of the Act, and the Rules made thereunder, your Company is exempted from constitution of a NRC, and accordingly the Board of Directors at their Meeting held on March 14, 2018 dissolved the NRC with effect from that date.

#### REMUNERATION POLICY

In compliance with Section 178(3) of the Act, the Company has a policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees. The Policy provides that all employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable, which remuneration will be paid in accordance with the laid down Statutes. Further, remuneration for on-roll employees

will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually, and it shall be consistent with the competitive position of the salary for similar positions in the industry after considering the Qualifications, Experience, Roles and Responsibilities. Remuneration to the Directors and KMPs are subject to the approval of the Board.

### **BOARD EVALUATION**

Pursuant to the provisions of the Act, evaluation of every Director's performance was done by the Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole and Committees thereof was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors excluding the Director being evaluated. The Directors expressed their satisfaction with the evaluation process.

### **MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors of the Company met once on May 3, 2017 without the presence of the Non-Independent Directors or Key Managerial Personnel. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **KEY MANAGERIAL PERSONNEL (KMPs)**

During the year under review, Ms. Preetha Thanikachalam, Chief Financial Officer, resigned from the services of the Company w.e.f August 31, 2017. The Board places on record its appreciation for the services rendered by Ms. Preetha during her association with the Company.

Based on the recommendations of the Nomination and Remuneration Committee Mr. Narender Pratap Singh Raghuvanshi an employee of Mahindra Holidays & Resorts India Limited has been deputed to the Company and appointed as the Chief Financial Officer and Key Managerial personnel w.e.f August 31, 2017.

Mr. Balamurugan PS, Manager, Mr. Narender Pratap Singh Raghuvanshi, and Mr. Nirav Momaya, Company Secretary, are the KMPs as per the provisions of the Act.

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

During the year 2017-18, your Company did not grant any loans or give any guarantees or made investments as per the provisions of Section 186 of the Act.

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

All the contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contracts/arrangements/transactions with related parties are given in Annexure II in the Form AOC-2.

The Company had entered into related party transactions in relation to manpower sharing services and Inventory arrangement for the usage of rooms of the resort property at Naldehra, with Mahindra Holidays & Resorts India Limited (MHRIL), holding company.

During the year under review, your Company availed fresh ICD from MHRIL amounting to Rs. 1,000 lakh and made repayment of ICD amounting to Rs. 1,220 lakh (including ICD availed in the previous year). As on March 31, 2018, there was no ICD outstanding and payable to MHRIL.

Apart from above, there were no transactions with the related parties including Directors and Key Managerial Personnel, which could be considered material and may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 28 of the Financial Statements which sets out related party disclosure.

### **AUDITORS**

#### **A) Statutory Auditors**

The Shareholders of the Company at the 6<sup>th</sup> AGM held on September 25, 2017, had appointed M/s Sukhdeep Singh Arora & Associates (ICAI membership No: 024705N), as the Statutory Auditors of the Company to hold office from the conclusion of the 6<sup>th</sup> AGM until the conclusion of the 9<sup>th</sup> AGM to be held in the calendar year 2020 (Subject to ratification of their appointment at every AGM) to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors. As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as the Statutory Auditor of the Company. Accordingly, the members are requested to ratify the appointment M/s Sukhdeep Singh Arora & Associates as the Statutory Auditors of Company. The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the January 3, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The clause 40 of the Amendment Act is yet to be notified. Although, the ordinary resolution passed by the Shareholders at the 6<sup>th</sup> AGM held on September 25, 2017 provides for ratification of the appointment of Statutory Auditor at every AGM, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

#### **B) Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company had appointed M/s. A. Arora & Co., Practising Company Secretaries to undertake the secretarial audit of the Company for the FY 2017-18. The Report of the Secretarial Auditors is annexed herewith as Annexure III.

There are no qualifications, reservations or adverse remarks made by M/s. A. Arora & Co., Practising Company Secretaries, Secretarial Auditors of the Company in their secretarial audit report.



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

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018, and the date of this Report.

### **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The provisions of Corporate Social Responsibility are not applicable to the Company.

### **INTERNAL FINANCIAL CONTROLS**

Your Company has adequate internal financial controls with reference to Financial Statements.

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

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

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

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

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

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

### **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them and mechanisms for their proper monitoring and reporting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2018 and of the loss of the Company for the year ended on that date;

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

### **REPORTING OF FRAUD BY AUDITORS**

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors as required under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

### **OTHER GENERAL DISCLOSURE**

- During the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- Effective July 1, 2017 with initiation of the Goods and Service Tax (GST) regime, India introduced the landmark tax reform. Your Company made a timely and seamless transition to the new GST system.

### **EMPLOYEE REMUNERATION**

Being an Unlisted Company, the details of employee remuneration as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

### **ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board of Directors**

**Akhila Balachandar**  
Director  
(DIN: 07676670)

**Joyakesh Poddar**  
Director  
(DIN:07924728)

Mumbai  
April 25, 2018

**ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2018**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN****AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018***[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS**

<b>i</b>	CIN	U45209CH2012PTC033473
<b>ii</b>	Registration Date	January 9, 2012
<b>iii</b>	Name of the Company	Gables Promoters Private Limited
<b>iv</b>	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
<b>v</b>	Address of the Registered office of the Company	No - 504, Block A, 5th Floor, Elante Office Suites, Plot No - 178-178/A, Industrial Area, Phase 1, Chandigarh - 160001; Ph. No. +91 22 3368 4722; Fax No. +91 22 3368 4721; Email - Nirav.momaya@mahindraholidays.com
<b>vi</b>	Whether listed company	No
<b>vii</b>	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from Resort – Room Rental	55101	62.93%
2	Income from sale of Food and Beverages	55101	31.35%

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2017				No. of Shares held at the end of the year 31-03-2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	4,96,78,600	4,96,78,600	100.00	-	6,50,00,000	6,50,00,000	100.00	NIL
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>-</b>	<b>4,96,78,600</b>	<b>4,96,78,600</b>	<b>100.00</b>	<b>-</b>	<b>6,50,00,000</b>	<b>6,50,00,000</b>	<b>100.00</b>	<b>NIL</b>

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2017				No. of Shares held at the end of the year 31-03-2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	<b>4,96,78,600</b>	<b>4,96,78,600</b>	<b>100.00</b>	-	<b>6,50,00,000</b>	<b>6,50,00,000</b>	<b>100.00</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>	-	<b>4,96,78,600</b>	<b>4,96,78,600</b>	<b>100.00</b>	-	<b>6,50,00,000</b>	<b>6,50,00,000</b>	<b>100.00</b>	<b>NIL</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01-04-2017			Shareholding at the end of the year 31-03-2018			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	4,96,78,600	100.00	–	6,50,00,000	100.00	–	NIL
	<b>Total</b>	<b>4,96,78,600</b>	<b>100.00</b>	<b>–</b>	<b>6,50,00,000</b>	<b>100.00</b>	<b>–</b>	<b>NIL</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.	Date	Reason for Increase / Decrease	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Share	% of total Shares of the Company	No. of Share	% of total Shares of the Company
1	01/04/2017	Opening Balance	Mahindra Holidays & Resorts India Limited	4,96,78,600	100.00	4,96,78,600	100.00
	16/11/2017	Rights Issue		1,53,21,400	–	6,50,00,000	100.00
	31/03/2018	Closing Balance				6,50,00,000	100.00

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

Not Applicable

**(v) Shareholding of Directors and Key Managerial Personnel:** None of the Directors and KMPs hold any Shares in the Company.**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment** (Amount in lakh)

	Secured Loans excluding deposits	Unsecured Loans (ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,900.00	220.00	–	5,120.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>4,900.00</b>	<b>220.00</b>	<b>–</b>	<b>5,120.00</b>
Change in Indebtedness during the financial year				
+ Addition	1,600.00	1,000.00	–	2,600.00
– Reduction	–	(1,220.00)	–	(1,220.00)
<b>Net Change</b>	<b>1,600.00</b>	<b>(220.00)</b>	<b>–</b>	<b>1,380.00</b>
Indebtedness at the end of the financial year				
i) Principal Amount	6,500.00	–	–	6,500.00
ii) Interest due but not paid	46.74	–	–	46.74
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>6,546.74</b>	<b>–</b>	<b>–</b>	<b>6,546.74</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL***A. Remuneration to Managing Director, Whole-time Directors and/or Manager*

(Rs in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Balamurugan PS		
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		–	–
2.	Stock Option		–	–
3.	Sweat Equity		–	–
4.	Commission – as % of profit – others, specify...		–	–
5.	Others, please specify – Deputation charges payable to Mahindra Holidays & Resorts India Limited		22.50	22.50
	<b>Total (A)</b>		<b>22.50</b>	<b>22.50</b>
	Ceiling as per the Act			N.A.

*B. Remuneration of other directors:*

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Ajay Agrawal#	Ravindera Nath Khanna	Joyakesh Poddar*	Akhila Balachandar	Manish Vora	Kanwaljit Singh Thanewal	
1.	Independent Directors							
	Fee for attending Board/Committee meetings	–	–	–	–	0.55	0.40	0.95
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	<b>Total (1)</b>	–	–	–	–	–	–	–
2.	Other Non-Executive Directors							
	Fee for attending Board/Committee meetings	–	–	–	–	–	–	–
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	<b>Total (2)</b>	–	–	–	–	–	–	–
	<b>Total (B)=(1+2)</b>	–	–	–	–	–	–	–
	<b>Total Managerial Remuneration</b>	–	–	–	–	<b>0.55</b>	<b>0.40</b>	<b>0.95</b>
	Overall Ceiling as per the Act							N.A.

# resigned w.e.f April 10, 2017

\* Appointed w.e.f August 31, 2017

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

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Company Secretary	CFO		
		Nirav Momaya	Preetha Thanikachalam*	Narender Pratap Singh Raghuvanshi#	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of Profit				
	– others, specify				
5.	Others, please specify - Deputation charges payable to Mahindra Holidays & Resorts India Limited	1.80	1.15	1.25	4.20
	<b>Total</b>	<b>1.80</b>	<b>1.15</b>	<b>1.25</b>	<b>4.20</b>

\* resigned w.e.f August 31, 2017

# an employee of MHRIL, deputed to the Company and appointed as the CFO of the Company at NIL remuneration w.e.f August 31, 2017.

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

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

For and on behalf of the Board of Directors

**Akhila Balachandar**  
Director  
(DIN: 07676670)

**Joyakesh Poddar**  
Director  
(DIN: 07924728)

Place : Mumbai

Date : April 25, 2018

**ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018****Form No. AOC – 2**

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

(a) Name(s) of the related party Nature of relationship	Mahindra Holidays & Resorts India Limited (MHRIL) Holding Company		
(b) Nature of contracts/arrangements/ transactions	Inventory Agreement	Inter Corporate Deposits (ICD)	Manpower Sharing Services
(c) Duration of the contracts / arrangements / transactions	One year	One Year	One Year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 330.70 lakh for the FY 2017-18.	ICD taken during the year amounting to Rs. 1,000 lakh, ICD repaid during the year amounting to Rs. 1,220 lakh. There is no ICD outstanding and payable to MHRIL.	Manpower sharing services with MHRIL amounting to Rs. 101.22 lakh.
(e) Date(s) of approval by the Board, if any:	NA	NA	NA
(f) Amount paid as advances, if any;	Nil	Nil	Nil

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

**For and on behalf of the Board of Directors**

**Akhila Balachandar**  
Director  
(DIN: 07676670)

**Joyakesh Poddar**  
Director  
(DIN: 07924728)

Place: Mumbai  
Date: April 25, 2018

**ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018****Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,

The Members,

Gables Promoters Private Limited  
No. 504, Block A, 5th Floor, Elante Office Suits  
Plot No. 178-178/A, Industrial Area,  
Phase 1, Chandigarh 160001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GABLES PROMOTERS PRIVATE LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the GABLES PROMOTERS PRIVATE LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by GABLES PROMOTERS PRIVATE LIMITED ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- Not Applicable being an unlisted company.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder: Not Applicable as there are no shares in dematerialised form.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013- Not Applicable being an unlisted company.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not Applicable being an unlisted company.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable being an unlisted company.
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable being an unlisted company.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not Applicable being an unlisted company.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not Applicable being an unlisted company.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable being an unlisted company.
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable being an unlisted company.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.



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

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority while the dissenting members' views, if any, were captured and recorded as part of the minutes.
4. The Company has proper board processes.

Based on the compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review:

1. The authorised share capital of the Company was increased from Rs. 60 crores to Rs. 65 crores vide an ordinary resolution passed in the Annual General Meeting held on 25.09.2017.
2. The Company has issued and allotted 1,53,21,400 equity shares of Rs. 10/- each on right issue basis to the existing equity shareholder of the Company.

I further report that during the audit period under review, there are no instances of:

- (i) Resolution passed pursuant to the provisions of Section 180 of the Companies Act, 2013.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

**For A. ARORA & COMPANY**

**AJAY K. ARORA**  
(Proprietor)  
FCS No. 2191  
C P No.: 993

Place: Chandigarh  
Date: April 25, 2018

**ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018****A) Conservation of energy:**

- (i) The steps taken or impact on conservation of energy:

The operations of your company are not energy intensive. However adequate Measures have been initiated to reduce energy consumption further which are listed below;

- Installation of energy efficient heat pumps at the resort for air-conditioning, hot water generation and space heating.
- Timers for external lighting and installation of energy efficient LED lighting at the resort.

- (ii) The steps taken by the company for utilizing alternate sources of energy: None.

- (iii) The capital investment on energy conservation equipment: Rs.1,569 Lakh

**B) Technology absorption:**

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

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

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

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

**C) Foreign exchange earnings and outgo**

The Company did not have any foreign exchange earnings and outgo for the period under review.

**For and on behalf of the Board of Directors**

**Akhila Balachandar**  
Director  
(DIN: 07676670)

**Joyakesh Poddar**  
Director  
(DIN: 07924728)

Place: Mumbai  
Date: April 25, 2018

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF GABLES PROMOTERS PRIVATE LIMITED

We have audited the accompanying Standalone Ind AS Financial Statements of **Gables Promoters Private Limited ("the Company")**, which comprise of Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss, Cash flow Statement for the year ended on that date, and notes to the Standalone Ind AS financial statement including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "Standalone Ind AS Financial Statements")

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements:-

As required by 'the Companies (Auditor's Report) Order, 2016', as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

- (b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (c) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2018 from being appointed as director in terms Section 164(2) of the Act.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Sukhdeep Singh Arora & Associates,**  
Chartered Accountants  
*Firm Registration No. 024705N*

**(Sukhdeep Singh Arora)**  
Prop.  
*M. No. 515979*

Place: Chandigarh  
Date: 25/04/2018

## **“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GABLES PROMOTERS PRIVATE LIMITED**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

I have audited the internal financial controls over financial reporting of Gables Promoters Private Limited (“the Company”) as of March 31, 2018 in conjunction with my audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditors’ Responsibility**

My responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For Sukhdeep Singh Arora & Associates,**  
Chartered Accountants  
Firm Registration No. 024705N

**(Sukhdeep Singh Arora)**  
Prop.  
M. No. 515979

Place: Chandigarh  
Date: 25/04/2018

**ANNEXURE TO THE AUDITOR'S REPORT**  
**RE : M/S GABLES PROMOTERS PRIVATE LIMITED**

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

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

- (i) (a) The Company has maintained proper records showing full particulars including Quantative details and situation of its fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals there was no Material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of Inventories:As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/ covered in the register maintained under section 189 of the Companies Acts, 2013. Therefore, the provisions of Clause 3(a) to 3(c) of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits during the year and has not contravened the provisions of Sections 73 to 76 and any other provision of the companies act and rules framed there under.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) (a) The company is regular in depositing the statutory dues in respect of TDS, Service Tax & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.
- (b) According to the information and explanations given to us, no dues in case of sales taX/income tax/custom tax/excise duty/cess/Value Added Tax/WCT have been outstanding on account of dispute with the concerned department.
- (viii) The company has been sanctioned a Term Loan loan for Rs. 65 .00 Crore from Kotak Mahindra Bank against Naldhera Property during the financial Year 2016-2017. The amount standing as on 31/03/2018 is Rs. 65.47 Cr
- (including Interest (repayment of loan has not started yet). The loan has been repayable with in 7 years including moratorium of 2 year from the date of first drawdown. The loan has been taken for the purpose of construction of Resort /Hotels at Naldhera, HP.
- (ix) Not applicable, The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans during the year under audit. However company has utilized its full loan sanctioned during the year 2016-2017. During the year the Company has also issued a 15321400 Nos. of Equity shares to its holding Company "Mahindra Holidays and Resorts India Limited" at par (Rs.10/-each).
- (x) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) it has been told that Company has paid & provided the Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V to the Companies Act.
- (xii) Not Applicable, as the company is not a Nidhi Company.
- (xiii) All the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial Statements vide Note No. 28, as required by the applicable standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him during the year under review. Hence provisions of Section 192 of Companies Act, 2013 has not been applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SUKHDEEP SINGH ARORA & ASSOCIATES**

Chartered Accountants  
 Firm Regn. No. 024705N

**(SUKHDEEP SINGH ARORA)**

Prop.  
 Membership Number : 515979

Place: Chandigarh  
 Date: 25/04/2018

**BALANCE SHEET AS ON MARCH 31, 2018**

Particulars	Note No.	As At March 31, 2018	In Rs. As At March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment .....	3	1,362,026,642	128,400,010
Capital work-in-progress .....		-	906,320,928
Financial Assets			
Loans .....	4	50,000	-
Other non-current tax assets .....	5	3,391,103	-
Other non-current assets .....	6	3,086,353	2,059,378
		<u>1,368,554,098</u>	<u>1,036,780,316</u>
<b>Current assets</b>			
Inventories .....	7	881,622.00	-
Financial Assets			
Trade Receivables .....	8	2,582,436.00	-
Cash and cash equivalents .....	9	11,559,814	11,150,986
Loans .....	10	-	800,002
Other current assets .....	11	7,815,535	7,356,996
		<u>22,839,407</u>	<u>19,307,984</u>
		<u>1,391,393,505</u>	<u>1,056,088,300</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital .....	12	650,000,000	496,786,000
Other Equity .....	13	(35,498,964)	(8,307,341)
		<u>614,501,036</u>	<u>488,478,659</u>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings .....	14	654,674,205	490,000,000
Others .....	15	43,599,410	30,598,102
		<u>698,273,615</u>	<u>520,598,102</u>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings .....	16	-	22,000,000
Trade payables .....	17	8,192,575	6,612,846
Others .....	18	63,355,636	15,869,872
Other current liabilities .....	19	7,070,643	2,528,821
		<u>78,618,854</u>	<u>47,011,539</u>
		<u>1,391,393,505</u>	<u>1,056,088,300</u>

See accompanying notes to the financial statements

**In terms of our report attached.****For Sukhdeep Singh Arora & Associates**

Chartered Accountants

Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor

Membership Number: 515979

Place: Chandigarh

Date: 25/04/2018

**For and on behalf of the Board of Directors****Joyakesh Podder**

Director

DIN: 07924728

**Akhila Balachandar**

Director

DIN: 07676670

**Narender Pratap Singh**

CFO

**Nirav Momaya**

Company Secretary

Place: Mumbai

Date: 25/04/2018

**Balamurugan PS**

Manager

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Note No.	(In Rs.)	
		Year Ended March 31, 2018	Year Ended March 31, 2017
<b>REVENUE</b>			
Revenue from operations .....	20	<b>64,532,056</b>	–
Other Income .....	21	–	30,259
<b>Total Revenue</b>		<b>64,532,056</b>	<b>30,259</b>
<b>EXPENSES</b>			
Employee benefit expense .....	22	<b>13,740,635</b>	339,200
Depreciation and amortisation expense .....		<b>32,081,433</b>	–
Other expenses .....	23	<b>45,901,611</b>	2,565,086
<b>Total Expenses</b>		<b>91,723,679</b>	<b>2,904,286</b>
<b>Profit/(loss) before tax</b> .....		<b>(27,191,623)</b>	<b>(2,874,027)</b>
<b>Tax Expense</b>			
Current tax .....		–	–
Deferred tax .....		–	–
<b>Total tax expense</b> .....		–	–
<b>Profit/(loss) after tax for the period</b> .....		<b>(27,191,623)</b>	<b>(2,874,027)</b>
<b>Profit/(loss) for the period</b> .....		<b>(27,191,623)</b>	<b>(2,874,027)</b>
<b>Total comprehensive income for the period</b> .....		<b>(27,191,623)</b>	<b>(2,874,027)</b>
<b>Earnings per equity share (for continuing operation):</b>			
Basic and Diluted .....	24	<b>(0.42)</b>	<b>(0.06)</b>

See accompanying notes to the financial statements

**In terms of our report attached.**  
**For Sukhdeep Singh Arora & Associates**  
Chartered Accountants  
Firm Registration No. 024705N

**Sukhdeep Singh Arora**  
Proprietor  
Membership Number: 515979

Place: Chandigarh  
Date: 25/04/2018

**For and on behalf of the Board of Directors**

**Joyakesh Podder**  
Director  
DIN: 07924728

**Akhila Balachandar**  
Director  
DIN: 07676670

**Narender Pratap Singh**  
CFO

**Nirav Momaya**  
Company Secretary

Place: Mumbai  
Date: 25/04/2018

**Balamurugan PS**  
Manager



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

<b>Particulars</b>	<b>In Rs.</b>	
	<b>Year Ended March 31, 2018</b>	<b>Year Ended March 31, 2017</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax for the year .....	<b>(27,191,623)</b>	(2,874,027)
Adjustments for:		
Preliminary expenses written off .....	-	-
Depeciation .....	<b>32,081,433</b>	-
Movements in working capital:		
(Increase)/decrease in other assets .....	<b>(7,590,673)</b>	1,836,685
Increase/(decrease) in trade and other payables .....	<b>66,608,623</b>	1,466,612
Cash generated from operations .....	<b>63,907,760</b>	429,270
Income taxes paid .....	-	-
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES .....</b>	<b>63,907,760</b>	429,270
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets .....	<b>(1,265,708,065)</b>	(479,620,177)
Capital work in progress .....	<b>906,320,928</b>	-
Amounts advanced from related parties .....	-	-
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES .....</b>	<b>(359,387,137)</b>	(479,620,177)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Equity Share Capital .....	<b>153,214,000</b>	-
Proceeds from borrowings .....	<b>142,674,205</b>	487,000,000
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES .....</b>	<b>295,888,205</b>	487,000,000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b>	<b>408,828</b>	7,809,093
<b>Cash and cash equivalents at the beginning of the year .....</b>	<b>11,150,986</b>	3,341,893
<b>Cash and cash equivalents at the end of the year .....</b>	<b>11,559,814</b>	11,150,986

See accompanying notes forming part of the financial statements

**In terms of our report attached.****For Sukhdeep Singh Arora & Associates**

Chartered Accountants

Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor

Membership Number: 515979

Place: Chandigarh

Date: 25/04/2018

**For and on behalf of the Board of Directors****Joyakesh Podder**

Director

DIN: 07924728

**Akhila Balachandar**

Director

DIN: 07676670

**Narender Pratap Singh**

CFO

**Nirav Momaya**

Company Secretary

Place: Mumbai

Date: 25/04/2018

**Balamurugan PS**

Manager

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Corporate Information

The Company was incorporated on January 9, 2012 and is in the principle business of construction, maintenance & running of hotels, resorts, shopping malls, buildings and other commercial & residential apartments.

### 2 Significant accounting policies

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

#### (ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### (iii) Revenue recognition

Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

#### (iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### (v) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period. Since the company has commenced operations during the current year and has not generated any profit before tax, current tax is Nil.

#### (vi) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Buildings (other than those mentioned below)	60 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### (vii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### (viii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (xi) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Classification of financial assets

##### Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

##### Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

#### De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

#### Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

#### De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

#### (ix) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

#### (x) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## Note No. 3 - Tangible Assets

Description of Assets							In Rs.
	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
<b>I. Gross Block</b>							
Balance as at 31 March, 2017.....	128,400,010	-	-	-	-	-	128,400,010
Additions .....	-	983,332,383	160,989,520	3,154,157	113,472,123	4,759,882	1,265,708,065
Disposals .....	-	-	-	-	-	-	-
<b>Balance as at 31 March, 2018 .....</b>	<b>128,400,010</b>	<b>983,332,383</b>	<b>160,989,520</b>	<b>3,154,157</b>	<b>113,472,123</b>	<b>4,759,882</b>	<b>1,394,108,075</b>
<b>II. Accumulated depreciation and impairment for the year</b>							
Balance as at 31 March, 2017.....	-	-	-	-	-	-	-
Depreciation/amortisation expense for the year.....	-	10,077,516	10,927,908	1,185,752	9,433,830	456,427	32,081,433
Eliminated on disposal of assets .....	-	-	-	-	-	-	-
<b>Balance as at 31 March, 2018 .....</b>	<b>-</b>	<b>10,077,516</b>	<b>10,927,908</b>	<b>1,185,752</b>	<b>9,433,830</b>	<b>456,427</b>	<b>32,081,433</b>
<b>Net block (I-II)</b>							
Balance as on 31st March 2018 .....	128,400,010	973,254,867	150,061,612	1,968,405	104,038,293	4,303,455	1,362,026,642
Balance as on 31st March 2017 .....	128,400,010	-	-	-	-	-	128,400,010

Description of Assets	In Rs.		Note No. 5 - Other Non-Current Tax Assets		
	Land - Freehold	Total	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
<b>I. Gross Block</b>					
Balance as on 31 <sup>st</sup> March 2016.....	128,400,010	128,400,010			
Additions.....	-	-	Advance Income tax .....	3,391,103	-
Disposals .....	-	-	(Net of provisions up to the reporting date)		
<b>Balance as on 31<sup>st</sup> March 2017 .....</b>	<b>128,400,010</b>	<b>128,400,010</b>			
<b>II. Accumulated depreciation and impairment for the year</b>					
Balance as on 31 <sup>st</sup> March 2016 .....	-	-			
Depreciation/amortisation expense for the year...	-	-			
Eliminated on disposal of assets .....	-	-			
<b>Balance as on 31<sup>st</sup> March 2017.....</b>	<b>-</b>	<b>-</b>			
<b>Net block (I-II)</b>					
Balance as on 31st March 2017 .....	128,400,010	128,400,010			
Balance as on 31st March 2016.....	128,400,010	128,400,010			

## Note No. 4 - Financial assets - Non-Current - Loans and Advances

Description of Assets	In Rs.		
	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Deposits - Non Current .....	50,000	-	-
	<b>50,000</b>	-	-

## Note No. 7 - Inventories

(At lower of cost and net realisable value)

Description of Assets	In Rs.		
	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Food, beverages and smokes ....	881,622	-	-
	<b>881,622</b>	-	-

**Note No. 8 - Trade Receivables (Unsecured)**

	As At March 31, 2018	As At March 31, 2017	In Rs. As At March 31, 2016
Due for less than six months and within the next one year			
Considered good .....	2,582,436	-	-
	<u>2,582,436</u>	<u>-</u>	<u>-</u>

**Note No. 9 - Cash and Bank Balances**

	As At March 31, 2018	As At March 31, 2017	In Rs. As At March 31, 2016
Cash and cash equivalents			
Balances with banks .....	11,559,814	11,150,986	2,329,811
	<u>11,559,814</u>	<u>11,150,986</u>	<u>2,329,811</u>

**Note No. 10 - Loans**

	As At March 31, 2018	As At March 31, 2017	In Rs. As At March 31, 2016
Other Loans			
- Unsecured, considered good ...	-	800,002	18,605
	<u>-</u>	<u>800,002</u>	<u>18,605</u>

**Note No. 11 - Other assets - Current**

	As At March 31, 2018	As At March 31, 2017	In Rs. As At March 31, 2016
<b>Advances other than capital advances</b>			
Balances with government authorities (other than income taxes) .....	6,245,618	72,268	-
Prepaid Expenses.....	1,543,407	-	-
Other advances			
Advance to suppliers.....	26,510	7,284,728	1,197,612
	<u>7,815,535</u>	<u>7,356,996</u>	<u>1,197,612</u>

**Note No. 12 - Equity Share Capital**

	As At March 31, 2018		As At March 31, 2017	
	No. of shares	Rs.	No. of shares	Rs.
<b>Authorised:</b>				
Equity shares of Rs. 10 each with voting rights .....	65,000,000	650,000,000	60,000,000	600,000,000
<b>Issued, Subscribed and Fully Paid:</b>				
Equity shares of Rs. 10 each with voting rights .....	65,000,000	650,000,000	49,678,600	496,786,000
	<u>65,000,000</u>	<u>650,000,000</u>	<u>49,678,600</u>	<u>496,786,000</u>

12.1 a) Terms/rights attached to equity shares:

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

12.1 b) Shares in the Company held by Holding Company and each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No. of shares	% held as at 31-Mar-18	No. of shares	% held as at 31-Mar-17
Mahindra Holidays & Resorts India Limited (Holding Company) ....	65,000,000	100.00%	49,678,600	100.00%

12.1 c) The reconciliation of the number of shares outstanding as at March 31, 2018, March 31, 2017 is set out below:-

Particulars	As at 31-Mar-18		As at 31-Mar-17	
	No. of Shares	In Rs.	No. of Shares	In Rs.
Number of shares at the beginning .....	49,678,600	496,786,000	49,678,600	496,786,000
Add: Issued during the year .....	15,321,400	153,214,000	-	-
Number of shares at the end .....	<u>65,000,000</u>	<u>650,000,000</u>	<u>49,678,600</u>	<u>496,786,000</u>

During the year the Company had raised its authorised share capital (duly approved by the Board/ Shareholders) from Rs. 60 crores to Rs. 65 Crores, The Company also issued 1,53,21,400 Nos. of equity shares @ 10 /- each to its Holding Company Mahindra Holidays & Resorts India Limited during the year.

**Note No. 13 - Other Equity**

	In Rs.	
	Retained earnings	Total
<b>Balance at the beginning of the reporting period-April 1, 2016 .....</b>	(5,433,314)	(5,433,314)
Total Comprehensive income for the year .....	(2,874,027)	(2,874,027)
<b>Balance at the end of the reporting period-March 31, 2017 .....</b>	<u>(8,307,341)</u>	<u>(8,307,341)</u>
<b>Balance at the beginning of the reporting period-April 1, 2017 .....</b>	(8,307,341)	(8,307,341)
Total Comprehensive income for the year .....	(27,191,623)	(27,191,623)
<b>Balance at the end of the reporting period-March 31, 2018 .....</b>	<u>(35,498,964)</u>	<u>(35,498,964)</u>

**Note No. 14 - Borrowings Non-current**

	In Rs.		
	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
<b>Secured Borrowings</b>			
Loans from banks .....	654,674,205	490,000,000	-
	<u>654,674,205</u>	<u>490,000,000</u>	<u>-</u>

Loans from banks are secured by a hypothecation of current assets of the Company. This loan is repayable by 2023 - 2024 and carries an interest rate @ 6M MCLR + 0.10%.

**Note No. 15 - Other Financial Liabilities - Non-current**

	In Rs.		
	As At	As At	As At
	March 31, 2018	March 31, 2017	March 31, 2016
<b>Other Financial Liabilities Measured at Amortised Cost</b>			
Other long term liabilities - Retention Money .....	43,599,410	30,598,102	15,167,189
	<u>43,599,410</u>	<u>30,598,102</u>	<u>15,167,189</u>

**Note No. 16 - Borrowings - Current**

	In Rs.		
	As At	As At	As At
	March 31, 2018	March 31, 2017	March 31, 2016
<b>Unsecured Borrowings</b>			
Loans from related parties.....	-	22,000,000	25,000,000
	<u>-</u>	<u>22,000,000</u>	<u>25,000,000</u>

This Loan carries an interest rate @ 9.5% per annum.

**Note No. 17 - Trade Payables**

	In Rs.		
	As At	As At	As At
	March 31, 2018	March 31, 2017	March 31, 2016
Trade payable for goods & services .....	8,192,575	6,612,846	47,000
	<u>8,192,575</u>	<u>6,612,846</u>	<u>47,000</u>

**Note No. 18 - Other Financial Liabilities - Current**

	In Rs.		
	As At	As At	As At
	March 31, 2018	March 31, 2017	March 31, 2016
Employee Creditor	259,484	-	-
Others			
- Other payables (Capital Creditors) .....	63,096,152	15,869,872	37,188,235
	<u>63,355,636</u>	<u>15,869,872</u>	<u>37,188,235</u>

**Note No. 19 - Other Current Liabilities**

	In Rs.		
	As At	As At	As At
	March 31, 2018	March 31, 2017	March 31, 2016
Statutory dues			
- taxes payable (other than income taxes) .....	7,070,643	2,528,821	1,740,605
	<u>7,070,643</u>	<u>2,528,821</u>	<u>1,740,605</u>

**Note No. 20 - Revenue from Operations**

	In Rs.	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Income from resorts:		
Room Rentals .....	40,608,154	-
Food and Beverages .....	20,232,996	-
Wine and liquor .....	373,451	-
Holiday Activity .....	2,044,420	-
Others .....	1,273,035	-
	<u>64,532,056</u>	<u>-</u>

**Note No. 21 - Other Income**

	In Rs.	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Interest Income		
On Financial Assets at Amortised Cost ....	-	30,259
	<u>-</u>	<u>30,259</u>

**Note No. 22 - Employee Benefits Expense**

	In Rs.	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Salaries and wages, including bonus .....	13,740,635	339,200
	<u>13,740,635</u>	<u>339,200</u>

**Note No. 23 - Other Expenses**

	In Rs.	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Cost of food, beverages and smokes consumed		
Opening stock .....	-	-
Add: Purchases .....	6,907,729	-
Less: Closing stock .....	881,622	-
	<u>7,789,351</u>	<u>-</u>
<b>Operating Supplies</b> .....	18,623,745	-
<b>Power and Fuel</b> .....	11,377,646	-
Rates and taxes .....	880,234	215,512
Travelling expenses .....	516,371	210,831
Auditors remuneration and out-of-pocket expenses .....		
As Auditors .....	90,000	75,000
Director's Fees .....	101,000	109,250
Consultancy Charges .....	940,935	1,771,139

	In Rs.		As at March 31, 2017	
	Year Ended March 31, 2018	Year Ended March 31, 2017	Amortised Cost	Total
Repairs and maintenance .....				
Buildings .....	16,139	-		
Plant & equipment .....	135,199	-		
Others .....	1,751,159	-		
Communication .....	142,414	-		
Printing and Stationary .....	736,572	-		
Insurance .....	821,875	-		
Service Charges .....	843,875	-		
Miscellaneous .....	1,135,096	183,354		
	<b>45,901,611</b>	<b>2,565,086</b>		

**Note No. 24 - Earnings Per Share**

	In Rs.	
	For the year ended 31 <sup>st</sup> Mar 2018	For the year ended 31 <sup>st</sup> March, 2017
Basic and Diluted Earnings per share .....	(0.42)	(0.06)
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations .....	(27,191,623.00)	(2,874,027.00)
Weighted average number of equity shares .....	65,000,000.00	49,678,600.00
Earnings per share from continuing operations - Basic and Diluted .....	(0.42)	(0.06)

**Note No. 25 - Categories of financial assets and financial liabilities**

	In Rs.	
	As at March 31, 2018	Total
<b>Current Assets</b>		
Cash & Bank balances .....	11,559,814	11,559,814
<b>Non-current Liabilities</b>		
Borrowings .....	654,674,205	654,674,205
Other Financial Liabilities .....		
- Non Derivative Financial Liabilities .....	43,599,410	43,599,410
<b>Current Liabilities</b>		
Trade Payables .....	8,192,575	8,192,575
	As at March 31, 2017	Total
<b>Current Assets</b>		
Cash & Bank balances .....	11,150,986	11,150,986
Loans .....	800,002	800,002

**Non-current Liabilities**

Borrowings .....	490,000,000	490,000,000
Other Financial Liabilities .....		
- Non Derivative Financial Liabilities .....	30,598,102	30,598,102

**Current Liabilities**

Borrowings .....	22,000,000	22,000,000
Trade Payables .....	6,612,846	6,612,846

**Note No. 26 - Fair Value Measurement**

**Fair value of financial assets and financial liabilities that are not measured at fair value**

The fair value of the financial assets and financial liabilities that are not measured at fair value closely approximates the carrying value as disclosed below:

	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Others .....	-	-	800,002	800,002
<b>Total</b> .....	-	-	800,002	800,002
<b>Financial liabilities</b>				
Borrowings .....	654,674,205	654,674,205	490,000,000	490,000,000
Other long term liabilities .....	43,599,410	43,599,410	30,598,102	30,598,102
Trade Payables .....	8,192,575	8,192,575	6,612,846	6,612,846
<b>Total</b> .....	<b>706,466,190</b>	<b>706,466,190</b>	<b>527,210,948</b>	<b>527,210,948</b>

**Note No. 27 - Segment information**

The Company is primarily engaged in the business of maintenance & running of resorts and related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

**Note No. 28 - Related Party Transactions**

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

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited

**Key Managerial Personnel**

Nirav Momaya (Appointed from 1<sup>st</sup> March 2016)  
 Preetha T (Resigned on 31<sup>st</sup> August 2017)  
 Narender Pratap Singh (Appointed from 31<sup>st</sup> August 2017)  
 Balamurugan PS

**(ii) Related Party Transactions and balances**

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
<b>Holding company</b>		
<b>Transactions during the year:</b>		
ICD received .....	100,000,000	165,000,000

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
ICD repaid .....	122,000,000	168,000,000
Interest on ICD .....	5,349,255	3,698,493
Share Capital .....	153,214,000	–
Manpower deputation .....	10,122,463	2,510,561

**Holding company****Balances as at:**

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
ICD received .....	–	22,000,000
Trade payables .....	32,873,062	12,675,626
Trade Receivables .....	2,347,660	–

**Note No. 29 - Capital Work in Progress**

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
Balance at the beginning of the reporting period .....	906,320,928	426,700,751
Add: Cost of construction during the year .....	1,133,357,045	455,963,987

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
Interest on loan .....	119,964,556	23,656,190
Transferred to fixed Assets .....	(2,159,642,528)	–
<b>Balance at the end of the reporting period .....</b>	<b>–</b>	<b>906,320,928</b>

**Note No. 30 - Capital Commitment**

Particulars	In Rs.	
	March 31, 2018	March 31, 2017
Estimated amount of Contracts remaining to be executed on capital account and not provided for net of advances .....	387,917	149,556,653
	<b>387,917</b>	<b>149,556,653</b>

**Note No. 31 - Misc**

Amount standing in Sunday Debtors, Advances for Capital Work, Sundry Creditors (trade and Capital) and Retention Money as on 31/03/2018 are subject to confirmation.

**For Sukhdeep Singh Arora & Associates**

Chartered Accountants  
Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor  
Membership Number: 515979

Place: Chandigarh  
Date: 25/04/2018

**For and on behalf of the Board of Directors**

**Joyakesh Podder**  
Director  
DIN: 07924728

**Akhila Balachandar**  
Director  
DIN: 07676670

**Narender Pratap Singh**  
CFO

**Nirav Momaya**  
Company Secretary

Place: Mumbai  
Date: 25/04/2018

**Balamurugan PS**  
Manager



## **DIRECTORS' REPORT**

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended March 31, 2018.

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

Your Company did not have any operations during the year. Your Company made a loss of THB 2,718,287.45 (INR 5,318,270.85) for the financial year ended March 31, 2018. Your Company continues to hold 51% of ordinary shares of Infinity Hospitality Group Company Limited.

Your Company continues to be a subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding Company Mahindra & Mahindra Limited.

During the year under review, Mrs. Akhila Balachandar was appointed as a Director of the Company w.e.f July 21, 2017 and Mr. Dinesh Shetty resigned as a Director of the Company w.e.f March 28, 2018.

Mrs. Akhila Balachandar, Mr. Ravindera Khanna and Mr. Noppun Muangkote are the Directors of the Company.

**For MH Boutique Hospitality Limited**

**Akhila Balachandar**  
**Director**

**Ravindera Khanna**  
**Director**

Date: April 7, 2018

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MH Boutique Hospitality Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **MH Boutique Hospitality Limited** (the Company), which comprise the statement of financial position as at March 31, 2018, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)  
Certified Public Accountant Registration No. 9387

Cover Biz Company Limited

April 7, 2018

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

		<i>Currency : Baht</i>	<i>Currency : INR</i>	<i>Currency : Baht</i>	<i>Currency : INR</i>
	Notes	2018	2018	2017	2017
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		62,987.33	131,106.87	62,754.78	130,622.82
<b>TOTAL CURRENT ASSETS</b>		<b>62,987.33</b>	<b>131,106.87</b>	62,754.78	130,622.82
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	4	38,000,000.00	79,096,240.00	38,000,000.00	79,096,240.00
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,000,000.00</b>	<b>79,096,240.00</b>	38,000,000.00	79,096,240.00
<b>TOTAL ASSETS</b>		<b>38,062,987.33</b>	<b>79,227,346.87</b>	38,062,754.78	79,226,862.82
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payable	5	14,604,232.00	30,398,416.82	11,885,622.00	24,739,684.48
Short-term loan	6	28,000,000.00	58,281,440.00	28,000,000.00	58,281,440.00
Other current liabilities		-	-	90.00	187.33
<b>TOTAL CURRENT LIABILITIES</b>		<b>42,604,232.00</b>	<b>88,679,856.82</b>	39,885,712.00	83,021,124.48
<b>TOTAL LIABILITIES</b>		<b>42,604,232.00</b>	<b>88,679,856.82</b>	39,885,712.00	83,021,124.48
<b>SHAREHOLDERS' EQUITY</b>					
<b>Authorized share capital</b>					
51,000 preference shares of Baht 100 each	7	5,100,000.00	10,615,548.00	5,100,000.00	10,615,548.00
49,000 ordinary shares of Baht 100 each		4,900,000.00	10,199,252.00	4,900,000.00	10,199,252.00
Issued and paid-up share capital					
51,000 preference shares of Baht 100 each		5,100,000.00	10,615,548.00	5,100,000.00	10,615,548.00
49,000 ordinary shares of Baht 100 each		4,900,000.00	10,199,252.00	4,900,000.00	10,199,252.00
Retained earnings (Deficits)		(14,541,244.67)	(30,267,309.96)	(11,822,957.22)	(24,609,248.99)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>(4,541,244.67)</b>	<b>(9,452,509.96)</b>	(1,822,957.22)	(3,794,448.99)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>38,062,987.33</b>	<b>79,227,346.87</b>	38,062,754.78	79,226,675.49

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

\_\_\_\_\_  
Director

**STATEMENTS OF INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

		<i>Currency : Baht</i>	<i>Currency : INR</i>	<i>Currency : Baht</i>	<i>Currency : INR</i>
	<b>Notes</b>	<b>2018</b>	<b>2018</b>	2017	2017
<b>REVENUES</b>					
Other income	3	<b>234.90</b>	<b>488.94</b>	234.04	487.15
<b>TOTAL REVENUES</b>		<b>234.90</b>	<b>488.94</b>	234.04	487.15
<b>EXPENSES</b>					
Other expenses	3	<b>58,522.35</b>	<b>121,813.10</b>	59,522.34	123,894.56
<b>TOTAL EXPENSES</b>		<b>58,522.35</b>	<b>121,813.10</b>	59,522.34	123,894.56
<b>EARNINGS BEFORE FINANCIAL COST</b>		<b>(58,287.45)</b>	<b>(121,324.16)</b>	(59,288.30)	(123,407.41)
Financial costs		<b>2,660,000.00</b>	<b>5,536,736.80</b>	2,660,000.00	5,536,736.80
<b>NET PROFIT (LOSS)</b>		<b>(2,718,287.45)</b>	<b>(5,658,060.96)</b>	(2,719,288.30)	(5,660,144.21)

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

\_\_\_\_\_ Director

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR PERIOD FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

Currency : Baht

	Issues and paid-up capital		Retained earnings	Total
	Preference	Ordinary		
<b>Beginning balance as of 31 March 2016</b>	5,100,000.00	4,900,000.00	(9,103,668.92)	896,331.08
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(2,719,288.30)	(2,719,288.30)
<b>Ending balance as of 31 March 2017</b>	<u>5,100,000.00</u>	<u>4,900,000.00</u>	<u>(11,822,957.22)</u>	<u>(1,822,957.22)</u>
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(2,718,287.45)	(2,718,287.45)
<b>Ending balance as of 31 March 2018</b>	<u>5,100,000.00</u>	<u>4,900,000.00</u>	<u>(14,541,244.67)</u>	<u>(4,541,244.67)</u>

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

Currency : INR

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
<b>Beginning balance as of 31 March 2016</b>	10,615,548.00	10,199,252.00	(18,949,104.78)	1,865,695.22
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(5,660,144.21)	(5,660,144.21)
<b>Ending balance as of 31 March 2017</b>	<u>10,615,548.00</u>	<u>10,199,252.00</u>	<u>(24,609,248.99)</u>	<u>(3,794,448.99)</u>
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(5,658,060.96)	(5,658,060.96)
<b>Ending balance as of 31 March 2018</b>	<u>10,615,548.00</u>	<u>10,199,252.00</u>	<u>(30,267,309.96)</u>	<u>(9,452,509.96)</u>

\_\_\_\_\_  
Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 1. GENERAL INFORMATION

#### Company status

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

#### Place of company

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

#### Business and operation

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

### 2. BASIC OF FINANCIAL STATEMENT PREPARATION

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

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

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

### 5. TRADE AND OTHER PAYABLES

Consist of:

Accrued interest expenses - Related Parties (Note 6)  
Accrued Expenses  
Accrued interest expenses for withholding tax  
Other payable - Related parties (Note 6)

#### Total

### 6. RELATED PARTIES TRANSACTIONS

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

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

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder

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

Transactions	Pricing policies
Interest charged	Contractually agreed rate

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

### 3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

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

#### 3.2 Investment

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

#### 3.3 Revenue and expenses recognition

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

### 4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012, the Company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 1,500,000 ordinary shares at a par value of Baht 100.

Details of the Company's subsidiaries, as at 31 March 2018 are as follows:

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

	2018	2018	2017	2017
Currency : Baht	INR	Currency : Baht	INR	
	<b>12,191,142.85</b>	<b>25,375,620.02</b>	9,930,142.85	20,669,393.74
	<b>23,210.00</b>	<b>48,311.15</b>	23,210.00	48,311.15
	<b>2,151,378.15</b>	<b>4,478,050.59</b>	1,752,378.15	3,647,540.07
	<b>238,501.00</b>	<b>496,435.06</b>	179,891.00	374,439.52
	<b>14,604,232.00</b>	<b>30,398,416.82</b>	11,885,622.00	24,739,684.48

	2018	2018	2017	2017
Currency : Baht	INR	Currency : Baht	INR	
<b>Expenses</b>				
Mahindra Holidays & Resorts India Limited	<b>2,660,000.00</b>	<b>5,536,736.80</b>	2,660,000.00	5,536,736.80
<b>Payable</b>				
Mahindra Holidays & Resorts India Limited	<b>12,191,142.85</b>	<b>25,375,620.02</b>	9,930,142.85	20,669,393.74
Infinity Hospitality Group Co., Ltd.	<b>238,501.00</b>	<b>496,435.06</b>	179,891.00	374,439.52
<b>Loan from related parties</b>				
Mahindra Holidays & Resorts India Limited	<b>28,000,000.00</b>	<b>58,281,440.00</b>	28,000,000.00	58,281,440.00
Interest rate	<b>9.50%</b>	<b>9.50%</b>	9.50%	9.50%

### 7. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 7, 2018.

### 8. FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 2.08148 = THB 1 which is the Bloomberg rate as on 31<sup>st</sup> March 2018.

Director

## DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended March 31, 2018.

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

Your Company has a property in Bangkok, which was fully operational during the year. Further, the Company has earned a revenue of THB 45,046,412.25 (INR 88,132,335.34) as against THB 42,049,865.09 (INR 80,272,222.08) for previous year.

During the year, your Company has fully repaid the amount of THB 72,00,00,000 towards the loan obtained from Mahindra Holidays & Resorts India Limited.

During the year under review, Mrs. Akhila Balachandar and Mr. Shariq Azim, were appointed as Directors of the Company w.e.f July 21, 2017 and January 9, 2018 respectively. Mr. Ajay Agrawal,

Mr. Vishant Potri and Mr. Dinesh Shetty resigned as the Directors of the Company w.e.f April 10, 2017, January 9, 2018 and March 28, 2018 respectively.

As on date of this report Mrs. Akhila Balachandar, Mr. Ravindera Khanna, and Mr. Shariq Azim are the Directors of the Company.

For **Infinity Hospitality Group Company Limited**

**Akhila Balachandar**  
Director

**Ravindera Khanna**  
Director

Date: April 7, 2018

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Infinity Hospitality Group Company Limited** (the Company), which comprise the statement of financial position as at March 31, 2018, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards

on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**(Mr. Pongteera Chainsakultam)**

Certified Public Accountant Registration No. 9387

Cover Biz Company Limited  
April 7, 2018



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

		<b>ASSETS</b>			
		2018	2018	2017	2017
<i>Notes</i>		<b>Currency: Baht</b>	<b>Currency: INR</b>	Currency: Baht	Currency: INR
<b>CURRENT ASSETS</b>					
	Cash and cash equivalents .....	24,547,351	51,094,819	2,690,577	5,600,383
	Temporary investment.....			–	–
	Trade and other receivables .....	3,137,324	6,530,278	1,548,465	3,223,099
	Inventory .....	316,804	659,421	324,682	675,819
	Other current assets.....	676,582	1,408,291	420,701	875,679.76
	<b>TOTAL CURRENT ASSETS .....</b>	<b>28,678,060</b>	<b>59,692,809</b>	4,984,425	10,374,981
<b>NON-CURRENT ASSETS</b>					
	Property, plant and equipment - net .....	173,001,053	360,098,231	177,877,006	370,247,430
	Intangible assets - net.....	147,588	307,202	163,825	340,999
	Other non-current assets .....	402,674	838,157	402,674	838,157
	<b>TOTAL NON-CURRENT ASSETS.....</b>	<b>173,551,315</b>	<b>361,243,591</b>	178,443,505	371,426,587
	<b>TOTAL ASSETS .....</b>	<b>202,229,375</b>	<b>420,936,400</b>	183,427,930	381,801,568

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

\_\_\_\_\_  
Director

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018 (Contd...)**

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>2018</b>	<b>2018</b>	2017	2017
	<i>Notes</i>	<b>Currency: Baht</b>	<b>Currency: INR</b>	Currency: Baht	Currency: INR
<b>CURRENT LIABILITIES</b>					
Trade and other payable.....	8	1,941,309	4,040,796.44	3,128,362	6,511,623.48
Current portion of Long-term borrowings ....	11	7,000,000	14,570,360	7,000,000	14,570,360
Short-term borrowing from related parties.....	10			72,000,000	149,866,560
Other current liabilities .....	9	428,964	892,880.99	972,046	2,023,294
<b>TOTAL CURRENT LIABILITIES.....</b>		<b>9,370,274</b>	<b>19,504,037</b>	83,100,408	172,971,837
<b>NON-CURRENT LIABILITIES</b>					
Long-term loan .....	11	148,000,000	308,059,040	63,000,000	131,133,240
<b>TOTAL NON-CURRENT LIABILITIES .....</b>		<b>148,000,000</b>	<b>308,059,040</b>	63,000,000	131,133,240
<b>TOTAL LIABILITIES.....</b>		<b>157,370,274</b>	<b>327,563,077</b>	146,100,408	304,105,077
<b>SHAREHOLDERS' EQUITY</b>					
<b>Authorized share capital</b>					
1,500,000 ordinary shares of Baht 100 each .....		150,000,000	312,222,000	150,000,000	312,222,000
Issued and paid-up share capital					
1,500,000 ordinary shares of Baht 100 each.....		150,000,000	312,222,000	150,000,000	312,222,000
Retained earnings (Deficits).....		(105,140,899)	(218,848,678)	(112,672,478)	(234,525,509)
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>		<b>44,859,101</b>	<b>93,373,322</b>	37,327,522	77,696,491
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>		<b>202,229,375</b>	<b>420,936,400</b>	183,427,930	381,801,568

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

\_\_\_\_\_  
Director

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
<b>REVENUES</b>	3				
Revenue from rent and services.....		45,022,582	93,713,605	42,003,460	87,429,361
Other income.....		23,830	49,602	46,405	96,592
<b>TOTAL REVENUES</b> .....		<b>45,046,412</b>	<b>93,763,206</b>	42,049,865	87,525,953
<b>EXPENSES</b>	3				
Cost of rent and services.....		18,703,552	38,931,069	19,899,005	41,419,381
Selling expenses .....		2,404,559	5,005,041	2,810,981	5,851,001
Administrative expenses .....		9,165,484	19,077,771	10,892,749	22,673,039
<b>TOTAL EXPENSES</b> .....		<b>30,273,594</b>	<b>63,013,881</b>	33,602,735	69,943,421
<b>EARNINGS BEFORE FINANCIAL COST</b> .....		<b>14,772,818</b>	<b>30,749,325</b>	8,447,130	17,582,532
Financial costs.....		(7,241,239)	(15,072,494)	(13,014,845)	(27,090,140)
<b>EARNINGS BEFORE CORPORATE INCOME TAX</b> .....		<b>7,531,579</b>	<b>15,676,832</b>	(4,567,716)	(9,507,608)
<b>NET PROFIT (LOSS)</b> .....		<b>7,531,579</b>	<b>15,676,832</b>	(4,567,716)	(9,507,608)

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

\_\_\_\_\_  
Director

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

				Currency: Baht		
	Notes	<u>Issued and paid-up share capital</u>	<u>Retained earnings (Deficits)</u>	<u>Total</u>		
<b>Beginning balance as of 31 March 2016</b> .....		150,000,000	(108,104,762)	41,895,238		
Balance after correction .....		150,000,000	(108,104,762)	41,895,238		
Changes in shareholders' equity for the period						
Net profit (loss) for the period .....		–	(4,567,716)	(4,567,716)		
<b>Ending balance as of 31 March 2017</b> .....		150,000,000	(112,672,478)	37,327,522		
Cumulative effect of accounting change.....		–	–	–		
Balance after correction .....		150,000,000	(112,672,478)	37,327,522		
Changes in shareholders' equity for the period						
Net profit (loss) for the period .....		–	7,531,579	7,531,579		
<b>Ending balance as of 31 March 2018</b> .....		<b>150,000,000</b>	<b>(105,140,899)</b>	<b>44,859,101</b>		

  

				Currency: INR		
	Notes	<u>Issued and paid-up share capital</u>	<u>Retained earnings (Deficits)</u>	<u>Total</u>		
<b>Beginning balance as of 31 March 2017</b> .....		312,222,000	(225,017,901)	87,204,099		
Balance after correction .....		312,222,000	(225,017,901)	87,204,099		
Changes in shareholders' equity for the period						
Net profit (loss) for the period .....		–	(9,507,609)	(9,507,609)		
<b>Ending balance as of 31 March 2018</b> .....		312,222,000	(234,525,509)	77,696,491		
Cumulative effect of accounting change.....		–	–	–		
Balance after correction .....		312,222,000	(234,525,509)	77,696,491		
Changes in shareholders' equity for the period						
Net profit (loss) for the period .....		–	15,676,832	15,676,832		
<b>Ending balance as of 31 March 2018</b> .....		<b>312,222,000</b>	<b>(218,848,678)</b>	<b>93,373,322</b>		

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

\_\_\_\_\_  
Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 1 GENERAL INFORMATION

#### Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

#### Place of company

20, Soi Sukhumvit 7 (Lerdsin 2) , Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

#### Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

### 2 BASIC OF FINANCIAL STATEMENT PREPARATION

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

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

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

#### 3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

#### 3.3 Property, plant and equipment

Land are stated at cost, Buiding and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Land	–	Years
Building	20	Years
Improvement & Decoration	20.5	Years
Furniture Fixture & Equipment	5	Years
General equipment	5	Years
Computer	5	Years

### 3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows :

	Year life
Computer software	5 Years

### 3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

### 3.6 Provisions and contingent liabilities

The Company recognized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

### 3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered. The company record other revenue and expenses base on accrual basis.

### 3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

### 4 TRADE AND OTHER RECEIVABLES

Consist of:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Accounts Receivable - Trade	397,250	826,867.89	259,371	539,875
Accrued income - related parties (Note 10)	2,227,973	4,637,480.70	807,320	1,680,420
Other account receivables - related parties (Note 10)	238,501	496,435.06	179,891	374,440
Prepaid expenses	273,601	569,494.30	301,884	628,365
<b>Total</b>	<b>3,137,324</b>	<b>6,530,278</b>	<b>1,548,465</b>	<b>3,223,100</b>

### 5 INVENTORY

Consist of:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Finished Goods	316,804	659,421	324,682	675,819
<b>Total</b>	<b>316,804</b>	<b>659,421</b>	<b>324,682</b>	<b>675,819</b>

\_\_\_\_\_  
Director

## 6 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
<b>Cost</b>								
As at 31 March 2017	114,770,000	108,968,618	4,607,969	1,061,798	2,563,174	650,011	175,000	232,796,571
Acquisitions	-	-	1,041,653	24,240	127,460	49,390	-	1,242,743
Disposals	-	-	(16,235)	-	(107,287)	(223,277)	-	(346,799)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>114,770,000</b>	<b>108,968,618</b>	<b>5,633,386</b>	<b>1,086,038</b>	<b>2,583,348</b>	<b>476,124</b>	<b>175,000</b>	<b>233,692,515</b>
<b>Accumulated depreciation</b>								
As at 31 March 2017	-	49,644,387	1,986,936	536,906	2,109,054	467,284	174,999	54,919,565
Depreciation for the period	-	5,448,431	160,447	212,069	200,969	73,448	-	6,095,364
Depreciation on disposals	-	-	(16,234)	-	(84,168)	(223,065)	-	(323,467)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>55,092,817</b>	<b>2,131,149</b>	<b>748,974</b>	<b>2,225,856</b>	<b>317,666</b>	<b>174,999</b>	<b>60,691,462</b>
<b>Net book value</b>								
As at 31 March 2017	114,770,000	59,324,232	2,621,033	524,893	454,121	182,727	1	177,877,006
<b>As at 31 March 2018</b>	<b>114,770,000</b>	<b>53,875,801</b>	<b>3,502,237</b>	<b>337,064</b>	<b>357,492</b>	<b>158,457</b>	<b>1</b>	<b>173,001,053</b>
Depreciation for the year								
For the year ended 31st March 2017 (Included in cost and administrative expenses)								6,064,116
For the year ended 31st March 2018 (Included in cost and administrative expenses)								6,095,364

Currency : INR

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
<b>Cost</b>								
As at 31 March 2017	238,891,460	226,815,999	9,591,394	2,210,112	5,335,196	1,352,984	364,259	484,561,406
Acquisitions	-	-	2,168,179	50,455	265,306	102,804	-	2,586,745
Disposals	-	-	(33,793)	-	(223,315)	(464,747)	-	(721,855)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>238,891,460</b>	<b>226,815,999</b>	<b>11,725,780</b>	<b>2,260,567</b>	<b>5,377,188</b>	<b>991,042</b>	<b>364,259</b>	<b>486,426,295</b>
<b>Accumulated depreciation</b>								
As at 31 March 2017	-	103,333,798	4,135,767	1,117,558	4,389,954	972,642	364,257	114,313,976
Depreciation for the period	-	11,340,800	333,968	441,417	418,314	152,880	-	12,687,378
Depreciation on disposals	-	-	(33,791)	-	(175,193)	(464,306)	-	(673,290)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>114,674,598</b>	<b>4,435,944</b>	<b>1,558,975</b>	<b>4,633,074</b>	<b>661,216</b>	<b>364,257</b>	<b>126,328,064</b>
<b>Net book value</b>								
As at 31 March 2017	238,891,460	123,482,202	5,455,627	1,092,554	945,243	380,343	2	370,247,430
<b>As at 31 March 2018</b>	<b>238,891,460</b>	<b>112,141,402</b>	<b>7,289,836</b>	<b>701,592</b>	<b>744,113</b>	<b>329,826</b>	<b>2</b>	<b>360,098,231</b>
Depreciation for the year								
For the year ended 31st March 2017 (Included in cost and administrative expenses)								12,622,337
For the year ended 31st March 2018 (Included in cost and administrative expenses)								12,687,378

**Security**

At 31 March 2018 and 2017, the Company's properties, all Land and Buildings, with a net book value of Baht 168.65 and 174.09 million were subjected to secure loans from a financial institutions (see note 11).

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018 (Contd...)

### 7 INTANGIBLE ASSETS

Consist of:	Currency: Baht	
	Computer software	Total
<b>Cost</b>		
As at 1 April 2017	754,133	754,133
Acquisitions	43,300	43,300
Disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2018</b>	<b>797,433</b>	<b>797,433</b>
<b>Accumulated amortisation</b>		
As at 1 April 2017	590,308	590,308
Amortisation for the period	59,537	59,537
Depreciation on disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2018</b>	<b>649,845</b>	<b>649,845</b>
<b>Net book value</b>		
As at 1 April 2017	163,825	163,825
<b>As at 31 March 2018</b>	<b>147,588</b>	<b>147,588</b>
Amortisation for the period		
For the year ended 31 March 2017 (Included in cost and administrative expenses)		60,711
For the year ended 31 March 2018 (Included in cost and administrative expenses)		<b>59,537</b>

  

Consist of:	Currency: INR	
	Computer software	Total
<b>Cost</b>		
As at 1 April 2017	1,349,078	1,349,078
Acquisitions	220,635	220,635
Disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2018</b>	<b>1,569,713</b>	<b>1,569,713</b>
<b>Accumulated amortisation</b>		
As at 1 April 2017	1,102,345	1,102,345
Amortisation for the period	126,369	126,369
Depreciation on disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2018</b>	<b>1,228,713</b>	<b>1,228,713</b>
<b>Net book value</b>		
As at 1 April 2017	246,733	246,733
<b>As at 31 March 2018</b>	<b>340,999</b>	<b>340,999</b>
Amortisation for the period		
For the year ended 31 March 2017 (Included in cost and administrative expenses)		86,764
For the year ended 31 March 2018 (Included in cost and administrative expenses)		<b>126,369</b>

### 8 TRADE AND OTHER PAYABLES

Consist of:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Trade payables	932,329	1,940,624.67	1,267,873	2,639,053
Advance received	29,383	61,160.50	10,715	22,303
Accrued interest expenses - related parties (Note 10)			882,055	1,835,981
Accrued interest expenses for withholding tax			155,657	323,997
Accrued interest expenses - Other	274,335	571,023.36	206,273	429,352
Accrued service charge	193,327	402,406.93	538,272	1,120,403
Accrued expenses	511,934	1,065,580.99	67,517	140,535
<b>Total</b>	<b>1,941,309</b>	<b>4,040,796</b>	<b>3,128,362</b>	<b>6,511,623</b>

### 9 OTHER CURRENT LIABILITIES

Consist of:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Unrealised output tax	164,469	342,337.98	67,801	141,127
Value added tax payable	190,137	395,765.97	190,492	396,506
Withholding tax payable	20,505	42,681.02	663,586	1,381,241
Social Security tax payable	53,854	112,096.02	50,166	104,420
<b>Total</b>	<b>428,964</b>	<b>892,881</b>	<b>972,046</b>	<b>2,023,294</b>

### 10 RELATED PARTIES TRANSACTIONS

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

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

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of Relationship
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

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

Transactions	Pricing policies
Revenue from rent and services	Contractually agreed rate
Interest charged	Contractually agreed rate

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

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
<b>Income</b>				
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	24,546,100	51,092,215.40	21,593,562	44,946,567.73
<b>Expenses</b>				
Mahindra Holidays & Resorts India Limited	468,493	975,159.12	12,947,328	26,949,605
<b>Receivable</b>				
Mahindra Holidays & Resorts India Limited	2,227,973	4,637,480.70	807,320	1,680,420
MH Botique Co., Ltd.	238,501	496,435.06	179,891	374,440
<b>Payable</b>				
Mahindra Holidays & Resorts India Limited			882,055	1,835,981
<b>Loan from related parties</b>				
Mahindra Holidays & Resorts India Limited			72,000,000	149,866,560
<b>Interest rate</b>			9.5%	9.5%

#### 11 LONG-TERM BORROWING

On February 6, 2017, the Company has entered into 5-Year Secured Committed Term Loan Facility of Baht 162,000,000 Facility Agreement with a financial institution. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus 2.10 percent per annum. Details of Loan are as followed:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Consist of:				
Long-term loan	155,000,000	322,629,400.00	70,000,000	145,703,600
Less Current portion of Long-term borrowings	(7,000,000)	(14,570,360.00)	(7,000,000)	(14,570,360)
Net Long-term loan	148,000,000	308,059,040	63,000,000	131,133,240

Change of long-term loan for the years ended March 31, 2018 and 2017 are as follows:

	2018 Currency: Baht	2018 Currency: INR	2017 Currency: Baht	2017 Currency: INR
Balance as of April 1, 2017	70,000,000	145,703,600.00		
Add Loan received	92,000,000	191,496,160.00	70,000,000.00	145,703,600.00
Less Repayment	(7,000,000)	(14,570,360.00)	-	-
Balance as of March 31, 2018	155,000,000.00	322,629,400.00	70,000,000.00	145,703,600.00

The Company shall repay the loan in the amount in accordance with the repayment schedule and all outstanding loans shall be repaid in full no later than the final repayment date as followed:

No.	Month	Currency : Million Baht		Currency : Million INR
		Repayment	Outstanding Amount	Repayment
1	6th	3.50	158.50	7.29
2	12th	3.50	155.00	7.29
3	18th	3.50	151.50	7.29
4	24th	3.50	148.00	7.29
5	30th	3.50	144.50	7.29
6	36th	3.50	141.00	7.29
7	42th	3.50	137.50	7.29
8	48th	3.50	134.00	7.29
9	54th	3.50	130.50	7.29
10	60th	130.50	-	271.63

#### 12 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 7, 2018.

Director



## COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The Directors present the Audited Financial Statements of MHR Holdings (Mauritius) Ltd, the “Company”, for the year ended 31 March 2018.

### PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

### RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

### DIRECTORS

The present membership of the Board is set out herein;

Zakir Hussein Niamut

Teemulsingh Luchowa

Pravesh Beeharry

Akhila Balachandar

### STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

### CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **MHR Holdings (Mauritius) Ltd** under the Mauritius Companies Act 2001 for the year ended 31 March 2018.

**For SANNE Mauritius**  
Secretary

**Registered Office:**  
IFS Court  
Bank Street  
Twenty Eight  
Cybercity  
Ebene 72201  
Republic of Mauritius

Date: 3 May 2018

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MHR Holdings (Mauritius) Ltd**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 34 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 21 in the financial statements which indicates that the Company had accumulated losses of EUR 2,845,001 during the year ended 31 March 2018 and, as of that date, the Company had a net liability of EUR 2,700,001. As stated in Note 21, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholder has undertaken to provide financial support to ensure continuation of the Company's operations. Our opinion is not modified in respect of this matter.

#### **Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")**

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

### **Other Matter**

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

**Grant Thornton**  
**Chartered Accountants**

**K RAMCHURUN, FCCA**  
**Licensed by FRC**

**Date: 03 May 2018**  
**Ebene 72201, Republic of Mauritius**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 01 APRIL 2017 TO 31 MARCH 2018**

	Notes	For the period from 01/04/17 to 3/31/2018	For the period from 01/04/17 to 3/31/2018	For the period from 01/04/16 to 3/31/2017	For the period from 01/04/16 to 3/31/2017
		EUR	INR	EUR	INR
<b>INCOME</b>					
<b>Total Income</b> .....		-	-	-	-
<b>EXPENDITURE</b>					
Professional fees .....	14	42,030	3,390,140	28,179	2,272,918
Audit fees .....		8,129	655,685	4,248	342,644
Bank charges.....		3,400	274,244	2,393	193,019
Licence fees.....		2,508	202,295	2,466	198,908
Legal fees.....		1,048	84,532	2,746	221,492
<b>Total Expenses</b> .....		<b>57,115</b>	<b>4,606,896</b>	<b>40,032</b>	<b>3,228,981</b>
<b>OPERATING LOSS</b> .....		<b>(57,115)</b>	<b>(4,606,896)</b>	<b>(40,032)</b>	<b>(3,228,981)</b>
Finance income .....	10	887,540	71,588,976	777,481	62,711,617
Finance costs.....	10	(1,720,067)	(138,740,604)	(1,466,508)	(118,288,535)
<b>LOSS BEFORE TAX</b> .....		<b>(889,642)</b>	<b>(71,758,524)</b>	<b>(729,059)</b>	<b>(58,805,899)</b>
Tax Expense.....	8	-	-	-	-
<b>LOSS FOR THE YEAR/PERIOD</b> .....		<b>(889,642)</b>	<b>(71,758,524)</b>	<b>(729,059)</b>	<b>(58,805,899)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that will not be reclassified subsequently to profit or loss .....		-	-	-	-
Items that will be reclassified subsequently to profit or loss.....		-	-	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX</b> .....		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b> .....		<b>(889,642)</b>	<b>(71,758,524)</b>	<b>(729,059)</b>	<b>(58,805,899)</b>

## STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 <sup>st</sup> March 18 EUR	As at 31 <sup>st</sup> March 18 INR	As at 31 <sup>st</sup> March 17 EUR	As at 31 <sup>st</sup> March 17 INR
<b>ASSETS</b>					
<b>Non-Current</b>					
Investment in subsidiary.....	9	23,182,500	1,869,900,450	23,182,500	1,869,900,450
Loans.....	11	18,194,673	1,467,582,324	11,327,518	913,677,602
<b>Non-Current Assets</b> .....		<b>41,377,173</b>	<b>3,337,482,774</b>	34,510,018	2,783,578,052
<b>Current</b>					
Loans.....	11	11,587,278	934,629,843	16,907,263	1,363,739,834
Receivables and prepayments.....	14	75,191	6,064,906	2,512	202,617.92
Cash and cash equivalents.....		135,536	10,932,334	61,807	4,985,353
<b>Current Assets</b> .....		<b>11,798,005</b>	<b>951,627,083</b>	16,971,582	1,368,927,804
<b>TOTAL ASSETS</b> .....		<b>53,175,178</b>	<b>4,289,109,857</b>	51,481,600	4,152,505,856
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital.....	17	145,000	11,695,700	145,000	11,695,700
Accumulated losses/loss for the period .....		(2,845,001)	(229,477,781)	(1,955,359)	(157,719,257)
<b>Total Equity</b> .....		<b>(2,700,001)</b>	<b>(217,782,081)</b>	(1,810,359)	(146,023,557)
<b>Liabilities</b>					
<b>Non-current</b>					
Borrowings.....	12	54,163,554	4,368,832,266	52,259,785	4,215,274,258
Derivative financial instrument .....	13	470,694	37,966,178	413,915	33,386,384
<b>Non current Liabilities</b> .....		<b>54,634,248</b>	<b>4,406,798,444</b>	52,673,700	4,248,660,642
<b>Current</b>					
Borrowings.....	12	429,792	34,667,023	112,393	9,065,619.38
Accruals .....		811,139	65,426,472	505,866	40,803,151.56
<b>Current Liabilities</b> .....		<b>1,240,931</b>	<b>100,093,494</b>	618,259	49,868,771
<b>Total Liabilities</b> .....		<b>55,875,179</b>	<b>4,506,891,938</b>	53,291,959	4,298,529,413
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<b>53,175,178</b>	<b>4,289,109,857</b>	51,481,600	4,152,505,856

Approved by the Board of Directors on 03 May 2018 and signed on its behalf by:

\_\_\_\_\_  
Director

The notes form an integral part of these financial statements.

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

	<b>Stated capital</b>	<b>Accumulated loss</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>At 1 April 2016</b> .....	145,000	(1,226,300)	(1,081,300)
Loss for the period .....	–	(729,059)	(729,059)
Other comprehensive income.....	–	–	–
Total comprehensive loss for the period .....	–	(729,059)	(729,059)
<b>At 31 March 2017</b> .....	145,000	(1,955,359)	(1,810,359)
At 1 April 2017 .....	145,000	(1,955,359)	(1,810,359)
Loss for the year.....	–	(889,642)	(889,642)
Other comprehensive income.....	–	–	–
<b>Total comprehensive loss for the year</b> .....	–	(889,642)	(889,642)
<b>At 31 March 2018</b> .....	<b>145,000</b>	<b>(2,845,001)</b>	<b>(2,700,001)</b>

  

	<b>Stated capital</b>	<b>Accumulated loss</b>	<b>Total</b>
	<b>INR</b>	<b>INR</b>	<b>INR</b>
<b>At 1 April 2016</b> .....	11,695,700	(98,913,358.00)	(87,217,658)
Loss for the period .....	–	(58,805,898.94)	(58,805,899)
Other comprehensive income.....	–	–	–
Total comprehensive loss for the period .....	–	(58,805,899)	(58,805,899)
<b>At 31 March 2017</b> .....	11,695,700	(157,719,257)	(146,023,557)
At 1 April 2017 .....	11,695,700	(157,719,257)	(146,023,557)
Loss for the year.....	–	(71,758,524)	(71,758,524)
Other comprehensive income.....	–	–	–
<b>Total comprehensive loss for the year</b> .....	–	(71,758,524)	(71,758,524)
<b>At 31 March 2018</b> .....	<b>11,695,700</b>	<b>(229,477,781)</b>	<b>(217,782,081)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR/PERIOD ENDED 31 MARCH

	2018	2018	2017	2017
	EUR	INR	EUR	INR
<b>Operating activities</b>				
Loss before tax .....	(889,642)	(58,805,899)	(729,059)	(86,017,921)
<i>Adjustments for:</i>				
Interest income .....	(841,000)	(67,835,060.00)	(698,888)	(56,372,386.74)
Interest expense .....	979,282	78,988,886.12	876,260	70,679,131.60
Amortisation of transaction costs.....	143,223	11,552,367.18	143,222	11,552,286.52
Loss on interest rate swaps .....	227,047	18,313,611.02	169,594	13,679,452.04
Fair value adjustment - Derivative financial instrument .....	56,778	4,579,713.48	(78,593)	(6,339,230.72)
	(324,312)	(13,206,381)	(317,464)	(52,818,668)
<i>Changes in working capital:</i>				
Increase in prepayments.....	250	20,165.00	477	38,474.82
Increase in Receivable .....	(72,928)	(5,882,372.48)	-	-
Increase in accruals.....	305,273	24,623,320.18	275,298	22,205,536.68
<b>Net cash used in operations</b> .....	(91,717)	5,554,732	(41,689)	(30,574,657)
Interest received .....	493,830	39,832,328	791,962	63,879,655
Interest paid .....	(1,178,384)	(95,048,453)	(994,512)	(80,217,337.92)
<b>Net cash used in operating activities</b> .....	(776,271)	(49,661,394)	(244,239)	(46,912,340)
<b>Investing activities</b>				
Investments in subsidiary.....	-	-	-	-
<b>Net cash used in investing activities</b> .....	-	-	-	-
<b>Financing activities</b>				
Loans received .....	2,050,000	165,353,000	7,766,300	626,429,758
Loans repaid.....	-	-	-	-
Proceeds from issue of shares .....	-	-	-	-
Loans to subsidiary .....	(1,200,000)	(96,792,000)	(7,750,000)	(625,115,000)
Loans repaid by subsidiary.....	-	-	184,000	14,841,440
<b>Net cash from financing activities</b> .....	850,000	68,561,000	200,300	16,156,198
<b>Net change in cash and cash equivalents</b> .....	73,729	18,899,606	(43,939)	(30,756,142)
<b>Cash and cash equivalents at beginning of year/period</b> .....	61,807	4,985,353	105,746	8,529,472
<b>Cash and cash equivalents at end of year/period</b> .....	135,536	23,884,959	61,807	(22,226,670)
<b>Cash and cash equivalents made up of:</b>				
Cash at bank .....	135,536	23,884,959	61,807	(22,226,670)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 26 June 2014 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

### 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### 2.1 New and revised standards that are effective for the annual year beginning on 01 April 2017

In the current year, the Company has applied the following revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

IAS 7 Disclosure Initiative (Amendments to IAS 7)

IFRS 12 Annual Improvements to IFRS 2014-2016

IFRS for SMEs Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities

The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 7, Disclosure Initiative (*Amendments to IAS 7*) has an impact on the disclosure of these financial statements.

#### 2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)
IAS 12/IAS 23/ IFRS 3/IFRS 11	Annual Improvements to IFRS 2015-2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 1 and IAS 28	Annual Improvements to IFRS 2014-2016
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 40	Transfer of Investment Property (Amendment to IAS 40)

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

### 3 SUMMARY OF ACCOUNTING POLICIES

#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

#### 3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

#### 3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

#### 3.5 Financial instruments

##### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, receivables and loans fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.



**Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities consist of borrowings, accruals and derivative financial instruments (Note 3.15).

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.6 Consolidated financial statements**

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

**3.7 Investment in subsidiary**

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

**3.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.9 Equity**

Stated capital represents the value of shares that have been issued.

Accumulated losses includes current and prior years' results' as disclosed in the statement of comprehensive income.

**3.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

**3.11 Related parties**

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

**3.12 Foreign currency translation***Functional and presentation currency*

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

*Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**3.13 Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

**3.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and are deducted from borrowings and amortised over the period of the facility to which it relates.

**3.15 Derivative financial instruments**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

**3.16 Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**4 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Significant management judgement**

The following are the significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

*Going concern assumption*

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

**Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Impairment of investments in subsidiary*

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

*Impairment of loans to subsidiary*

The Company reviews its significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash

flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

*Fair value of derivative financial instruments*

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

**5 FINANCIAL INSTRUMENT RISK****Risk management objectives and policies**

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

**Financial assets**

*Loans and receivables:*

**Non-current**

Loans

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Loans	18,194,673	1,467,582,324	11,327,518	913,677,602

**Current**

Loans

Receivable

Cash and cash equivalents

Loans	11,587,278	934,629,843	16,907,263	1,363,739,834
Receivable	72,928	5,882,372		
Cash and cash equivalents	135,536	10,932,334	61,807	4,985,353
	11,795,742	945,562,177	16,969,070	1,368,725,186
<b>Total financial assets</b>	<b>29,990,415</b>	<b>2,413,144,501</b>	<b>28,296,588</b>	<b>2,282,402,788</b>

**Financial liabilities**

*Financial liabilities measured at amortised cost:*

**Non-current**

Derivative financial instrument

Borrowings

Derivative financial instrument	470,694	37,966,178	413,915	33,386,384
Borrowings	54,163,554	4,368,832,266	52,259,785	4,215,274,258
	54,634,248	4,406,798,444	52,673,700	4,248,660,642

**Current**

Borrowings

Accruals

Borrowings	429,792	34,667,023	112,393	9,065,619
Accruals	811,139	65,426,472	505,866	40,803,152
	1,240,931	100,093,494	618,259	49,868,771
<b>Total financial liabilities</b>	<b>55,875,179</b>	<b>4,506,891,938</b>	<b>53,291,959</b>	<b>4,298,529,413</b>

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

**5.1 Market risk analysis**

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

**(i) Foreign currency sensitivity**

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2018		Financial liabilities 2018		Financial assets 2017		Financial liabilities 2017	
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
<b>Long term exposure</b>								
Euro (EUR)	18,194,673	1,467,582,324	54,634,248	4,406,798,444	11,327,518	913,677,602	52,673,700	4,248,660,642
<b>Short term exposure</b>								
Euro (EUR)	11,795,742	951,444,550	1,231,098	99,300,365	16,969,070	1,368,725,186	609,018	49,123,392
United States Dollar (USD)	–	–	9,833	793,130	–	–	9,241	745,379
	<b>29,990,415</b>	<b>2,419,026,874</b>	<b>55,875,179</b>	<b>4,506,891,938</b>	<b>28,296,588</b>	<b>2,282,402,788</b>	<b>53,291,959</b>	<b>4,298,529,413</b>

**(ii) Interest rate sensitivity**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED

The Company's interest rate risk arises principally from part of the bank borrowings from AXIS BANK LIMITED which are at variable interest rates. The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Company has taken the following loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED:

**Loans from HSBC Bank (Mauritius) Limited**

**Loan of EUR 6,850,000 (INR 552,521,000)**

The bank loan of EUR 6,850,000 (INR 552,521,000) from HSBC Bank (Mauritius) Limited bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12(ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45% per annum. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset

date. The interest is payable at the end of every 6 months. Since the interest rate is fixed, the Company is therefore not exposed to interest rate risk on this loan.

**Loan of EUR 4,750,000 (INR 383,135,000)**

The Company has contracted a loan of EUR 4,750,000 on 23 June 2017 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. As at 31 March 2018, the Company has received an amount of EUR 600,000. A change in the market interest rate would have a marginal impact on the Company's operating cash flows.

**Loans from AXIS BANK LIMITED**

**Loan of EUR 47,000,000 (INR 3,791,020,000)**

The Company has contracted a loan of EUR 47,000,000 (INR 3,791,020,000) from AXIS BANK LIMITED which carries interest at EURIBOR 3 - 6 months plus Margin of 1.50% per annum (Note 12(ii) to these financial statements). The loan is repayable at the end of 5 years. As at 31 March 2018, the Company has received an amount of EUR 47,000,000.

The Company has entered into interest swaps for an amount EUR 45,550,000 (INR 3,674,063,000) by using floating to fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hikes. Therefore the Company is not affected by interest rate fluctuations of these amounts.

**5.2 Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

**ASSETS**

**Non-current**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Loans	18,194,673	1,467,582,324	11,327,518	913,677,602
<b>Current assets</b>				
Loans	11,587,278	934,629,843	16,907,263	–
Receivable	72,928	–	–	–
Cash and cash equivalents	135,536	10,932,334	61,807	4,985,353
	<b>11,795,742</b>	<b>945,562,177</b>	<b>16,969,070</b>	<b>4,985,353</b>
	<b>29,990,415</b>	<b>2,413,144,501</b>	<b>28,296,588</b>	<b>918,662,955</b>

(i) The Company has given loans to its subsidiary, which are unsecured, carry fixed interest at 4% per annum and the repayment terms are disclosed in Note 11. Since the loans are contractual, the directors consider that no credit risk is associated with these loans.

(ii) The receivable from the related party is unsecured, interest free and receivable on demand.

- (iii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.
- (iv) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.
- (v) None of the Company's financial assets are secured by collateral or other credit enhancements. The borrowings taken are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

### 5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including interest payments:

2018	2018				2017			
	Less than 1 year	Less than 1 year	More than 1 year	More than 1 year	Less than 1 year	Less than 1 year	More than 1 year	More than 1 year
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
Borrowings	429,792	34,667,023	54,163,554	4,368,832,266	112,393	9,065,619	52,259,785	4,215,274,258
Derivative financial instrument	-	-	470,694	37,966,178	-	-	413,915	33,386,384
Accruals	811,139	65,426,472	-	-	505,866	40,803,152	-	-
<b>Total</b>	<b>1,240,931</b>	<b>100,093,494</b>	<b>54,634,248</b>	<b>4,406,798,444</b>	<b>618,259</b>	<b>49,868,771</b>	<b>52,673,700</b>	<b>4,248,660,642</b>

## 6 FAIR VALUE MEASUREMENT

### 6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2018 and 31 March 2017:

31-Mar-18	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3	Total	Total
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
<b>Liabilities</b>								
Interest rate swap	-	-	470,694	37,966,178	-	-	470,694	37,966,178
<b>31-Mar-17</b>								
	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3	Total	Total
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
<b>Liabilities</b>								
Interest rate swap	-	-	413,915	33,386,384	-	-	413,915	33,386,384

There has been no transfer from Level 1 and Level 2 in 2018 and 2017.

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

### 6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

## 7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year/period ended 31 March 2018 and 31 March 2017, the Company was fully geared since it relies on external borrowing to finance its operations.

## 8 TAXATION

### (i) Income tax

The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. At 31 March 2018, there are no potential subsequent events, other than those described below, that would have a material impact on unrecognized income tax benefits within the next twelve months.

As a tax resident in the Republic of Mauritius, the Company expects to obtain benefits under the double taxation treaty between the Republic of India and the Republic of Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by

a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in the Republic of Mauritius.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in the Republic of India.

As per the revised DTAA, interest arising in Republic of India to Mauritian residents will be subject to withholding tax in Republic of India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

At 31 March 2018, the Company has accumulated tax losses of EUR 721,437 (2017: EUR 574,487) which will be carried forward and available for set off against future taxable profit as follows:

	EUR	INR
Up to the year ending 31 March 2020	123,295	9,944,975
Up to the year ending 31 March 2021	245,423	19,795,819
Up to the year ending 31 March 2022	205,769	16,597,328
Up to the year ending 31 March 2023	146,950	11,852,987
	<b>721,437</b>	<b>58,191,108</b>

(ii) **Deferred tax**

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2018, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) **Income tax reconciliation**

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2018 EUR	2018 INR	2017 EUR	2017 INR
Loss for the period	<b>(889,642)</b>	<b>(71,758,524)</b>	(729,059)	(58,805,899)
Tax calculated at the rate of 3%	<b>(26,689)</b>	<b>(2,152,735)</b>	(21,872)	(1,764,196)
Non-allowable expenses	<b>22,281</b>	<b>1,797,185</b>	15,698	1,266,201
Deferred tax asset not recognised	<b>4,408</b>	<b>355,549</b>	6,174	497,995
Tax expense	-	-	-	-

**9 INVESTMENTS IN SUBSIDIARY**

(i) **Unquoted investment at cost:**

	2018 EUR	2018 INR	2017 EUR	2017 INR
Opening balance	<b>23,182,500</b>	<b>1,869,900,450</b>	23,182,500	1,869,900,450
Acquisition of equity shares during the period	-	-	-	-
Funds contributed during the period	-	-	-	-
At 1 April and 31 March	<b>23,182,500</b>	<b>1,869,900,450</b>	23,182,500	1,869,900,450

(ii) **Details pertaining to the unquoted investments are as follows:**

Name of investee company	Country of Incorporation	Type of investments	Number of shares	Cost	
				2018 EUR	2018 INR
Covington S.à.r.l	Luxembourg	Equity	12,500	17,500	1,411,550
Covington S.à.r.l	Luxembourg	Non-equity		<b>23,165,000</b>	<b>1,868,488,900</b>
				<b>23,182,500</b>	<b>1,869,900,450</b>

(iii) Pursuant to a Share Sale and Purchase Agreement dated 17 July 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500 (INR 1,411,550).

(iv) Pursuant to Contribution Agreements dated 31 July 2014, 10 November 2014 and 18 August 2015 between the Company and Covington S.à.r.l (the "Receiver"), the Company contributed EUR 3,165,000 (INR 255,288,900), EUR 4,000,000 (INR 322,640,000) and EUR 16,000,000 (INR 1,290,560,000) respectively to the Receiver.

(v) The directors have assessed the recoverable amount of the investments (equity and non-equity) and confirmed that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

**10 FINANCE INCOME AND FINANCE COSTS**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
<b>10.1 Finance income</b>				
Fair value adjustment - Derivative financial instruments (Note 13)	-	-	78,593	6,339,231
Corporate Guarantee Commission income (Note 12(ii))	46,540	3,753,916	-	-
Interest on loans (Note 11(i))	841,000	67,835,060	698,888	56,372,387
	<u>887,540</u>	<u>71,588,976</u>	<u>777,481</u>	<u>62,711,617</u>
	2017	2017	2016	2016
	EUR	INR	EUR	INR
<b>10.2 Finance costs</b>				
Interest on borrowings (Note 12(i))	979,282	78,988,886	876,260	70,679,132
Commission on SBLC	6,280	506,544.80	-	-
SBLC fee	2,775	-	-	-
Commissions on Corporate Guarantee (Note 12(ii))	304,682	24,575,650.12	277,432	22,377,665
Fair value adjustment - Derivative financial instruments (Note 13)	56,778	4,579,713.48	-	11,552,287
Amortisation of transaction costs (Notes 12(i) and 15)	143,223	11,552,367.18	143,222	11,849,761
Loss on interest rate swaps (Notes 12 (i) and (iv))	227,047	18,313,611.02	169,594	1,829,691
	<u>1,720,067</u>	<u>138,516,773</u>	<u>1,466,508</u>	<u>118,288,535</u>

**11 LOANS***Loans to subsidiary:***Non-current**

Principal amounts (Note 11 (iii))

Interest receivable (Note 11 (iii))

**Total****Current**

Principal amounts (Note 11 (ii))

Interest receivable (Note 11 (ii))

**Total**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Principal amounts (Note 11 (iii))	17,800,000	1,435,748,000	11,250,000	907,425,000
Interest receivable (Note 11 (iii))	394,673	31,834,324	77,518	6,252,602
<b>Total</b>	<u>18,194,673</u>	<u>1,467,582,324</u>	<u>11,327,518</u>	<u>913,677,602</u>
<b>Current</b>				
Principal amounts (Note 11 (ii))	11,350,000	915,491,000	16,700,000	1,347,022,000
Interest receivable (Note 11 (ii))	237,278	19,138,843	207,263	16,717,834
<b>Total</b>	<u>11,587,278</u>	<u>934,629,843</u>	<u>16,907,263</u>	<u>1,363,739,834</u>
<b>Total</b>	<u>29,781,951</u>	<u>2,402,212,168</u>	<u>28,234,781</u>	<u>2,277,417,435</u>

(i) The movement during the year/period on the loans is as follows:

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Opening balance	28,234,781	2,277,417,435	20,761,855	1,674,651,224
Loans given during the year/period	1,200,000	96,792,000	7,750,000	625,115,000
Loans repaid during the year/period	-	-	(184,000)	(14,841,440)
Interest income for the year/period	841,000	67,835,060	698,888	56,372,306
Interest received during the year/period	(493,830)	(39,832,328)	(791,962)	(63,879,655)
Closing balance	<u>29,781,951</u>	<u>2,402,212,168</u>	<u>28,234,781</u>	<u>2,277,417,435</u>

(ii) Pursuant to Loan Agreements dated 25 August 2014 and 10 September 2014 between the Company (the "Lender") and Covington S.à.r.l (the "Borrower"), the Company advanced funds to the Borrower amounting to EUR 200,000 and EUR 50,000 bearing interest of 4% per annum and these loans were fully repaid during the year ended 31 March 2017

(iii) The loan amounting to EUR 3,500,000 granted on 31 July 2014, which was receivable by 31 July 2016 was further extended for a period of two years pursuant to board meeting dated 22 September 2016.

(iv) The loan amounting to EUR 16,700,000 granted on 21 August 2015, which was receivable by 21 August 2017 was further extended for a period of two years pursuant to board meeting dated 01 September 2017.

(v) Pursuant to Loan Agreement dated 27 December 2016 and 22 September 2016, the Company ("the lender") advanced an additional loan of EUR 6,000,000 and EUR 1,850,000 respectively to Covington S.à.r.l ("the borrower") bearing interests of 4% per annum and receivable in two years' time.

(vi) Pursuant to Loan Agreement dated 01 September 2017, the Company ("the lender") advanced an additional loan of EUR 4,000,000 to Covington S.à.r.l ("the borrower") bearing interest of 2.25% per annum and receivable in three years' time. As at 31 March 2018, an amount of EUR 1,200,000 was disbursed

(vii) The directors have assessed the recoverable amounts of the advances made to the related party and confirmed that the carrying amounts of these advances have not suffered any impairment in values at the reporting date.

## 12 BORROWINGS

	2018	2018	2017	2017
	EUR	INR	EUR	INR
<b>Non-current</b>				
Bank loans (Note 12(ii))	54,163,554	4,368,832,266	51,970,331	4,191,926,898
Loan from holding company (Note 12(iii))	–	–	289,454	23,347,360
	<u>54,163,554</u>	<u>4,368,832,266</u>	<u>52,259,785</u>	<u>4,215,274,258</u>
<b>Current</b>				
Bank loans (Note 12(ii))	116,588	9,403,988	112,393	9,065,619
Loan from holding company (Note 12(iii))	313,204	25,263,035	–	–
	<u>429,792</u>	<u>34,667,023</u>	<u>112,393</u>	<u>9,065,619</u>
<b>Total</b>	<u>54,593,346</u>	<u>4,403,499,288</u>	<u>52,372,178</u>	<u>4,224,339,877</u>

(i) The movement during the period on the borrowings is as follows:

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Balance at start of the year/period	52,372,178	4,224,339,877	44,411,314	3,582,216,587
<i>Loans taken during the year/period:</i>				
AXIS BANK LIMITED	2,050,000	165,353,000	7,850,000	633,181,000
<i>Interest element for the year/period:</i>				
Interest expense	979,282	78,988,886	876,260	70,679,132
Interest payment	(951,337)	(76,734,842)	(824,918)	(66,537,886)
Loss on interest rate swaps	227,047	18,313,611	169,594	13,679,452
Interest rate swap payment	(227,047)	(18,313,611)	(169,594)	(13,679,452)
<i>Transaction costs incurred for the year/period:</i>				
Transaction cost incurred	–	–	(83,700)	(6,751,242)
Amortisation of transaction costs	143,223	11,552,367	143,222	11,552,287
At 31 March	<u>54,593,346</u>	<u>4,403,499,288</u>	<u>52,372,178</u>	<u>4,224,339,877</u>

## (ii) Bank loans

**Loan of EUR 6,850,000 (INR 474,431,000)**

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 31 July 2014 whereby the loan is repayable on 04 August 2019. The loan bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 36,105.

**AXIS BANK LIMITED****Loans of EUR 47,000,000 and EUR 4,750,000 (INR 3,791,020,000 and INR 383,135,000)**

The Company (the "Borrower") entered into a Facility Agreement with AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum.

The Company (the "Borrower") entered into a Facility Agreement dated 23 June 2017 with AXIS BANK LIMITED (the "Lender") to borrow USD 4,750,000 and repayable in 60 months. The loan carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. This loan is split into (a) Stand by Letter of Credit of a maximum amount of EUR 1,680,000 issued by the Company as security against loans borrowed by Holidays Club Resorts India Limited ("HCR") from third parties; and (b) the remaining amount of EUR 3,070,000 is governed by the terms and conditions of the

Facility Agreement. At the reporting, only an amount of EUR 600,000 was disbursed.

The interest is payable at the end of every 6 months and interest accrued on the loans outstanding at the reporting date amounted to EUR 80,484.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 57,130,000) should be paid to the Guarantor until the loans are fully repaid. During the year ended 31 March 2018, an amount of EUR 304,682 (2017: EUR 277,432) was charged as commission and an amount of EUR 801,307 (2017: EUR 496,625) remains payable at 31 March 2018.

Since HCR is also benefiting from the new loan borrowed by the Company in terms of the pledge provided, the latter should therefore pay an annual commission to the Company which is then partly remitted to the Guarantor. During the year under review, an amount of EUR 46,540 charged as commission by the Company remains receivable at 31 March 2018.

During the year ended 31 March 2016, the Company borrowed a loan of EUR 250,000 from Mahindra Holdings & Resorts India Limited ("MHRIL") bearing interest of 9.5% per annum and repayable on demand.

The Company has entered into an interest rate swap arrangement in respect of its borrowings and during the year, a loss of EUR 227,047 (2017: EUR 169,594) was incurred on the swap arrangement.

**13 DERIVATIVE FINANCIAL INSTRUMENTS**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Interest rate swaps	<u>470,694</u>	<u>37,966,178</u>	<u>413,915</u>	<u>33,386,384</u>

The Company had entered into interest rate swap agreements to manage interest rate risk exposures.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The full fair value of the hedging derivative is classified as non-current liability since the maturity of the hedged item is more than one year.

The notional principal amount of the outstanding interest rate swap at 31 March 2018 was EUR 45,550,000 (INR 3,154,793,000).

As at March 31, 2018 the fixed interest rate and fair value based on interest rate swap are as follows:

Details	Notional Amount	Notional Amount	Fixed Interest Rate	Start Date	Maturity Date	Fair Value	Fair Value
	EUR	INR				EUR	INR
				December 22, 2015			
				January 3, 2017			
Axis Bank Limited	<u>47,000,000</u>	<u>3,791,020,000</u>	0.2526%	April 7, 2017	August 28, 2020	<u>470,694</u>	<u>37,966,178</u>

During the year under review, an amount of EUR 227,047 (2017: EUR 169,594) (Note 10.2 to the financial statements) was recognised in the income statement representing loss relating to interest rate swaps of the borrowings from variable interest rates (LIBOR) to the fixed interest rate. The fair value movement on the derivative financial instruments amounted to EUR 56,779 (2017: EUR 78,593) during the year under review

**14 RECEIVABLE AND PREPAYMENTS**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Receivable from related party (Note 14(i))	<u>72,928</u>	<u>5,882,372</u>	-	-
Receivables and prepayments	<u>2,263</u>	<u>182,534</u>	2,512	202,618
	<u>75,191</u>	<u>6,064,906</u>	2,512	202,618

(i) The amount receivable from the related party is unsecured, interest free and receivable on demand.

**15 PROFESSIONAL FEES**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Administration fees and disbursements	<u>14,898</u>	<u>1,201,673</u>	13,525	1,090,927
Directors' fees	<u>3,593</u>	<u>289,811</u>	2,528	203,908
Fees for tax filings	<u>1,926</u>	<u>155,351</u>	1,721	138,816
Secretarial fees	<u>1,361</u>	<u>109,778</u>	1,517	122,361
Fees for process agent	<u>9,623</u>	<u>776,191.18</u>	-	-
Professional fees	<u>10,629</u>	<u>857,335</u>	8,888	716,906
	<u>42,030</u>	<u>3,390,140</u>	28,179	2,272,918

**16 TRANSACTION COSTS**

	2018	2018	2017	2017
	EUR	INR	EUR	INR
Agency fees	<u>500</u>	<u>40,330</u>	500	40,330
Brokerage fees	<u>138,425</u>	<u>11,165,280</u>	138,424	11,165,280
Legal fees	<u>4,298</u>	<u>346,677</u>	4,298	346,677
	<u>143,223</u>	<u>11,552,287</u>	143,222	11,552,287

Transaction costs relate to charges in respect of loan taken from AXIS BANK LIMITED (Note 12 (ii) to these financial statements). The costs have been amortised over a period of 5 years, which is the tenure of the loan.



## 17 STATED CAPITAL

	2018	2018	2017	2017
	EUR	INR	EUR	INR
<b>Issued and paid:</b>				
145,000 Ordinary shares of EUR1 each	145,000	11,695,700	145,000	11,695,700

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

## 18 CASH FLOW INFORMATION

	2018	2018	2017	2017
	EUR	INR	EUR	INR
<b>Net debt reconciliation</b>				
<b>Net debt</b>				
Borrowings:				
Repayable within one year	429,792	34,667,023	112,393	9,065,619
Repayable after one year	54,163,554	4,368,832,266	52,259,785	4,215,274,258
	<u>54,593,346</u>	<u>4,403,499,288</u>	<u>52,372,178</u>	<u>4,224,339,877</u>
			<b>Total</b>	
	<b>Borrowings due within 1 year</b>	<b>Borrowings due after 1 year</b>		
	EUR	INR	EUR	INR
<b>Net debt as at 01 April 2017</b>	112,393	9,065,619	52,259,785	4,215,274,258
<b>Cash flows:</b>	-	-	-	-
- Additional loan from AXIS	-	-	2,050,000	165,353,000
- Interest paid	(951,337)	(76,734,842)	-	-
- Interest rate swap paid	(227,047)	(18,313,611)	-	-
<b>Non cash movement:</b>	-	-	-	-
- Loss on interest rate swaps	227,047	18,313,611	-	-
- Loan from shareholder	289,454	23,347,360	(289,454)	(23,347,360)
- Amortisation of loan	-	-	143,223	11,552,367
- Interest expense	979,282	78,988,886	-	-
<b>Net debt as at 31 March 2018</b>	<u>429,792</u>	<u>34,667,023</u>	<u>54,163,554</u>	<u>4,368,832,266</u>

## 19 RELATED PARTY TRANSACTIONS

During the period ended 31 March 2018, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of Relationship	Nature of transactions	Volume of transactions		Debit/(credit) balances at 31-Mar-18		Debit/(credit) balances at 31-Mar-17	
			EUR	INR	EUR	INR	EUR	INR
Covington S.à.r.l. (Note 11(i))	Subsidiary	Loans	1,547,170	124,794,732	29,781,951	2,402,212,168	28,234,781	2,277,417,435
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Loans	-	-	(250,000)	(20,165,000)	(250,000)	(20,165,000)
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Interest payable	23,750	1,915,675	(63,204)	(5,098,035)	(39,454)	(3,182,360)
Holiday Club Resorts India Limited (Note 14 )	Indirect Subsidiary	Receivable	72,928	5,882,372	72,928	5,882,372	-	-
Mahindra Holidays and Resorts India Limited (Note 12(ii))	Holding company	Commission on Corporate Guarantee	304,682	24,575,650	(801,307)	(64,633,423)	(496,625)	(40,057,773)

**20 CONTINGENT LIABILITIES**

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2018.

**21 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholder.

The Company's accumulated losses have increased over the years to reach EUR 2,845,001 as at 31 March 2018 (31 March 2017: EUR 1,955,359) and has also a net liability position of EUR 2,700,001 (31 March 2017: EUR 1,810,359). The directors are of the opinion that financial support

from the shareholder will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

**22 EVENTS AFTER THE REPORTING DATE**

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2018 financial statements.

**23 HOLDING COMPANIES**

The directors consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

## REPORT OF THE MANAGERS

The following shall constitute a report of the Board of Managers relating to the activities of the Company for the period ended March 31, 2018.

Your Company continued to remain a wholly owned subsidiary of MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings) and in turn of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

During the year under review your Company acquired 3.22% stake in the share capital of Holiday Club Resorts Oy, Finland (HCR) by purchasing equity shares from the existing Shareholders and consequently, its stake in HCR increased from 91.94% to 95.16%.

Your Company has made a profit of Euro 50,628.47 (INR 3,822,157.39) for the financial year ended March 31, 2018 as compared Euro 211,073.17 (INR 15,501,213.60) in the previous year.

Your Company did not declare any dividend for the year ended March 31, 2018.

During the year under review, Mr. Ajay Agrawal and Mr. Dinesh Shetty resigned as Category A Managers of the Company w.e.f April 10, 2017 and March 28, 2018 respectively. Mrs. Akhila Balachandar and Mr. Joyakesh Podder were

appointed as Category A Managers w.e.f April 10, 2017 and March 28, 2018 respectively.

As on the date of this report, Mr. Livio Gambardella, Mr. Tony Whiteman, Mr. Pietro Longo, Mrs. Akhila Balachandar and Mr. Joyakesh Podder are the Managers of your Company.

In the opinion of the Board of Managers, the accompanying Financial Statements together with its Notes, Annexures, etc., as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

For **Covington S.à.r.l**

**Akhila Balachandar**  
Manager

**Joyakesh Podder**  
Manager

Date: May 2, 2018

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Partners of  
Covington S.a r.l.  
9, allée Scheffer  
L - 2520 Luxembourg

### *Opinion*

We have audited the annual accounts of Covington S.a r.l. (the "Company"), which comprise the balance sheet as at 31 March 2018, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### *Basis for Opinion*

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Reviser d'Entreprises agree" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other matter*

The annual accounts of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those accounts on 10 May 2017.

### *Responsibilities of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Responsibilities of the Reviser d'Entreprises agree for the audit of the annual accounts*

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to

issue a report of "Reviser d'Entreprises agree" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Reviser d'Entreprises agree" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Reviser d'Entreprises agree". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Luxembourg  
Societe cooperative  
Cabinet de revision agree  
S. Yeo

Luxembourg,  
Date: May 24, 2018

**BALANCE SHEET AS AT MARCH 31, 2018**

	Notes	31-03-2018 <i>in EUR</i>	31-03-2018 <i>in INR</i>	31-03-2017 <i>in EUR</i>	31-03-2017 <i>in INR</i>
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
Financial fixed assets	3				
Shares in affiliated undertakings .....		<b>61,560,473.66</b>	<b>4,965,467,805.42</b>	59,368,250.46	4,788,643,082.10
Shares in undertakings with which the company is linked by virtue of participating interests .....		—	—	—	—
		<u><b>61,560,473.66</b></u>	<u><b>4,965,467,805.42</b></u>	<u>59,368,250.46</u>	<u>4,788,643,082.10</u>
<b>CURRENT ASSETS</b>					
Debtors	4				
Amounts owed by affiliated undertakings					
becoming due and payable within one year .....		<b>1,014,520.54</b>	<b>81,831,226.76</b>	—	—
becoming due and payable after more than one year .....		—	—	—	—
Other debtors					
becoming due and payable within one year .....		<b>11,295.30</b>	<b>911,078.90</b>	9,690.30	781,619.60
Cash at bank, cash in postal cheque accounts, cheques and cash in hand .....		<b>1,309.18</b>	<b>105,598.46</b>	1,577,223.44	127,218,842.67
PREPAYMENTS.....		<b>4,976.98</b>	<b>401,443.21</b>	6,588.57	531,434.06
<b>TOTAL ASSETS</b> .....		<u><b>62,592,575.66</b></u>	<u><b>5,048,717,152.74</b></u>	<u>60,961,752.77</u>	<u>4,917,174,978.43</u>
<b>LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Subscribed capital.....	5	<b>12,500.00</b>	<b>1,008,250.00</b>	12,500.00	1,008,250.00
Share premium and similar premiums .....		<b>23,165,000.00</b>	<b>1,868,488,900.00</b>	23,165,000.00	1,868,488,900.00
Profit or loss brought forward .....		<b>(651,153.09)</b>	<b>(52,522,008.24)</b>	(862,226.26)	(69,547,170.13)
Profit or loss for the financial year .....		<b>50,628.47</b>	<b>4,083,692.39</b>	211,073.17	17,025,161.89
		<u><b>22,576,975.38</b></u>	<u><b>1,821,058,834.15</b></u>	<u>22,526,346.91</u>	<u>1,816,975,141.76</u>
<b>CREDITORS</b>					
Trade Creditors	6				
becoming due and payable within one year .....		<b>50,876.88</b>	<b>4,103,729.14</b>	75,598.86	6,097,804.05
becoming due and payable after more than one year .....					
Amounts owed to affiliated undertakings					
becoming due and payable within one year .....		<b>12,047,353.40</b>	<b>971,739,525.24</b>	397,181.12	32,036,629.14
becoming due and payable after more than one year .....		<b>17,900,000.00</b>	<b>1,443,814,000.00</b>	27,950,000.00	2,254,447,000.00
Tax and social security debts					
Tax debts .....		<b>14,945.00</b>	<b>1,205,463.70</b>	10,130.00	817,085.80
Social security debts.....				70.88	5,717.18
Other Creditors					
becoming due and payable within one year.....		<b>2,425.00</b>	<b>195,600.50</b>	2,425.00	195,600.50
becoming due and payable after more than one year.....		<b>10,000,000.00</b>	<b>806,600,000.00</b>	10,000,000.00	806,600,000.00
		<u><b>40,015,600.28</b></u>	<u><b>3,227,658,318.58</b></u>	<u>38,435,405.86</u>	<u>3,100,199,836.67</u>
<b>TOTAL LIABILITIES</b> .....		<u><b>62,592,575.66</b></u>	<u><b>5,048,717,152.74</b></u>	<u>60,961,752.77</u>	<u>4,917,174,978.43</u>

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2017 TO MARCH 31, 2018

	Notes	Period from 01/04/2017 to 31/03/2018 EUR	Period from 01/04/2017 to 31/03/2018 INR	Period from 01/04/2016 to 31/03/2017 EUR	Period from 01/04/2016 to 31/03/2017 INR
<b>Raw materials and consumables and other external expenses</b> .....	7	(193,955.58)	(15,644,457.08)	(152,088.66)	(12,267,471.32)
Raw materials and consumables .....		-	-	-	-
Other external expenses .....		(193,955.58)	(15,644,457.08)	(152,088.66)	(12,267,471.32)
<b>Staff Cost</b>		-	-	(2,719.01)	(219,315.35)
Wages and salaries .....		-	-	(2,398.24)	(193,442.04)
Social security costs.....		-	-	(320.77)	(25,873.31)
relating to pensions.....		-	-	(191.86)	(15,475.43)
other social security costs .....		-	-	(128.91)	(10,397.88)
<b>Income from participating interests</b> .....	8	1,075,878.90	86,780,392.07	740,646.30	59,740,530.56
Derived from affiliated undertakings .....		1,075,878.90	86,780,392.07	740,646.30	59,740,530.56
Other income from participating interests .....		-	-	-	-
<b>Other interest receivable and similar income</b> .....	9	197,924.64	15,964,601.46	482,028.31	38,880,403.48
Derived from affiliated undertakings .....		14,520.54	1,171,226.76	-	-
Other interest and similar income.....		183,404.10	14,793,374.71	482,028.31	38,880,403.48
<b>Interest payable and similar expenses</b> .....	10	(1,024,404.49)	(82,628,466.16)	(853,573.77)	(68,849,260.29)
Concerning affiliated undertakings .....		(841,000.39)	(67,835,091.46)	(852,286.97)	(68,745,467.00)
Other interest and similar expenses .....		(183,404.10)	(14,793,374.71)	(1,286.80)	(103,793.29)
<b>Tax on profit or loss</b> .....	11	-	-	-	-
<b>Profit or loss after taxation</b> .....		55,443.47	4,472,070.29	214,293.17	17,284,887.09
<b>Other taxes not shown under items 1 to 16</b> ...	11	(4,815.00)	(388,377.90)	(3,220.00)	(259,725.20)
<b>Profit or loss for the financial year</b> .....		50,628.47	4,083,692.39	211,073.17	17,025,161.89

## NOTES TO THE ANNUAL ACCOUNTS

### Note 1 - General information

Covington S.à r.l., hereinafter the "Company", was incorporated on November 27, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as subsequently amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 182 265

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Based on the criteria defined by article 316 of the Luxembourg law, the Company is exempt from the obligation to draw up consolidated accounts and a consolidation management report for the year ended March 31, 2018.

The Company is included in the consolidated accounts of MHR Holdings (Mauritius) Limited, forming the largest body of undertakings of which the Company forms a part as direct subsidiary undertakings. The registered office of that company is located at twenty-eight, IFS Court, Cyber City, MS - Eben and the consolidated financial statements are available at twenty-eight, IFS Court, Cyber City, MS - Eben.

### OBJECT

The object of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

### Note 2 - Summary of significant accounting policies

#### Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended law of December 19, 2002, (the "Law"), determined and applied by the managers of the Company (the "Board of Managers") in conformity with the going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant accounting policies

The main accounting and valuation methods applied by the Company are the following:

##### *Financial assets*

Shares in affiliated undertakings or participating interests, loans to these undertakings/investments held as fixed assets and other loans are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

##### *Debtors*

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

##### *Creditors*

Creditors are stated at their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

##### *Current tax provisions*

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other Debtors", if applicable.

##### *Foreign currency translation*

The Company maintains its accounting records in Euro ("EUR") and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("Lux Gaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

**Note 3 - Financial assets**

a) The movements for the year are as follows:

	Affiliated undertakings Shares EUR	Total EUR	Affiliated undertakings Shares INR	Total INR
<b>Gross book value - opening balance</b> .....	59,368,250.46	59,368,250.46	4,788,643,082.10	4,788,643,082.10
Additions for the year .....	2,192,223.20	2,192,223.20	176,824,723.31	176,824,723.31
Disposals for the year .....	-	-	-	-
Transfers for the year .....	-	-	-	-
<b>Gross book value - closing balance</b> .....	<b>61,560,473.66</b>	<b>61,560,473.66</b>	<b>4,965,467,805.42</b>	<b>4,965,467,805.42</b>
<b>Net book value - closing balance</b> .....	<b>61,560,473.66</b>	<b>61,560,473.66</b>	<b>4,965,467,805.42</b>	<b>4,965,467,805.42</b>
<b>Net book value - opening balance</b> .....	<b>59,368,250.46</b>	<b>59,368,250.46</b>	<b>4,788,643,082.10</b>	<b>4,788,643,082.10</b>

Mahindra Holidays & Resorts India Ltd. ("MHRIL") and certain management employee shareholders of Holiday Club Resorts Oy ("HCRO") had executed an Option agreement in September 2015. Subsequently the option agreement was assigned to the Company (see note 12).

On January 11, 2017, the Company purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985 (INR 352,231,010). Transfer tax of 1.6% related to the purchase of the above shares is also capitalised.

In March 2017, the Company exercised the options to buy 127,160 shares in HCRO (110,260 shares for EUR 1,929,550 (INR 155 637 503) and 16,900 shares for EUR 228,150 (INR 18,402,579). The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in HCRO increased to 90,92%. This, combined with the indirect shareholding of 4.24%, amounts to a 95.16% holding in HCRO.

b) Undertakings in which the Company holds at least 20% interests in their share capital are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date* (EUR)	Result for the last financial year (EUR)	Net book value 31/03/2018 EUR	Net book value 31/03/2017 EUR
Holiday Club Resorts Oy.....	Finland	90.92%	3/31/2017	56,871,819.75	3,329,387.20	57,760,592.27	55,568,369.07
HCR Management Oy .....	Finland	100.00%	3/31/2017	2,138,204.58	49,815.32	3,799,881.39	3,799,881.39
<b>Total</b> .....						<b>61,560,473.66</b>	59,368,250.46

\*Based on unaudited management accounts

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date* (INR)	Result for the last financial year (INR)	Net book value 31/03/2018 INR	Net book value 31/03/2017 INR
Holiday Club Resorts Oy.....	Finland	90.92%	3/31/2017	4,587,280,981.04	268,548,371.55	4,658,969,372.50	4,482,144,649.19
HCR Management Oy .....	Finland	100.00%	3/31/2017	172,467,581.42	4,018,103.71	306,498,432.92	306,498,432.92
<b>Total</b> .....						<b>4,965,467,805.42</b>	59,368,250.46

**Note 4 - Debtors**

This caption is detailed as follows:

	Within one year	After one year and within five years	2018 (EUR)	2017 (EUR)	2018 INR	2017 INR
<u>Amounts owed to affiliated undertakings:</u>						
Loan to Holiday Club Resorts OY (*) .....	1,000,000.00	-	1,000,000.00	-	80,660,000.00	-
Loan to Holiday Club Resorts OY - Interest.....	14,520.54	-	14,520.54	-	1,171,226.76	-
<u>Other debtors:</u>						
Corporate income tax - Advances .....	3,210.00	-	3,210.00	3,210.00	258,918.60	258,918.60
Net Wealth tax - Advances .....	8,085.30	-	8,085.30	6,480.30	652,160.30	522,701.00
<b>Total</b> .....			<b>1,025,815.84</b>	9,690.30	<b>82,742,305.65</b>	781,619.60

(\*) On September 1, 2017, the Company agreed to lend to Holiday Club Resorts Oy the sum of up to EUR 2,000,000 which bears interest at a nominal rate of 2.50% per annum. The tenure of the loan is one year, extendable with the consent of the Company.



**Note 5 - Capital and reserves**

**Subscribed capital and share premium account**

The subscribed capital of the Company amounts to EUR 12,500.00 and is divided into 12,500 shares fully paid up to EUR 12,500.00 without nominal value.

The movements on the "Subscribed capital" caption during the year are as follows:

	Subscribed capital	Total number of Shares	Subscribed capital	Total number of Shares
	EUR	EUR	INR	INR
<b>Opening balance</b>	12,500.00	12,500	1,008,250.00	1,008,250.00
Subscriptions for the year .....	-	-	-	-
<b>Closing balance</b> .....	<u>12,500.00</u>	<u>12,500</u>	<u>1,008,250</u>	<u>1,008,250</u>

**Share premium accounts**

The movements on the "Share premium account" caption during the year are as follows:

	Other premiums	Other premiums
	EUR	INR
<b>Opening balance</b>	23,165,000.00	1,868,488,900.00
Additions for the year .....	-	-
<b>Closing balance</b> .....	<u>23,165,000.00</u>	<u>1,868,488,900.00</u>

**Legal reserve**

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

**Movements for the year on the reserves and profit/loss captions**

	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at the beginning of the year</b> .....	-	-	-	(862,226.26)	211,073.17	-
<i>Allocation of the prior year's result:</i>						
Allocation to the result brought forward .....	-	-	-	211,073.17	(211,073.17)	-
Profit or loss for the year .....	-	-	-	-	50,628.47	-
<b>As at the end of the year</b> .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(651,153.09)</u>	<u>50,628.47</u>	<u>-</u>

	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	INR	INR	INR	INR	INR	INR
<b>As at the beginning of the year</b> .....	-	-	-	(69,547,170.13)	17,025,161.89	-
<i>Allocation of the prior year's result:</i>						
Allocation to the result brought forward .....	-	-	-	17,025,161.89	(17,025,161.89)	-
Other movements .....	-	-	-	-	-	-
Profit or loss for the year .....	-	-	-	-	4,083,692.39	-
<b>As at the end of the year</b> .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,522,008.24)</u>	<u>4,083,692.39</u>	<u>-</u>

## Note 6 - Creditors

	Within one year	After one year and within five years	Total 2018 EUR	Total 2017 EUR
<u>Trade creditors</u> .....	50,876.88	–	<b>50,876.88</b>	75,598.86
<u>Amounts owed to affiliated undertakings:</u> .....			–	–
Loans from MHR Holdings (Mauritius) Ltd.....	11,881,951.40	17,900,000.00	<b>29,781,951.40</b>	28,234,780.12
Mahindra Holidays & Resorts India Ltd.....	165,402.00	–	<b>165,402.00</b>	112,401.00
<u>Tax debts:</u>				
Corporate income tax - estimated tax 2015.....	3,210.00	–	<b>3,210.00</b>	3,210.00
Net wealth tax - estimated tax 2016-2018.....	11,235.00	–	<b>11,235.00</b>	6,420.00
Withholding tax on director's fees.....	500.00	–	<b>500.00</b>	500.00
<u>Other creditors:</u>				
Social security authorities.....	–	–	–	70.88
Director fees.....	2,425.00	–	<b>2,425.00</b>	2,425.00
Loan from RCI Europe.....	–	10,000,000.00	<b>10,000,000.00</b>	10,000,000.00
<b>Total</b> .....	<b>12,115,600.28</b>	<b>27,900,000.00</b>	<b>40,015,600.28</b>	<b>38,435,405.86</b>

  

	Within one year	After one year and within five years	Total 2018 INR	Total 2017 INR
<u>Trade creditors</u> .....	4,103,729.14	–	<b>4,103,729.14</b>	6,097,804.05
<u>Amounts owed to affiliated undertakings:</u> .....			–	–
Loans from MHR Holdings (Mauritius) Ltd.....	958,398,199.92	1,443,814,000.00	<b>2,402,212,199.92</b>	2,277,417,364.48
Mahindra Holidays & Resorts India Ltd.....	13,341,325.32	–	<b>13,341,325.32</b>	9,066,264.66
<u>Tax debts:</u>				
Corporate income tax - estimated tax 2015.....	258,918.60	–	<b>258,918.60</b>	258,918.60
Net wealth tax - estimated tax 2016-2018.....	906,215.10	–	<b>906,215.10</b>	517,837.20
Withholding tax on director's fees.....	40,330.00	–	<b>40,330.00</b>	40,330.00
<u>Other creditors:</u>				
Social security authorities.....	–	–	–	5,717.18
Director fees.....	195,600.50	–	<b>195,600.50</b>	195,600.50
Loan from RCI Europe.....	–	806,600,000.00	<b>806,600,000.00</b>	806,600,000.00
<b>Total</b> .....	<b>977,244,318.58</b>	<b>2,250,414,000.00</b>	<b>3,227,658,318.58</b>	<b>3,100,199,836.67</b>

The details of the loans from MHR Holdings (Mauritius) Ltd. the sole shareholder of the Company, are as follows:

EUR 3,500,000.00 (INR 282 310 000) loan which bears interest at a nominal rate of 4% per annum. The maturity date of the loan is on July 31, 2018 and the accrued interests as at March 31, 2018 amount to EUR 105,095.91 (INR 8,477,036).

EUR 16,700,000.00 (INR 1347,022,000) loan which bears interest at a nominal rate of 3% per annum. The maturity date of the loan is on August 21, 2017 however an extension of the repayment date of the loan until August 2019 has been agreed by both parties in April, 2017. The accrued interests as at March 31, 2018 amount to EUR 376,093.15 (INR 30,335,673.48).

EUR 1,750,000.00 (INR 141,155,000) which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 22, 2018 and the accrued interests as at March 31, 2018 amount to EUR 29,558.22 (INR 2384166.03).

EUR 6,000,000.00 (INR 483,960,000) loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on December 27, 2018 and the accrued interests as at March 31, 2018 amount to EUR 101,342.47 (INR 8,174,283.63).

EUR 1,100,000.00 (INR 88,726,000) Loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 20, 2020 and the accrued interests as at March 31, 2018 amount to EUR 18,579.46 (INR 1,498,619.24).

EUR 100,000.00 (INR 80,66,000) loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 1, 2020 and the accrued interests as at March 31, 2018 amount to EUR 1,282.19 (INR 103421.45).

The loan from RCI Europe, amounting to EUR 10,000,000.00 (INR 806,600,000) which bears interest at a nominal rate of 2% per annum + EURIBOR12M. The maturity date of the loan is on August 14, 2019 and the accrued interests as at March 31, 2018 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 165,402.00 (INR 8,582,385.82) does not bear any interest and has no maturity date.

**Note 7 - Other external expenses**

This caption is detailed as follows:	2018	2018	2017	2017
	EUR	INR	EUR	INR
Professional fees .....	130,530.46	10,528,586.90	82,267.25	6,635,676.39
Bank fees .....	3,974.12	320,552.52	3,790.25	305,721.57
Luxembourg Chamber of Commerce contribution.....	350.00	28,231.00	350.00	28,231.00
Translation fees.....	-	-	351.00	28,311.66
Commission on Corporate Guarantee .....	53,001.00	4,275,060.66	60,951.00	4,916,307.66
Directors' fees.....	6,100.00	492,026.00	4,379.16	353,223.05
	<u>193,955.58</u>	<u>15,644,457.08</u>	<u>152,088.66</u>	<u>12,267,471.32</u>

**Note 8 - Income from participating interests**

This caption is detailed as follows:	2018	2018	2017	2017
	EUR	INR	EUR	INR
Dividend from HCRO.....	1,075,878.90	86,780,392.07	740,646.30	59,740,530.56
	<u>1,075,878.90</u>	<u>86,780,392.07</u>	<u>740,646.30</u>	<u>59,740,530.56</u>

**Note 9 - Other interest receivable and similar income**

This caption is detailed as follows:	2018	2018	2017	2017
	EUR	INR	EUR	INR
Derived from affiliated undertakings:				
Interest receivable from HCRO.....	14,520.54	1,171,226.76	8,437.23	680,546.97
Other interest and similar income				
Waiver on interest payable to RCI Europe	183,404.10	14,793,374.71	473,591.08	38,199,856.51
	<u>197,924.64</u>	<u>15,964,601.46</u>	<u>482,028.31</u>	<u>38,880,403.48</u>

**Note 10 - Interest payable and similar charges**

This caption is detailed as follows:	2018	2018	2017	2017
	EUR	INR	EUR	INR
Concerning affiliated undertakings:				
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6).....	841,000.39	67,835,091.46	698,890.37	56,372,497.24
Other interest and similar expenses				
Interest charge on loan amounts owed to RCI Europe (See Note 6) .....	183,404.10	14,793,374.71	153,396.60	12,372,969.76
Tax fines and penalties	-	-	1,286.80	103,793.29
	<u>1,024,404.49</u>	<u>82,628,466.16</u>	<u>853,573.77</u>	<u>68,849,260.29</u>

**Note 11 - Taxation**

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

**Note 12 - Off balance sheet commitments and contingencies**

The shares under the option agreement as at March 31, 2018 are as follows:

Agreement Date	Shares	Executed	Outstanding
Option agreement MHRIL (see note 3) September 2, 2015 .....	386,112	359,802	26,310

**Note 13 - Subsequent events**

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial year/period ended on March 31, 2018.

### OPERATIONS

The Group is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe.

The Group has 33 resorts in Finland (25), Sweden (2) and in Spain (6). These resorts are fully operational.

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

### CHANGES IN THE GROUP STRUCTURE AND ITS BUSINESS

In January 2018 Holiday Club Sweden Ab acquired a subsidiary Visionsbolaget 12191 Ab (later Åre Villas 3).

### FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Group are as shown in the annexed Financial Statements.

During the period under review (1.4.2017-31.3.2018) the Group has earned a revenue of 158.9 m€ (155.0 m€) and made a profit of 4.7 m€ (-1.0 m€). The parent company revenue for the same period was 130.2 m€ (126.9 m€) and profit 3.3 m€ (0.8 m€).

Main items affecting the financial result of the Group were increasing turnover and profitability in Finnish Spa hotel and time share business. This has been supported by economic growth in Finland, renovations in the resorts and international demand especially in the northern Finland.

Investments to the Spa product and sales have increased the turnover and profitability of the Spa hotel operation in Åre significantly. In Gran Canary the company has made adjustments to the local sales organization and is currently focusing on time share rentals and increasing that business in the future.

### DIVIDENDS

The parent company's assets eligible for distribution are 44,912,673.75 euros. The parent's company's assets for profit distribution are 5,517,499.11 euros of which profit for the financial period is 3,329,387.20 euros.

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows:

0.50 euro/share, distributed as dividends	1,972,291.00	euro
Retained in equity	3,545,208.11	euro
	5,517,499.11	

### DIRECTORS

The directors shown below have held office during the financial period under review:

- 1) Arunkumar Nanda, Chairman
- 2) Sridar Iyengar
- 3) Teuvo Salminen
- 4) Vesa Tengman
- 5) Klaus Stiebleichinger

Sadasivan Krishnan has been acting as a member of the board until 15<sup>th</sup> of March 2018.

The managing director of the company is Iiro Rossi.

### STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### ISSUE OF SHARES

The Company did not issue shares during the financial period under review.

### HOLDING COMPANY

The Company is a subsidiary of Covington S.à.r.l. (ownership 95.16% of the shares, 4.2% of ownership coming through HCR Management Oy). Other shareholders of the company are Fennia Group and the Management.

Covington S.à.r.l. is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

## AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

APA Esa Kailiala from APA KPMG Oy is the responsible auditor of the company.

## ACKNOWLEDGEMENTS

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

**Signed on behalf of the Board of Directors of Holiday Club Resorts Oy**

In Helsinki 27<sup>th</sup> of April 2018

**Arunkumar Nanda**  
Chairman of the Board

**Teuvo Salminen**  
Director

**Vesa Tengman**  
Director

**Sridar Iyengar**  
Director

**Klaus Stiebleichinger**  
Director

## AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

### **Report on the Audit of Financial Statements**

#### **Opinion**

We have audited the financial statements of Holiday Club Resorts Oy (business identity code 2033337-1) for the year ended 31 March, 2018. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

#### **Auditor's Responsibilities in the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Other reporting requirements***

**Other information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

**KPMG OY AB**  
**ESA KAILIALA**  
Authorised Public Accountant, KHT

Place: Helsinki  
Date: 27 April 2018

**PROFIT AND LOSS STATEMENT FOR THE GROUP**

		Eur	Rs.	Eur	Rs.
	Note	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
<b>TURNOVER</b> .....	1	158,854,503.21	12,813,204,228.54	155,028,438.40	10,736,494,501.23
<b>Other operating income</b> .....	2	6,192,303.23	499,471,178.24	6,430,152.64	445,320,221.06
Share of Associated Company Profit (Loss) .....		(25,236.86)	(2,035,605.13)	6,741.20	466,861.81
Materials and services .....	3	(58,950,997.57)	(4,754,987,464.34)	(61,280,900.00)	(4,244,008,729.56)
Personnel expenses .....	4	(38,293,594.87)	(3,088,761,362.25)	(37,845,576.01)	(2,620,995,366.62)
Depreciations and impairments .....	5	(5,738,926.12)	(462,901,781.11)	(6,171,347.41)	(427,396,664.54)
Other operating expenses .....	6	(55,742,923.18)	(4,496,224,183.62)	(56,483,325.21)	(3,911,752,687.69)
<b>PROFIT (LOSS)</b> .....		<b>6,295,127.82</b>	<b>507,765,010.34</b>	(315,816.39)	(21,871,864.31)
Financial income and expenses .....	7	(759,520.02)	(61,262,884.44)	(947,152.28)	(65,595,031.27)
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b> .....		<b>5,535,607.81</b>	<b>446,502,125.90</b>	(1,262,968.67)	(87,466,895.58)
Income taxes .....	9	(986,800.14)	(79,595,299.54)	(248,201.26)	(17,189,178.37)
Minority Share .....		175,352.46	14,143,929.81	519,175.57	35,955,503.80
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b> .....		<b>4,724,160.13</b>	<b>381,050,756.18</b>	(991,994.37)	(68,700,570.15)



**BALANCE SHEET FOR THE GROUP**

		Eur	Rs.	Eur	Rs.
	Note	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Intangible assets .....	10	9,785,856.04	789,327,148.17	8,671,484.73	600,543,675.02
Group goodwill.....	10	35,174.27	2,837,156.62	46,582.07	3,226,041.26
Tangible assets .....	11	38,278,733.83	3,087,562,670.67	40,178,051.76	2,782,530,974.75
Investments.....	12	4,620,509.39	372,690,287.43	4,071,142.74	281,946,990.55
<b>TOTAL NON CURRENT ASSETS</b>		<b>52,720,273.53</b>	<b>4,252,417,262.89</b>	<b>52,967,261.30</b>	<b>3,668,247,681.58</b>
<b>CURRENT ASSETS</b>					
Inventories .....	14	58,170,343.56	4,692,019,911.32	53,166,331.33	3,682,034,276.39
Long-term receivables.....	15	1,353,981.28	109,212,130.04	1,557,326.29	107,852,632.21
Deferred tax receivables .....	19	1,407,348.86	113,516,759.22	1,410,845.37	97,708,096.34
Short-term receivables .....	16	19,251,986.63	1,552,865,241.57	21,634,003.67	1,498,262,924.37
Financial instruments .....		3,558.00	286,988.28	3,558.00	246,409.29
Cash and cash equivalents ...		2,826,839.54	228,012,876.91	3,631,077.11	251,470,245.26
<b>TOTAL CURRENT ASSETS</b> .....		<b>83,014,057.86</b>	<b>6,695,913,907.35</b>	<b>81,403,141.78</b>	<b>5,637,574,583.87</b>
<b>TOTAL ASSETS</b> .....		<b>135,734,331.39</b>	<b>10,948,331,170.24</b>	<b>134,370,403.08</b>	<b>9,305,822,265.45</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	17	11,959,146.00	964,624,716.36	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity .....		39,395,174.64	3,177,614,786.69	39,395,174.64	2,728,312,819.89
Profit (loss) from previous years .....		7,154,471.33	577,079,657.79	10,238,398.50	709,060,287.93
Profit (loss) for the financial year .....		4,724,160.13	381,050,756.18	(991,994.37)	(68,700,570.15)
<b>TOTAL EQUITY</b> .....		<b>63,232,952.11</b>	<b>5,100,369,917.02</b>	<b>60,600,724.77</b>	<b>4,196,903,193.91</b>
<b>MINORITY SHARE</b> .....		<b>422,805.60</b>	<b>34,103,500.05</b>	<b>593,770.39</b>	<b>41,121,568.66</b>
<b>LIABILITIES</b>					
Deferred tax liabilities .....	18	191,673.00	15,460,344.34	265,410.66	18,381,015.54
Long-term liabilities .....	19	9,488,244.15	765,321,773.23	18,265,950.87	1,265,008,427.60
Short-term liabilities .....	20	62,398,656.52	5,033,075,635.26	54,644,546.38	3,784,408,059.33
<b>TOTAL LIABILITIES</b> .....		<b>72,078,573.68</b>	<b>5,813,857,752.83</b>	<b>73,175,907.91</b>	<b>5,067,797,502.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<b>135,734,331.39</b>	<b>10,948,331,169.90</b>	<b>134,370,403.08</b>	<b>9,305,822,265.04</b>

## CASH FLOW STATEMENT FOR THE GROUP

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Cash flow from operating activities</b>				
Profit/loss before appropriations and taxes ...	5,535,608	446,502,126	(1,262,969)	(101,871,053)
<b>Adjustments:</b>				
Depreciations.....	5,738,926	462,901,781	6,171,347	497,780,882
Other non-cash items.....	(914,237)	(73,742,396)	(999,725)	(80,637,836)
Financial income and expenses.....	802,672	64,743,560	945,849	76,292,215
<b>Cash generated from operations before net working capital.....</b>	<b>11,162,969</b>	<b>900,405,071</b>	<b>4,854,503</b>	<b>391,564,208</b>
<b>Change in non-interest-bearing receivables</b>				
Change in non-interest-bearing receivables.....	2,185,205	176,258,667	(3,761,689)	(303,417,857)
Change in inventories.....	(7,146,447)	(576,432,415)	(2,143,885)	(172,925,725)
Change in non-interest-bearing liabilities ....	4,877,560	393,424,014	7,106,338	573,197,205
<b>Cash generated from operations before financial items and taxes.....</b>	<b>11,079,288</b>	<b>893,655,337</b>	<b>6,055,267</b>	<b>488,417,830</b>
Interest expenses paid and other financial expenses.....	(951,509)	(76,748,700)	(1,205,213)	(97,212,514)
Dividend received.....	1,241	100,115	782	63,076
Interest income received.....	232,361	18,742,207	252,914	20,400,046
Income taxes paid.....	(332,877)	(26,849,839)	138,761	11,192,480
<b>Net cash flow from operating activities.....</b>	<b>10,028,504</b>	<b>808,899,120</b>	<b>5,242,511</b>	<b>422,860,918</b>
<b>Cash flow from investments activities</b>				
Investments in tangible and intangible assets.....	(6,197,157)	(499,862,667)	(8,947,952)	(721,741,829)
Proceeds from sale of tangible and intangible assets.....	1,616,059	130,351,325	3,022,587	243,801,846
Investments in other investments.....	(543,304)	(43,822,916)	(66,540)	(5,367,100)
Proceeds from repayments of loans.....	0	0	2,278	183,736
Disposal of Subsidiaries.....	0	0	(5,425)	(437,577)
<b>Net cash flow from investing activities.....</b>	<b>(5,124,402)</b>	<b>(413,334,258)</b>	<b>(5,995,052)</b>	<b>(483,560,924)</b>
<b>Cash flow from financing activities</b>				
Proceeds from short-term borrowings ....	2,099,568	169,351,172	2,627,446	211,929,777
Repayments in short-term borrowings.....	25,457	2,053,360	(510,241)	(41,156,029)
Proceeds from long-term borrowings.....	2,705,046	218,189,025	841,034	67,837,806
Repayments in long-term borrowings.....	(9,094,946)	(733,598,335)	(7,995,167)	(644,890,182)
Dividends paid.....	(1,183,375)	(95,450,995)	(950,533)	(76,669,960)
<b>Net cash used in financing activities.....</b>	<b>(5,448,249)</b>	<b>(439,455,773)</b>	<b>(5,987,461)</b>	<b>(482,948,587)</b>
<b>Net increase/decrease in cash and cash equivalents.....</b>	<b>(544,147)</b>	<b>(43,890,911)</b>	<b>(6,740,002)</b>	<b>(543,648,593)</b>
<b>Cash and cash equivalents at the beginning of period.....</b>	<b>3,634,635</b>	<b>293,169,668</b>	<b>10,535,959</b>	<b>849,830,418</b>
Effects of exchange rate fluctuations on cash held.....	(260,090)	(20,978,891)	(161,321)	(13,012,157)
<b>Cash and cash equivalents at the end of period.....</b>	<b>2,830,398</b>	<b>228,299,865</b>	<b>3,634,635</b>	<b>293,169,668</b>
<b>Change in net cash.....</b>	<b>(544,147)</b>	<b>(43,890,911)</b>	<b>(6,740,002)</b>	<b>(543,648,593)</b>

**PARENT COMPANY PROFIT AND LOSS**

		Eur		Rs.	
	Note	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>TURNOVER</b> .....	1	130,241,499.86	10,505,279,378.71	126,484,703.75	8,759,698,158.21
<b>OTHER OPERATING INCOME</b> .....	2	4,781,192.38	385,650,977.37	5,314,607.66	368,063,153.49
Materials and services.....	3	(51,942,054.02)	(4,189,646,077.25)	(53,595,365.05)	(3,711,747,006.54)
Personnel expenses .....	4	(28,629,166.38)	(2,309,228,560.21)	(27,507,978.25)	(1,905,065,033.70)
Depreciations and impairments .....	5	(3,662,260.69)	(295,397,947.26)	(4,278,934.62)	(296,337,617.11)
Other operating expenses.....	6	(44,356,865.61)	(3,577,824,780.10)	(44,007,869.62)	(3,047,765,010.53)
<b>PROFIT (LOSS)</b> .....		<b>6,432,345.54</b>	<b>518,832,991.26</b>	2,409,163.87	166,846,643.82
Financial income and expenses .....	7	(1,755,983.74)	(141,637,648.47)	(1,277,358.99)	(88,463,496.85)
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b> ....		<b>4,676,361.80</b>	<b>377,195,342.79</b>	1,131,804.88	78,383,146.96
Appropriations .....	8	(395,166.91)	(31,874,162.96)	21,287.55	1,474,269.28
Income taxes .....	9	(951,807.69)	(76,772,808.28)	(351,078.76)	(24,313,959.52)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b> .....		<b>3,329,387.20</b>	<b>268,548,371.55</b>	802,013.67	55,543,456.72

## PARENT COMPANY BALANCE SHEET

	Note	Eur 1.4.2017- 31.3.2018	Rs. 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Intangible assets .....	10	<b>8,352,820.38</b>	<b>673,738,491.85</b>	6,723,169.89	465,613,130.73
Tangible assets .....	11	<b>12,514,264.44</b>	<b>1,009,400,569.73</b>	12,898,144.70	893,261,011.20
Investments.....					
Shares of the group companies.....	12	<b>8,378,328.44</b>	<b>675,795,971.97</b>	8,368,429.51	579,555,585.72
Shares of the associated companies.....	12	<b>648,700.00</b>	<b>52,324,142.00</b>	648,700.00	44,925,718.50
Receivables from group companies.....	16	<b>11,838,433.34</b>	<b>954,888,033.22</b>	12,772,497.43	884,559,309.51
Receivables from associated companies....	16				
Other shares.....	12	<b>4,160,424.22</b>	<b>335,579,817.59</b>	3,588,855.55	248,546,191.12
Other receivables.....	12	<b>64,548.68</b>	<b>5,206,496.53</b>	61,508.68	4,259,783.63
<b>TOTAL NON CURRENT ASSETS</b>		<b>45,957,519.50</b>	<b>3,706,933,522.88</b>	45,061,305.76	3,120,720,730.41
<b>CURRENT ASSETS</b>					
Inventories .....	14	<b>45,481,957.26</b>	<b>3,668,574,672.59</b>	42,307,388.09	2,929,998,162.17
Long-term receivables.....	15	<b>13,376,651.35</b>	<b>1,078,960,697.88</b>	13,359,331.65	925,200,513.42
Short-term receivables .....	16	<b>16,470,155.22</b>	<b>1,328,482,720.05</b>	16,480,085.53	1,141,328,323.38
Financial instruments .....		<b>3,558.00</b>	<b>286,988.28</b>	3,558.00	246,409.29
Cash and cash equivalents ...		<b>373,368.64</b>	<b>30,115,914.50</b>	563,902.96	39,053,099.49
<b>TOTAL CURRENT ASSETS .....</b>		<b>75,705,690.47</b>	<b>6,106,420,993.30</b>	72,714,266.23	5,035,826,507.76
<b>TOTAL ASSETS .....</b>		<b>121,663,209.97</b>	<b>9,813,354,516.18</b>	117,775,571.99	8,156,547,238.17
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	17	<b>11,959,146.00</b>	<b>964,624,716.36</b>	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity .....		<b>39,395,174.64</b>	<b>3,177,614,786.46</b>	39,395,174.64	2,728,312,819.89
Profit (loss) from previous years .....		<b>2,188,111.91</b>	<b>176,493,106.66</b>	2,569,472.14	177,948,793.06
Profit (loss) for the financial year .....		<b>3,329,387.20</b>	<b>268,548,371.55</b>	802,013.67	55,543,456.72
<b>TOTAL EQUITY .....</b>		<b>56,871,819.75</b>	<b>4,587,280,981.04</b>	54,725,806.45	3,790,035,725.69
<b>ACCUMULATED DEPRECIATION .....</b>		<b>827,260.10</b>	<b>66,726,799.67</b>	432,093.19	29,924,613.87
<b>LIABILITIES</b>					
Long-term liabilities .....	19	<b>10,219,823.76</b>	<b>824,330,984.48</b>	16,643,585.59	1,152,651,520.04
Short-term liabilities.....	20	<b>53,744,306.36</b>	<b>4,335,015,751.00</b>	45,974,086.76	3,183,935,378.56
<b>TOTAL LIABILITIES .....</b>		<b>63,964,130.12</b>	<b>5,159,346,735.48</b>	62,617,672.35	4,336,586,898.60
<b>TOTAL EQUITY AND LIABILITIES.....</b>		<b>121,663,209.97</b>	<b>9,813,354,516.18</b>	117,775,571.99	8,156,547,238.17

**PARENT COMPANY CASH FLOW**

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Cash flow from operating activities</b>				
Profit/loss before appropriations and taxes ...	4,676,361.80	377,195,342.79	1,131,804.88	91,291,381.62
<b>Adjustments:</b>				
Depreciations.....	3,662,260.69	295,397,947.26	4,278,934.62	345,138,866.45
Sales profit / loss from the sales of non-current assets.....	(90,150.63)	(7,271,549.82)	(856,366.55)	(69,074,525.92)
Other non-cash items.....	0.00	-	(19,886.46)	(1,604,041.86)
Financial income and expenses.....	1,755,983.74	141,637,648.47	1,277,358.99	103,031,776.13
<b>Cash generated from operations before net working capital.....</b>	<b>10,004,455.60</b>	<b>806,959,388.70</b>	5,811,845.48	468,783,456.42
<b>Change in working capital</b>				
Change in non-interest-bearing receivables.....	(1,041,051.59)	(83,971,221.25)	(490,179.21)	(39,537,855.08)
Change in inventories.....	(4,933,273.04)	(397,917,803.41)	(4,054,013.33)	(326,996,715.20)
Change in non-interest-bearing liabilities ....	4,074,309.70	328,633,820.40	5,804,143.79	468,162,238.10
<b>Cash generated from operations before financial items and taxes.....</b>	<b>8,104,440.67</b>	<b>653,704,184.44</b>	7,071,796.73	570,411,124.24
Interest expenses paid and other financial expenses.....	(829,376.86)	(66,897,537.53)	(1,088,842.11)	(87,826,004.59)
Income taxes paid.....	(235,903.67)	(19,027,990.02)	55,494.71	4,476,203.31
<b>Net cash flow from operating activities.....</b>	<b>7,039,160.14</b>	<b>567,778,656.89</b>	6,038,449.33	487,061,322.96
<b>Cash flow from investments activities</b>				
Investments in tangible and intangible assets.....	(4,970,715.46)	(400,937,909.00)	(4,602,959.11)	(371,274,681.81)
Proceeds from sales of tangible and intangible assets.....	152,385.19	12,291,389.43	2,288,231.81	184,568,777.79
Investments in group companies.....	(9,900.00)	(798,534.00)	(1,346,049.10)	(108,572,320.41)
Tytäryityksen hankinta.....		-		-
Investments in other investments.....	(543,304.19)	(43,822,915.97)	(66,539.80)	(5,367,100.27)
Proceeds from repayments of loans.....	0.00	-	2,277.91	183,736.22
Proceeds from other investments.....	0.00	-	750.00	60,495.00
Interest received from investments.....	93,222.20	7,519,302.65	72,828.24	5,874,325.84
Dividends received from investments.....	1,241.20	100,115.19	782.00	63,076.12
<b>Net cash flow from investing activities.....</b>	<b>(5,277,071.06)</b>	<b>(425,648,551.70)</b>	(3,650,678.05)	(294,463,691.51)

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Cash flow from financing activities</b>				
Proceeds from short-term borrowings .....	3,541,941.84	285,693,028.81	2,374,880.58	191,557,867.58
Proceeds from long-term borrowing .....	5,849,131.76	471,790,967.76	0.00	-
Repayments in long-term borrowings .....	(10,160,322.40)	(819,531,604.78)	(9,737,666.86)	(785,440,208.93)
Dividends paid.....	(1,183,374.60)	(95,450,995.24)	(950,532.60)	(76,669,959.52)
<b>Net cash used in financing activities.....</b>	<b>(1,952,623.40)</b>	<b>(157,498,603.44)</b>	<b>(8,313,318.88)</b>	<b>(670,552,300.86)</b>
<b>Net increase/decrease in cash and cash equivalents.....</b>	<b>(190,534.32)</b>	<b>(15,368,498.25)</b>	<b>(5,925,547.60)</b>	<b>(477,954,669.42)</b>
<b>Cash and cash equivalents at the beginning of period .....</b>	<b>567,460.96</b>	<b>45,771,401.03</b>	<b>6,443,364.98</b>	<b>519,721,819.29</b>
Cash received from merged companies .....	0.00	-	49,643.58	4,004,251.16
<b>Cash and cash equivalents at the end of period .....</b>	<b>376,926.64</b>	<b>30,402,902.78</b>	<b>567,460.96</b>	<b>45,771,401.03</b>
<b>Change in net cash .....</b>	<b>(190,534.32)</b>	<b>(15,368,498.25)</b>	<b>(5,925,547.60)</b>	<b>(477,954,669.42)</b>

## ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

### Basic information of the Group

The Group's main branch of business is to sell and rent the timeshare weeks and Villas apartments constructed by the Group. The Group also operates in the Spa hotel business. Group has activities in four countries: Finland, Sweden, Spain and Russia.

Holiday Club Resorts Oy is a parent company for the Group, having its registered domicile in Helsinki at Hitsaajankatu 22, 00810 Helsinki.

Holiday Club Resorts Oy is a subsidiary of Covington S.a.r.l. The Company's registered domicile is in Luxembourg. Covington S.a.r.l owns 95.16% of the company's shares (4.2% of ownership coming through HCR Management Oy). Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

### Notes related to the basis of presentation

#### Comparability of the previous financial year

The group's financial statements have been prepared in accordance with the Finnish accounting act, which was renewed as of 1.1.2016. When comparing the information for current financial period with the comparative period, it needs to be noted that the Group contribution previously presented in other extraordinary items in parent company income statement, has been transferred to appropriations. All the other items previously presented in other extraordinary items have been transferred to other operating expenses.

### Consolidation principles

#### Intracompany ownership

Subsidiaries are consolidated using the acquisition method. The subsidiaries' acquisition cost and the corresponding share of the difference in shareholder's equity has been allocated partly to fixed assets, partially presented as goodwill and as group reserve. The acquired subsidiaries are consolidated from the moment the control has been obtained and divested subsidiaries until the day that the control has ceased to exist.

The consolidated financial statements include the parent company, Holiday Club Resorts Oy and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. This does not include timeshare and Villas apartment companies as they are represented in the current assets. Also, according to the Finnish Accounting Act's chapter six, companies which do not have a material impact on the group's result and financial position, have been left out of the consolidated financial statements.

Intra-group transactions, unrealized internal margin, receivables, liabilities and dividends between group companies are eliminated in consolidation.

The subsidiaries' financial statements are prepared in correspondence of the accounting principles used by the group.

#### Associated companies and joint ventures

Associated companies and joint ventures are consolidated using the one-line consolidation method in accordance with the instructions of the Finnish Accounting Board. The group's share of the results of the associated companies are shown under other operating income.

All timeshare and Villas apartment companies, including the ones of which the group owns more than 20%, are presented in the current assets as they are actively traded.

### Minority Share

The minority shares have been separated from Group's equity and financial year profit.

### Foreign Currency Translation

#### Transactions in foreign currencies

Items in the subsidiaries' financial statements are valued in the currency, which is used in each subsidiary's main operating environment (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the group. Assets and liabilities are translated into euros at the closing rate of the balance sheet date. Exchange differences resulting from sales and purchases are recorded as adjustments to the corresponding items above the operating profit. At the company level, exchange gains and losses from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. At the group level, exchange gains and losses are recognized in equity as retained earnings.

#### Foreign subsidiaries

Foreign subsidiaries' income statements are translated into euros using the average exchange rates for the period. All balance sheet items, except profit for the period, are translated into euros using the closing exchange rates. The translation differences arising from the translation of income statement and balance sheet at different exchange rates and from eliminating the foreign subsidiaries equity is recognized in the group's equity. When a subsidiary is divested entirely or partially, the cumulative translation difference is recognized in the income statement as a part of the gain or loss from the sale.

### Valuation and depreciation of non-current assets

#### Non-current assets

##### Goodwill

Goodwill represents the excess of the acquisition cost and the acquired company's net assets at the fair value at the date of the acquisition. Goodwill is allocated to cash-generating units, if such can be designated. As a main rule, goodwill is depreciated and if the expected future operating cash flow is lower than the carrying amount of the goodwill, an impairment loss is recognized as an expense in the income statement.

##### Other intangible assets

Intangible assets are recorded in the balance sheet at their original acquisition cost, if the cost can be measured reliably and if it is probable that the expected benefits of the asset will benefit the company. Intangible assets mainly include software licenses.

##### Tangible assets

The subsidiaries' tangible assets have been valued in the balance sheet at historical cost less accumulated, straight-line depreciations and possible impairment losses. Land areas are not depreciated.

Residual values and useful lifetimes are reviewed at each balance sheet date and, if necessary, adjusted to reflect the changes of expected economic benefits.

Significant renovations or additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company. Capital gains are presented in other operating income and losses under other operating expenses. The interest expenses related to the acquisition of the asset are expensed.

**Fixed asset depreciation periods**

The useful lives of the different asset categories are as follows:

Intangible rights	5-10 years
Goodwill and group goodwill	5-10 years
Long-term expenses	5-10 years
Buildings	50-60 years
Other constructions	10 years
Machinery and equipment	5-10 years
Renovations	5-10 years
Other tangible assets	10 years

**Investments**

Investments have been valued with original acquisition cost less possible impairments in the balance sheet.

**Group reserve**

The group reserve is allocated, in accordance with the share of ownership, to those assets and liabilities of the subsidiary that the group reserve is considered to derive from. The unallocated portion is recognized in the group's balance sheet as a separate item before liabilities. The group reserve is recognized as income when the corresponding expenditure or loss is recorded as an expense in the income statement of the subsidiary or where it corresponds to a realized return. The unallocated group reserve is recognized as income over time. These procedures are in accordance with the Finnish Accounting Act.

**Received grants**

Grants received by the company are recorded as other operating income in the income statement during the periods in which the related expenses are incurring. Investment grant for the acquisition of fixed assets is recorded in the balance sheet as accrued expense and recognized in the income statement as revenue over the asset's systematical depreciation period.

**Inventory**

Inventory is valued at the original acquisition cost or the lower net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and selling in the ordinary course of business. The cost of finished and unfinished products comprises of raw materials, direct labor costs and other direct costs. The costs of selling and financing are not allocated to the acquisition cost.

**Receivables**

Receivables are valued at the nominal value or the lower probable value.

**Financial assets**

The group's cash and cash equivalents consist of cash, bank deposits and other short-term highly liquid investments. Cash and cash equivalents have a maximum maturity of three months from the acquisition date. Financial assets are recognized on the settlement date and derecognized when the group has lost its contractual rights to the cash flows or when it has transferred substantial part of all the risks and rewards of ownership to parties outside the group.

**Liabilities**

Liabilities are valued at the nominal value. Transaction costs are expensed as incurred.

**Derivatives Financial Instruments**

The company has entered into interest rate swap agreements to hedge the interest rate risk arising from the variable rate loans. The contracts, which have been designated as effective hedges, have been treated with net method. The negative fair values of the non-effective contracts have been released into financial income and expenses of profit and loss statement.

**Deferred tax assets and liabilities**

Deferred tax assets and liabilities of the Group are calculated with a current tax rate as temporary differences between taxation and financial statements. Deferred tax assets are recognized at the probable amount in the balance sheet. Deferred taxes are not recognized in parent company income statement or balance sheet.

**Ordinary repair and maintenance**

Ordinary repair and maintenance costs are expensed as they incur.

**External services**

External services include among other things expenses from rented personnel and expenses from cleaning and laundry services used by the hotel.

**Pensions**

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

**Direct taxes**

Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular subsidiary is based. The amount of tax is adjusted for any taxes concerning previous periods.

**Revenue recognition**

Revenue from services is recognized as income when the service is rendered to the customer. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At that time, the group has no longer any supervision or control power over the good sold.

Rental income from holiday homes and revenue from hotels are recognized when the customer has accommodated. Income from restaurants and from other services related to hotel activities are recognized as revenue when the service is rendered. Rental income from retail premises are recognized on a straight-line basis over the rental period. Sales of timeshare weeks are recognized at the closing of the deal, so that the company will record a so-called cancellation provision in case of future cancellation of deals. This is done based on previous experience and statistics on customer behavior. Statutory cancellation time is 14 days from the moment the deal was signed.

Income from Villas apartments is recognized by using the stage of completion method in accordance with the guidelines of the Confederation of Finnish Construction Industries and the Finnish Accounting Board. The percentage of completion is defined based on the percentage of the completion of the construction project and the percentage of the shares sold.

**Use of estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions regarding future events. Actual results may differ from these estimates and assumptions. In addition, management must exercise judgment in applying accounting principles. Estimates are based on management's best knowledge at the time. Possible changes in estimates and assumptions are recognized during the period in which the estimates or assumptions are adjusted and in all subsequent financial periods.

The key assumptions and uncertainties concerning the future, which may cause significant changes in the carrying values of assets and liabilities within the next financial year are as follows:

**Impairment losses**

The group reviews fixed assets and inventory annually and evaluates indications of impairment as set out above in the accounting policies.

**Revenue recognition**

Timeshare weeks have a 14-day cancellation right stated by the Consumer Protection Act. The cancellation policy is taken into account in profit recognition by taking advantage of the experience and statistics on customer behavior.

**Receivables**

From uncertain loans and any permanent impairments, the group recognizes a credit loss in accordance with the principle of prudence.



## NOTES TO THE FINANCIAL STATEMENTS

## 1. TURNOVER

## TURNOVER BY BUSINESS AREAS

Business area review	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Timeshare.....	44,172,082.19	45,783,445.90	38,915,836.14	38,738,272.77
Service sector.....	69,494,088.74	63,586,894.99	55,843,006.31	52,117,187.18
Renting.....	6,510,631.64	4,913,955.27	3,613,948.56	3,146,288.94
Real Estate Management..	5,628,265.21	5,317,604.13	2,679,236.76	2,511,196.61
Villas.....	31,170,276.92	33,463,691.31	29,075,669.13	29,850,576.84
Other Sales.....	1,879,158.51	1,962,846.80	113,802.96	121,181.24
<b>Total</b> .....	<b>158,854,503.21</b>	<b>155,028,438.40</b>	<b>130,241,499.86</b>	<b>126,484,703.58</b>

The Villas turnover for current financial year includes 1,268,499 eur (2017/17,977,252 eur) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

Rs.	1.4.2017-31.3.2018		1.4.2016-31.3.2017	
	Timeshare.....	3,562,920,149.08	3,170,732,545.50	3,138,951,343.05
Service sector.....	5,605,393,197.65	4,403,710,412.40	4,504,296,888.96	3,609,375,798.15
Renting.....	525,147,548.44	340,315,972.49	291,501,090.85	217,896,240.54
Real Estate Management..	453,975,871.84	368,270,674.02	216,107,237.06	173,912,921.23
Villas.....	2,514,194,536.25	2,317,527,941.36	2,345,243,472.03	2,067,301,699.05
Other Sales.....	151,572,925.29	135,936,955.46	9,179,346.75	8,392,406.78
<b>Total</b> .....	<b>12,813,204,228.54</b>	<b>10,736,494,501.23</b>	<b>10,505,279,378.71</b>	<b>8,759,698,146.43</b>

The Villas turnover for current financial year includes Rs 102,317,129.34 (2017 / Rs 1,245,014,587.26) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

## TURNOVER BY MARKET AREAS

Geographical review	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Finland.....	130,481,404.71	126,806,305.13	130,241,499.86	126,484,703.75
Sweden.....	18,269,263.61	18,068,336.97	-	-
Spain.....	10,103,834.89	10,153,796.30	-	-
<b>Total</b> .....	<b>158,854,503.21</b>	<b>155,028,438.40</b>	<b>130,241,499.86</b>	<b>126,484,703.75</b>

  

Rs.	1.4.2017-31.3.2018		1.4.2016-31.3.2017	
	Finland.....	10,524,630,103.91	8,781,970,661.78	10,505,279,378.71
Sweden.....	1,473,598,802.41	1,251,322,676.69	-	-
Spain.....	814,975,322.23	703,201,162.76	-	-
<b>Total</b> .....	<b>12,813,204,228.54</b>	<b>10,736,494,501.23</b>	<b>10,505,279,378.71</b>	<b>8,759,698,158.21</b>

## 2. OTHER OPERATING INCOME

	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Profit from the sales of fixed assets.....	897,021.22	1,073,156.16	90,849.94	899,705.08
Other income.....	5,295,282.01	5,356,996.48	4,690,342.44	4,360,638.19
Profit from mergers.....	-	-	-	54,264.39
<b>Total</b> .....	<b>6,192,303.23</b>	<b>6,430,152.64</b>	<b>4,781,192.38</b>	<b>5,314,607.66</b>

## 3. MATERIALS AND SERVICES

Materials and supplies	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Purchases during the financial year.....	39,014,555.37	53,477,209.49	36,665,127.62	51,439,791.26
Change in inventory.....	6,242,140.26	(5,459,260.20)	3,371,450.35	(9,763,483.05)
<b>Total</b> .....	<b>45,256,695.64</b>	<b>48,017,949.30</b>	<b>40,036,577.97</b>	<b>41,676,308.21</b>
External services.....	13,694,301.94	13,262,950.70	11,905,476.05	11,919,056.84
<b>Materials and services total</b> .....	<b>58,950,997.57</b>	<b>61,280,900.00</b>	<b>51,942,054.02</b>	<b>53,595,365.05</b>

Rs.	1.4.2017-31.3.2018		1.4.2016-31.3.2017	
	Purchases during the financial year.....	3,146,914,036.44	3,703,564,143.44	2,957,409,193.83
Change in inventory.....	503,491,033.49	(378,081,064.93)	271,941,185.23	(676,170,018.63)
<b>Total</b> .....	<b>3,650,405,069.94</b>	<b>3,325,483,078.50</b>	<b>3,229,350,379.06</b>	<b>2,886,292,725.08</b>
External services.....	1,104,582,394.40	918,525,651.06	960,295,698.19	825,454,281.45
<b>Materials and services total</b> .....	<b>4,754,987,464.34</b>	<b>4,244,008,729.56</b>	<b>4,189,646,077.25</b>	<b>3,711,747,006.54</b>

## 4. PERSONNEL AND MEMBERS OF THE BOARD

## PERSONNEL EXPENSES

	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Salaries, wages, commissions.....	31,372,935.03	30,584,277.63	23,458,249.33	22,193,033.09
Pension expenses.....	4,308,197.42	4,268,934.26	4,169,419.50	4,073,072.73
Other indirect employee expenses.....	2,612,462.42	2,992,364.13	1,001,497.55	1,241,872.43
<b>Total</b> .....	<b>38,293,594.87</b>	<b>37,845,576.01</b>	<b>28,629,166.38</b>	<b>27,507,978.25</b>

  

Rs.	1.4.2017-31.3.2018		1.4.2016-31.3.2017	
	Salaries, wages, commissions.....	2,530,540,939.26	2,118,114,147.11	1,892,142,390.96
Pension expenses.....	347,499,203.97	295,645,041.95	336,305,376.87	282,080,651.92
Other indirect employee expenses.....	210,721,219.01	207,236,177.56	80,780,792.38	86,005,875.14
<b>Total</b> .....	<b>3,088,761,362.25</b>	<b>2,620,995,366.62</b>	<b>2,309,228,560.21</b>	<b>1,905,065,033.70</b>

## EXECUTIVE REMUNERATION

	Group		Parent	
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Chief executive officers....	584,140.93	534,476.27	-	-
Members of the board of directors.....	60,600.00	55,000.00	60,600.00	55,000.00
<b>Total</b> .....	<b>644,740.93</b>	<b>589,476.27</b>	<b>60,600.00</b>	<b>55,000.00</b>

Rs.	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Chief executive officers....	47,116,807.52	37,015,154.24	-	-
Members of the board of directors.....	4,887,996.00	3,809,025.00	4,887,996.00	3,809,025.00
<b>Total</b> .....	<b>52,004,803.52</b>	<b>40,824,179.24</b>	<b>4,887,996.00</b>	<b>3,809,025.00</b>

#### THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Employees.....	776	780	519	510
<b>Total</b> .....	<b>776</b>	<b>780</b>	<b>519</b>	<b>510</b>

#### 5. DEPRECIATIONS AND IMPAIRMENTS

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Intangible assets.....	755,729.26	758,614.24	748,804.39	753,438.91
Goodwill.....	717,367.80	720,639.60	242,629.15	242,629.13
Other long-term expenses..	1,032,845.71	1,215,217.00	1,028,864.25	1,211,235.53
Buildings and structures..	942,664.40	781,741.45	88,718.92	85,024.75
Machinery and equipment..	2,176,029.52	2,565,773.32	1,456,072.35	1,892,045.89
Other tangible assets.....	102,881.63	100,270.41	97,171.63	94,560.41
Impairment losses from non current Assets.....	-	17,683.58	-	-
<b>Total</b> .....	<b>5,727,518.32</b>	<b>6,159,939.61</b>	<b>3,662,260.69</b>	<b>4,278,934.62</b>
Group goodwill.....	11,407.80	11,407.80	-	-
<b>Total</b> .....	<b>5,738,926.12</b>	<b>6,171,347.41</b>	<b>3,662,260.69</b>	<b>4,278,934.62</b>

Rs.	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Intangible assets.....	60,957,122.06	52,537,828.97	60,398,562.10	52,179,411.71
Goodwill.....	57,862,886.91	49,907,895.61	19,570,467.24	16,803,280.40
Other long-term expenses..	83,309,334.97	84,159,853.34	82,988,190.41	83,884,116.63
Buildings and structures..	76,035,310.58	54,139,504.35	7,156,068.09	5,888,389.06
Machinery and equipment..	175,518,541.17	177,692,631.38	117,446,795.75	131,033,638.11
Other tangible assets.....	8,298,432.28	6,944,227.24	7,837,863.68	6,548,781.19
Impairment losses from non current Assets.....	-	1,224,676.47	-	-
<b>Total</b> .....	<b>461,981,627.96</b>	<b>426,606,617.35</b>	<b>295,397,947.26</b>	<b>296,337,617.11</b>
Group goodwill.....	920,153.15	790,047.19	-	-
<b>Total</b> .....	<b>462,901,781.11</b>	<b>427,396,664.54</b>	<b>295,397,947.26</b>	<b>296,337,617.11</b>

#### 6. OTHER OPERATING EXPENSES

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Voluntary employee expenses.....	838,255.65	724,889.59	787,313.20	690,427.44
Rents.....	16,933,387.11	17,857,433.10	12,770,439.23	13,520,502.91
Maintenance fees.....	5,941,980.91	6,597,407.39	6,542,048.56	6,283,749.54

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Marketing expenses.....	9,179,036.96	10,906,378.92	7,909,124.85	9,064,501.18
Travel and entertainment expenses.....	831,958.73	1,152,199.67	792,293.83	1,109,755.86
Maintenance expenses.....	4,677,878.82	4,298,868.30	3,851,542.71	3,494,583.38
Real estate expenses.....	8,917,415.16	7,741,960.63	5,928,038.73	5,800,693.81
Other operating expenses...	8,423,009.84	7,204,187.62	5,776,064.50	4,043,655.50
<b>Total</b> .....	<b>55,742,923.18</b>	<b>56,483,325.21</b>	<b>44,356,865.61</b>	<b>44,007,869.62</b>

Rs.	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Voluntary employee expenses.....	67,613,700.50	50,202,228.83	63,504,682.71	47,815,552.36
Rents.....	1,365,847,004.37	1,236,716,529.31	1,030,063,628.29	936,362,429.03
Maintenance fees.....	479,280,180.40	456,903,448.76	527,681,636.85	435,181,074.39
Marketing expenses.....	740,381,121.59	755,321,272.09	637,950,010.40	627,762,029.22
Travel and entertainment expenses.....	67,105,790.93	79,795,587.96	63,906,420.33	76,856,142.08
Maintenance expenses.....	377,317,705.57	297,718,124.17	310,665,434.99	242,017,371.98
Real estate expenses.....	719,278,706.89	536,169,483.17	478,155,603.96	401,727,049.81
Other operating expenses...	679,399,973.37	498,926,013.40	465,897,362.57	280,043,361.65
<b>Total</b> .....	<b>4,496,224,183.62</b>	<b>3,911,752,687.69</b>	<b>3,577,824,780.10</b>	<b>3,047,765,010.53</b>

#### AUDITING FEES

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Auditing services.....	202,990.92	287,546.73	117,113.84	197,932.53
Tax consultancy.....	24,700.00	22,385.20	0.00	1,985.20
Other fees.....	5,308.11	16,225.15	5,308.11	15,000.00
<b>Total</b> .....	<b>232,999.03</b>	<b>326,157.08</b>	<b>122,421.95</b>	<b>214,917.73</b>

#### 7. FINANCIAL INCOME AND EXPENSE

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Dividends.....	1,241.20	782.00	1,241.20	782.00
<b>Other interest and financial income</b> .....	<b>0.00</b>	<b>0.00</b>	<b>386,815.15</b>	<b>393,154.45</b>
Group companies.....	1,961,360.68	2,563,191.01	297,594.45	279,025.51
Others.....	0.00	0.00	0.00	0.00
<b>Total interest income</b> .....	<b>1,961,360.68</b>	<b>2,563,191.01</b>	<b>684,409.60</b>	<b>672,179.96</b>
<b>Total for financial income</b> .....	<b>1,962,601.88</b>	<b>2,563,973.01</b>	<b>685,650.80</b>	<b>672,961.96</b>

Eur	Group	Group	Parent	Parent
	1.4.2017-	1.4.2016-	1.4.2017-	1.4.2016-
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Group companies.....	-	-	163,484.17	146,724.55
Others.....	848,076.06	984,489.55	667,292.75	981,566.62
<b>Other financial expenses</b> .....	<b>848,076.06</b>	<b>984,489.55</b>	<b>667,292.75</b>	<b>981,566.62</b>
Impairment losses from financial securities.....	12,096.27	-	1,313,000.00	617,271.57
Changes in derivatives fair values.....	(34,441.64)	51,738.71	(34,441.64)	51,738.71
Others.....	1,896,391.20	2,474,897.03	332,299.26	153,019.50

HOLIDAY CLUB RESORTS OY

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
<b>Total interest expenses...</b>	<b>2,722,121.89</b>	3,511,125.29	<b>2,441,634.54</b>	1,950,320.95
<b>Financial income and expense .....</b>	<b>(759,520.02)</b>	(947,152.28)	<b>(1,755,983.74)</b>	(1,277,358.99)
<b>Rs.</b>	<b>1.4.2017-31.3.2018</b>	1.4.2016-31.3.2017	<b>1.4.2017-31.3.2018</b>	1.4.2016-31.3.2017
<b>Dividends .....</b>	<b>100,115.19</b>	54,157.41	<b>100,115.19</b>	54,157.41
<b>Other interest and financial income</b>				
Group companies .....	-	-	<b>31,200,510.00</b>	27,227,911.43
Others .....	<b>158,203,352.41</b>	177,513,793.14	<b>24,003,968.34</b>	19,323,911.70
<b>Total interest income .....</b>	<b>158,203,352.41</b>	177,513,793.14	<b>55,204,478.34</b>	46,551,823.13
<b>Total for financial income .....</b>	<b>158,303,467.60</b>	177,567,950.55	<b>55,304,593.53</b>	46,605,980.54
<b>Interest expenses and other financial expenses</b>				
Group companies .....	-	-	<b>13,186,633.15</b>	10,161,408.71
Others .....	<b>68,405,815.21</b>	68,180,823.79	<b>53,823,833.22</b>	67,978,396.27
<b>Other financial expenses</b>				
Impairment losses from financial securities .....	<b>975,685.14</b>	0.00	<b>105,906,580.00</b>	42,749,142.58
Changes in derivatives fair values .....	<b>(2,778,062.68)</b>	3,583,164.36	<b>(2,778,062.68)</b>	3,583,164.36
Others .....	<b>152,962,914.38</b>	171,398,993.81	<b>26,803,258.31</b>	10,597,365.47
<b>Total interest expenses...</b>	<b>219,566,352.04</b>	243,162,981.96	<b>196,942,242.00</b>	135,069,477.39
<b>Financial income and expense .....</b>	<b>(61,262,884.44)</b>	(65,595,031.41)	<b>(141,637,648.47)</b>	(88,463,496.85)

8. APPROPRIATIONS

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
Change in accumulated depreciation .....	-	-	<b>(395,166.91)</b>	130,769.55
Group contribution .....	-	-	<b>0.00</b>	(109,482.00)
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>(395,166.91)</b>	21,287.55

NOTES TO THE BALANCE SHEET

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP

	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
<b>Eur</b>						
Acquisition cost 1.4.2017 .....	4,604,171.93	10,022,389.05	6,868,258.43	-	470,379.48	21,965,198.89
Translation difference .....	(1,377.46)	-	(48,174.25)	-	-	(49,551.72)
Additions .....	42,029.09	2,911,256.37	-	-	-	2,953,285.46
Transfers between items .....	14,064.19	682,598.62	-	-	-	696,662.81
<b>Acquisition cost 31.3.2018 .....</b>	<b>4,658,887.74</b>	<b>13,616,244.04</b>	<b>6,820,084.18</b>	<b>-</b>	<b>470,379.48</b>	<b>25,565,595.45</b>
Accumulated depreciations 1.4.2017 .....	(2,645,113.44)	(6,175,711.39)	(4,002,509.85)	-	(423,797.41)	(13,247,132.09)
Translation difference .....	430.70	-	19,486.83	-	-	19,917.53

	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Rs.</b>				
Change in accumulated depreciation .....	-	-	<b>(31,874,162.96)</b>	9,056,445.19
Group contribution .....	-	-	-	(7,582,175.91)
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>(31,874,162.96)</b>	1,474,269.28

9. INCOME TAXES

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
Income taxes from operating activities .....	<b>(1,130,502.05)</b>	(344,837.03)	<b>(976,236.45)</b>	(335,015.08)
Income taxes, previous financial year .....	<b>24,428.76</b>	(152,812.50)	<b>24,428.76</b>	(16,063.68)
Change in deferred tax receivables .....	<b>45,535.49</b>	76,737.77	-	-
Change in deferred tax liabilities .....	<b>73,737.66</b>	172,710.50	-	-
<b>Total .....</b>	<b>(986,800.14)</b>	(248,201.26)	<b>(951,807.69)</b>	(351,078.76)

	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Rs.</b>				
Income taxes from operating activities .....	<b>(91,186,295.35)</b>	(23,881,688.51)	<b>(78,743,232.06)</b>	(23,201,469.37)
Income taxes, previous financial year .....	<b>1,970,423.78</b>	(10,583,029.69)	<b>1,970,423.78</b>	(1,112,490.16)
Change in deferred tax receivables .....	<b>3,672,892.54</b>	5,314,474.34	<b>0.00</b>	0.00
Change in deferred tax liabilities .....	<b>5,947,679.49</b>	11,961,065.49	<b>0.00</b>	0.00
<b>Total .....</b>	<b>(79,595,299.54)</b>	(17,189,178.37)	<b>(76,772,808.28)</b>	(24,313,959.52)

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Depreciations .....	(752,486.61)	(1,036,088.36)	(717,367.80)	–	(11,407.80)	(2,517,350.57)
<b>Accumulated depreciations 31.3.2017 .....</b>	<b>(3,397,169.35)</b>	<b>(7,211,799.75)</b>	<b>(4,700,390.83)</b>	<b>–</b>	<b>(435,205.21)</b>	<b>(15,744,565.14)</b>
<b>Book value 31.3.2017 .....</b>	<b>1,261,718.40</b>	<b>6,404,444.29</b>	<b>2,119,693.35</b>	<b>–</b>	<b>35,174.27</b>	<b>9,821,030.31</b>

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2017 .....	371,372,507.86	808,405,900.77	553,993,725.36	–	37,940,808.86	1,771,712,942.85
Translation difference .....	(111,106.32)	–	(3,885,735.31)	–	–	(3,996,841.63)
Additions .....	3,390,066.40	234,821,938.80	–	–	–	238,212,005.20
Transfers between items .....	1,134,417.57	55,058,404.69	–	–	–	56,192,822.25
<b>Acquisition cost 31.3.2018 .....</b>	<b>375,785,885.51</b>	<b>1,098,286,244.27</b>	<b>550,107,990.05</b>	<b>–</b>	<b>37,940,808.86</b>	<b>2,062,120,928.68</b>
Accumulated depreciations 1.4.2017 .....	(213,354,850.01)	(498,132,880.72)	(322,842,444.90)	–	(34,183,499.09)	(1,068,513,674.71)
Translation difference .....	34,740.16	–	1,571,807.75	–	–	1,606,547.91
Depreciations .....	(60,695,569.92)	(83,570,887.12)	(57,862,886.91)	–	(920,153.15)	(203,049,497.09)
<b>Accumulated depreciations 31.3.2017 .....</b>	<b>(274,015,679.76)</b>	<b>(581,703,767.84)</b>	<b>(379,133,524.06)</b>	<b>–</b>	<b>(35,103,652.24)</b>	<b>(1,269,956,623.89)</b>
<b>Book value 31.3.2017 .....</b>	<b>101,770,205.75</b>	<b>516,582,476.43</b>	<b>170,974,465.99</b>	<b>–</b>	<b>2,837,156.62</b>	<b>792,164,304.79</b>

## 10. INTANGIBLE ASSETS, PARENT COMPANY

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2017 .....	4,585,336.32	9,981,107.64	2,701,523.71	–	17,267,967.67
Additions .....	42,029.09	2,911,256.37	–	–	2,953,285.46
Transfers between items .....	14,064.19	682,598.62	–	–	696,662.81
<b>Acquisition cost 31.3.2018 .....</b>	<b>4,641,429.60</b>	<b>13,574,962.63</b>	<b>2,701,523.71</b>	<b>–</b>	<b>20,917,915.94</b>
Accumulated depreciations 1.4.2017 .....	(2,641,820.81)	(6,152,584.06)	(1,750,392.90)	–	(10,544,797.77)
Depreciations for the financial year .....	(748,804.39)	(1,028,864.25)	(242,629.15)	–	(2,020,297.79)
<b>Accumulated depreciations 31.3.2018 .....</b>	<b>(3,390,625.20)</b>	<b>(7,181,448.31)</b>	<b>(1,993,022.05)</b>	<b>–</b>	<b>(12,565,095.56)</b>
<b>Book value 31.3.2017 .....</b>	<b>1,250,804.40</b>	<b>6,393,514.32</b>	<b>708,501.66</b>	<b>–</b>	<b>8,352,820.38</b>

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2017 .....	369,853,227.57	805,076,142.24	217,904,902.45	–	1,392,834,272.26
Additions .....	3,390,066.40	234,821,938.80	–	–	238,212,005.20
Transfers between items .....	1,134,417.57	55,058,404.69	–	–	56,192,822.25
<b>Acquisition cost 31.3.2018 .....</b>	<b>374,377,711.54</b>	<b>1,094,956,485.74</b>	<b>217,904,902.45</b>	<b>–</b>	<b>1,687,239,099.72</b>
Accumulated depreciations 1.4.2017 .....	(213,089,266.53)	(496,267,430.28)	(141,186,691.31)	–	(850,543,388.13)
Depreciations for the financial year .....	(60,398,562.10)	(82,988,190.41)	(19,570,467.24)	–	(162,957,219.74)
<b>Accumulated depreciations 31.3.2018 .....</b>	<b>(273,487,828.63)</b>	<b>(579,255,620.68)</b>	<b>(160,757,158.55)</b>	<b>–</b>	<b>(1,013,500,607.87)</b>
<b>Book value 31.3.2017 .....</b>	<b>100,889,882.90</b>	<b>515,700,865.05</b>	<b>57,147,743.90</b>	<b>–</b>	<b>673,738,491.85</b>

## 11. TANGIBLE ASSETS, GROUP

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017 .....	14,088,324.93	18,694,139.54	20,147,644.88	3,233,903.37	3,377,325.99	59,541,338.71
Translation difference .....	(26,708.52)	(275,589.92)	(67,367.56)	–	(58,974.93)	(428,640.94)
Additions .....	10,000.00	15,672.98	1,832,607.70	17,578.46	1,368,012.19	3,243,871.33
Deductions .....	(923,420.63)	–	(76,043.86)	–	(7,484.30)	(1,006,948.79)
Transfers between items .....	–	3,092,298.33	693,167.06	–	(4,398,709.61)	(613,244.22)
<b>Acquisition cost 31.3.2017 .....</b>	<b>13,148,195.78</b>	<b>21,526,520.93</b>	<b>22,530,008.22</b>	<b>3,251,481.83</b>	<b>280,169.34</b>	<b>60,736,376.10</b>

HOLIDAY CLUB RESORTS OY

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
<b>Eur</b>						
Accumulated depreciations 1.4.2017 .....	(2,895,128.95)	(3,381,242.20)	(12,070,151.40)	(1,016,764.40)	-	(19,363,286.95)
Translation difference .....	-	37,541.98	20,645.27	-	-	58,187.25
Accumulated depreciations from deductions and transfers .....	-	-	69,031.81	-	-	69,031.81
Depreciations/impairments for the financial year.....	-	(942,663.23)	(2,176,029.52)	(102,881.63)	-	(3,221,574.38)
<b>Accumulated depreciations 31.3.2017 .....</b>	<b>(2,895,128.95)</b>	<b>(4,286,363.45)</b>	<b>(14,156,503.84)</b>	<b>(1,119,646.03)</b>	<b>-</b>	<b>(22,457,642.27)</b>
<b>Book value 31.3.2017.....</b>	<b>10,253,066.83</b>	<b>17,240,157.48</b>	<b>8,373,504.38</b>	<b>2,131,835.80</b>	<b>280,169.34</b>	<b>38,278,733.83</b>

	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
<b>Rs.</b>						
Acquisition cost 1.4.2017 .....	1,136,364,289.06	1,507,869,295.67	1,625,109,036.08	260,846,645.82	272,415,114.00	4,802,604,380.64
Translation difference .....	(2,154,309.22)	(22,229,083.33)	(5,433,867.77)	-	(4,756,917.55)	(34,574,177.87)
Additions .....	806,600.00	1,264,182.59	147,818,137.31	1,417,878.58	110,343,862.97	261,650,661.46
Deductions.....	(74,483,108.01)	-	(6,133,697.75)	-	(603,683.64)	(81,220,489.40)
Transfers between items .....	-	249,424,783.10	55,910,855.22	-	(354,799,916.81)	(49,464,278.50)
<b>Acquisition cost 31.3.2017 .....</b>	<b>1,060,533,471.83</b>	<b>1,736,329,178.04</b>	<b>1,817,270,463.09</b>	<b>262,264,524.41</b>	<b>22,598,458.96</b>	<b>4,898,996,096.33</b>
Accumulated depreciations 1.4.2017 .....	(233,521,101.11)	(272,730,995.75)	(973,578,412.18)	(82,012,216.50)	-	(1,561,842,725.55)
Translation difference .....	-	3,028,136.27	1,665,247.56	-	-	4,693,383.84
Accumulated depreciations from deductions and transfers .....	-	-	5,568,105.79	-	-	5,568,105.79
Depreciations/impairments for the financial year.....	-	(76,035,216.30)	(175,518,541.17)	(8,298,432.28)	-	(259,852,189.75)
<b>Accumulated depreciations 31.3.2017 .....</b>	<b>(233,521,101.11)</b>	<b>(345,738,075.78)</b>	<b>(1,141,863,599.99)</b>	<b>(90,310,648.78)</b>	<b>-</b>	<b>(1,811,433,425.66)</b>
<b>Book value 31.3.2017 .....</b>	<b>827,012,370.72</b>	<b>1,390,591,102.26</b>	<b>675,406,863.10</b>	<b>171,953,875.63</b>	<b>22,598,458.96</b>	<b>3,087,562,670.67</b>

11. TANGIBLE ASSETS, PARENT COMPANY

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
<b>Eur</b>						
Acquisition cost 1.4.2017.....	3,461,803.66	2,338,680.48	15,072,403.96	3,067,284.81	771,638.64	24,711,811.55
Additions.....	10,000.00	-	1,728,706.32	17,578.46	261,145.22	2,017,430.00
Deductions .....	(55,222.51)	-	(76,043.86)	-	(450.00)	(131,716.37)
Transfers between items/merger .....	-	-	66,531.71	-	(763,194.52)	(696,662.81)
<b>Acquisition cost 31.3.2018 .....</b>	<b>3,416,581.15</b>	<b>2,338,680.48</b>	<b>16,791,598.13</b>	<b>3,084,863.27</b>	<b>269,139.34</b>	<b>25,900,862.37</b>
Accumulated depreciations and impairments 1.4.2017.....	(583,297.97)	(426,735.58)	(9,808,517.44)	(995,115.85)	-	(11,813,666.84)
Accumulated depreciations from deductions and transfers .....	-	-	69,031.81	-	-	69,031.81
Depreciations for the financial year .....	-	(88,718.92)	(1,456,072.35)	(97,171.63)	-	(1,641,962.90)
<b>Accumulated depreciations 31.3.2018.....</b>	<b>(583,297.97)</b>	<b>(515,454.50)</b>	<b>(11,195,557.98)</b>	<b>(1,092,287.48)</b>	<b>-</b>	<b>(13,386,597.93)</b>
<b>Book value 31.3.2018.....</b>	<b>2,833,283.18</b>	<b>1,823,225.98</b>	<b>5,596,040.15</b>	<b>1,992,575.79</b>	<b>269,139.34</b>	<b>12,514,264.44</b>

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
<b>Rs.</b>						
Acquisition cost 1.4.2017 .....	279,229,083.22	188,637,967.52	1,215,740,103.41	247,407,192.77	62,240,372.70	1,993,254,719.62
Additions .....	806,600.00	-	139,437,451.77	1,417,878.58	21,063,973.45	162,725,903.80
Deductions.....	(4,454,247.66)	-	(6,133,697.75)	-	(36,297.00)	(10,624,242.40)
Transfers between items / merger .....	-	-	5,366,447.73	-	(61,559,269.98)	(56,192,822.25)
<b>Acquisition cost 31.3.2018 .....</b>	<b>275,581,435.56</b>	<b>188,637,967.52</b>	<b>1,354,410,305.17</b>	<b>248,825,071.36</b>	<b>21,708,779.16</b>	<b>2,089,163,558.76</b>

Rs.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Accumulated depreciations and impairments 1.4.2017.....	(47,048,814.26)	(34,420,491.88)	(791,155,016.71)	(80,266,044.46)	–	(952,890,367.31)
Accumulated depreciations from deductions and transfers.....	–	–	5,568,105.79	–	–	5,568,105.79
Depreciations for the financial year.....	–	(7,156,068.09)	(117,446,795.75)	(7,837,863.68)	–	(132,440,727.51)
<b>Accumulated depreciations 31.3.2018 .....</b>	<b>(47,048,814.26)</b>	<b>(41,576,559.97)</b>	<b>(903,033,706.67)</b>	<b>(88,103,908.14)</b>	<b>–</b>	<b>(1,079,762,989.03)</b>
<b>Book value 31.3.2018 .....</b>	<b>228,532,621.30</b>	<b>147,061,407.55</b>	<b>451,376,598.50</b>	<b>160,721,163.22</b>	<b>21,708,779.16</b>	<b>1,009,400,569.73</b>

## 12. INVESTMENTS, GROUP

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2017 .....	3,589,855.55	419,709.01	61,508.68	–	4,071,073.24
Additions .....	571,568.67	–	3,040.00	–	574,608.67
Share of associated companies' results.....	–	(25,236.86)	–	–	(25,236.86)
<b>Book value 31.3.2018.....</b>	<b>4,161,424.22</b>	<b>394,472.15</b>	<b>64,548.68</b>	<b>–</b>	<b>4,620,445.05</b>

Rs.	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2017 .....	289,557,748.66	33,853,728.75	4,961,290.13	–	328,372,767.54
Additions .....	46,102,728.92	–	245,206.40	–	46,347,935.32
Share of associated companies' results.....	–	(2,035,605.13)	–	–	(2,035,605.13)
<b>Book value 31.3.2018.....</b>	<b>335,660,477.59</b>	<b>31,818,123.62</b>	<b>5,206,496.53</b>	<b>–</b>	<b>372,685,097.73</b>

## 12. INVESTMENTS, PARENT COMPANY

Eur	Shares in group companies	Shares in associated companies	Other shares	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2017 .....	9,898,037.81	1,527,924.75	4,049,700.74	12,772,497.43	18,000.00	100,150.20	28,366,310.93
Additions .....	9,900.00	–	571,568.67	–	–	3,040.00	584,508.67
Deductions.....	–	–	–	(934,064.09)	–	–	(934,064.09)
<b>Acquisition cost 31.3.2018 ....</b>	<b>9,907,937.81</b>	<b>1,527,924.75</b>	<b>4,621,269.41</b>	<b>11,838,433.34</b>	<b>18,000.00</b>	<b>103,190.20</b>	<b>28,016,755.51</b>
Accumulated depreciations and impairments 1.4.2017.....	(1,529,608.30)	(879,224.75)	(460,845.19)	–	(18,000.00)	–	(2,887,678.24)
<b>Accumulated depreciations 31.3.2018.....</b>	<b>(1,529,608.30)</b>	<b>(879,224.75)</b>	<b>(460,845.19)</b>	<b>–</b>	<b>(18,000.00)</b>	<b>(38,641.52)</b>	<b>(2,926,319.76)</b>
<b>Book value 31.3.2018 .....</b>	<b>8,378,329.51</b>	<b>648,700.00</b>	<b>4,160,424.22</b>	<b>11,838,433.34</b>	<b>–</b>	<b>64,548.68</b>	<b>25,090,435.75</b>

Rs.	Shares in group companies	Shares in associated companies	Other shares	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2017 .....	798,375,729.75	123,242,410.34	326,648,861.69	1,030,229,642.68	1,451,880.00	8,078,115.13	2,288,026,639.59
Additions .....	798,534.00	–	46,102,728.92	–	–	245,206.40	47,146,469.32
Deductions.....	–	–	–	(75,341,609.47)	–	–	(75,341,609.47)
<b>Acquisition cost 31.3.2018 ....</b>	<b>799,174,263.75</b>	<b>123,242,410.34</b>	<b>372,751,590.61</b>	<b>954,888,033.22</b>	<b>1,451,880.00</b>	<b>8,323,321.53</b>	<b>2,259,831,499.45</b>
Accumulated depreciations and impairments 1.4.2017.....	(123,378,205.48)	(70,918,268.34)	(37,171,773.03)	–	(1,451,880.00)	–	(232,920,126.84)
<b>Accumulated depreciations 31.3.2018.....</b>	<b>(123,378,205.48)</b>	<b>(70,918,268.34)</b>	<b>(37,171,773.03)</b>	<b>–</b>	<b>(1,451,880.00)</b>	<b>(3,116,825.00)</b>	<b>(236,036,951.84)</b>
<b>Book value 31.3.2018 .....</b>	<b>675,796,058.28</b>	<b>52,324,142.00</b>	<b>335,579,817.59</b>	<b>954,888,033.22</b>	<b>–</b>	<b>5,206,496.53</b>	<b>2,023,794,547.61</b>

## 13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Himoksen Tähti 2	Helsinki	100%	100%
Holiday Club Canarias Investment S.L.	Las Palmas	100%	0%
Holiday Club Canarias Resort Management S.L.	Las Palmas	100%	0%
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100%	0%
Holiday Club Rus LLC	Pietari	100%	100%
Holiday Club Sweden AB	Åre	100%	100%
Kiinteistö Oy Himos Gardens	Helsinki	100%	100%
Kiinteistö Oy Kuusamon Pulkajärvi 1	Kuusamo	100%	100%
Kiinteistö Oy Rauhanranta 1	Helsinki	100%	100%
Kiinteistö Oy Rauhanranta 2	Helsinki	100%	100%
Kiinteistö Oy Katinnurkka	Helsinki	100%	100%
Kiinteistö Oy Tiurunniemi	Helsinki	100%	100%
Kiinteistö Oy Tenetinlahti	Helsinki	100%	100%
Kiinteistö Oy Vanha Ykköstii	Helsinki	100%	100%
Suomen vapaa-aikakiinteistöt Oy	Tampere	100%	100%
Ownership Services AB	Åre	100%	0%
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100%	100%
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100%	100%
Åre Villas 1 Ab	Åre	100%	0%
Åre Villas 2 Ab	Åre	100%	0%
Åre Villa 3 Ab	Åre	100%	0%
Holiday Club Sport and Spa Hotels Ab	Åre	51%	0%
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100%	100%
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100%	100%
Kiinteistö Oy Mällösnieniemi	Sotkamo	100%	100%
Supermarket Capri Oy	Lappeenranta	100%	100%

  

Associated companies	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Seniori-Saimaa	Lappeenranta	31.15%	31.15%
Koy Sallan Kylpylä	Salla	49.00%	49.00%
Tropiikin Rantasauna Oy	Kuusamo	50.00%	50.00%

All associated companies have been consolidated into the group financial statements.

## 14. INVENTORY

	Group 1.4.2017- 31.3.2018	Group 1.4.2016- 31.3.2017	Parent 1.4.2017- 31.3.2018	Parent 1.4.2016- 31.3.2017
<b>Eur</b>				
<b>Materials and supplies</b> .....	<b>880,560.60</b>	820,227.24	<b>705,199.55</b>	655,679.58
Timeshare.....	<b>44,208,890.93</b>	42,526,671.53	<b>34,550,214.58</b>	31,629,609.58
Unfinished construction projects .....	<b>3,740,170.53</b>	3,254,461.03	<b>1,023,401.28</b>	3,393,430.82
Other inventory .....	<b>2,495,224.80</b>	2,410,035.31	<b>2,495,224.80</b>	2,410,035.31
Villas apartments .....	<b>6,845,496.70</b>	4,154,936.22	<b>6,707,917.05</b>	4,218,632.80
<b>Total</b> .....	<b>58,170,343.56</b>	53,166,331.33	<b>45,481,957.26</b>	42,307,388.09
<b>Rs.</b>				
<b>Materials and supplies</b> .....	<b>71,026,017.82</b>	56,804,837.51	<b>56,881,395.70</b>	45,409,089.31
Timeshare.....	<b>3,565,889,142.14</b>	2,945,184,636.81	<b>2,786,820,308.02</b>	2,190,508,611.46
Unfinished construction projects .....	<b>301,682,155.20</b>	225,387,698.63	<b>82,547,547.24</b>	235,012,051.44
Other inventory .....	<b>201,264,832.37</b>	166,906,995.39	<b>201,264,832.37</b>	166,906,995.39
Villas apartments .....	<b>552,157,763.82</b>	287,750,107.92	<b>541,060,589.25</b>	292,161,414.56
<b>Total</b> .....	<b>4,692,019,911.35</b>	3,682,034,276.26	<b>3,668,574,672.59</b>	2,929,998,162.17

## RECEIVABLES

## 15. LONG-TERM RECEIVABLES

	Group		Parent	
	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>Eur</b>				
Sales receivables.....	1,260,378.02	1,463,723.03	554,754.15	537,434.45
Loan receivables from group companies.....	-	-	12,821,897.20	12,821,897.20
Other receivables.....	93,603.26	93,603.26	-	-
Deferred tax receivable.....	1,407,348.86	1,410,845.37	-	-
<b>Total</b> .....	<u>2,761,330.14</u>	<u>2,968,171.66</u>	<u>13,376,651.35</u>	<u>13,359,331.65</u>

	Group		Parent	
	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>Rs.</b>				
Sales receivables.....	101,662,091.09	101,370,138.44	44,746,469.74	37,220,022.83
Loan receivables from group companies.....	-	-	1,034,214,228.14	887,980,490.59
Other receivables.....	7,550,038.95	6,482,493.77	-	-
Deferred tax receivable.....	113,516,759.22	97,708,096.34	-	-
<b>Total</b> .....	<u>222,728,889.27</u>	<u>205,560,728.55</u>	<u>1,078,960,697.88</u>	<u>925,200,513.42</u>

## 16. SHORT-TERM RECEIVABLES

	Group		Parent	
	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>Eur</b>				
Sales receivables.....	12,490,747.63	16,957,925.24	8,222,508.68	9,011,863.92
<b>Receivables from group companies</b>				
Sales receivables .....	-	-	53,241.44	75,336.53
Loan receivables .....	-	-	2,725,510.18	2,611,952.51
Accrued income .....	-	-	1,041,219.73	1,822,053.31
<b>Receivables from group companies, total</b> .....	<u>-</u>	<u>-</u>	<u>3,819,971.35</u>	<u>4,509,342.35</u>
Receivables from associated companies				
Loan receivables .....	101,159.62	221,363.14	101,159.62	221,363.14
Accrued income .....	4,364,063.16	2,771,514.81	2,213,825.99	1,765,673.53
Other receivables .....	2,296,016.22	1,683,200.48	2,112,689.58	971,842.59
<b>Total</b> .....	<u>19,251,986.63</u>	<u>21,634,003.67</u>	<u>16,470,155.22</u>	<u>16,480,085.53</u>

	Group		Parent	
	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>Rs.</b>				
Sales receivables.....	1,007,503,704.17	1,174,421,112.45	663,227,550.13	624,116,635.78
<b>Receivables from group companies</b>				
Sales receivables .....	-	-	4,294,454.55	5,217,431.39
Loan receivables .....	-	-	219,839,651.12	180,890,771.08
Accrued income .....	-	-	83,984,783.42	126,186,301.98
<b>Receivables from group companies, total</b> .....	<u>-</u>	<u>-</u>	<u>308,118,889.09</u>	<u>312,294,504.45</u>
Receivables from associated companies				
Loan receivables.....	8,159,534.95	15,330,504.26	8,159,534.95	15,330,504.26
Accrued income.....	352,005,334.25	191,941,258.43	178,567,204.35	122,281,720.32
Other receivables.....	185,196,668.21	116,570,049.22	170,409,541.52	67,304,958.57
<b>Total</b> .....	<u>1,552,865,241.57</u>	<u>1,498,262,924.37</u>	<u>1,328,482,720.05</u>	<u>1,141,328,323.38</u>

## RELEVANT ACCRUED INCOME (excluding receivables from group and associated companies)

	Group		Parent	
	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>Eur</b>				
Accrued expenses.....	2,167,628.08	1,998,940.95	1,273,050.01	1,095,585.54
Tax receivables .....	25,285.10	97,331.82	-	74,682.65
Social security receivables.....	107,332.37	159,602.31	90,833.38	137,292.73
Others.....	2,063,817.60	515,639.73	849,942.60	458,112.61
<b>Total</b> .....	<u>4,364,063.15</u>	<u>2,771,514.81</u>	<u>2,213,825.99</u>	<u>1,765,673.53</u>



Rs.	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
Accrued expenses .....	174,840,881.03	138,436,655.49	102,684,213.81	75,874,776.57
Tax receivables .....	2,039,496.26	6,740,715.50	-	5,172,146.93
Social security receivables.....	8,657,428.96	11,053,257.98	7,326,620.43	9,508,208.02
Others.....	166,467,527.83	35,710,629.50	68,556,370.12	31,726,588.81
<b>Total .....</b>	<b>352,005,334.08</b>	<b>191,941,258.47</b>	<b>178,567,204.35</b>	<b>122,281,720.32</b>

## 17. EQUITY

	Group	Group	Parent	Parent
Eur	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>				
Share capital at the beginning of the financial year .....	11,959,146.00	11,959,146.00	11,959,146.00	11,959,146.00
<b>Share capital at the end of financial year .....</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>
<b>RESTRICTED SHAREHOLDERS' EQUITY TOTAL .....</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>	<b>11,959,146.00</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY</b>				
Reserve for invested non-restricted equity at the beginning of the financial year .....	39,395,174.64	39,395,174.64	39,395,174.64	39,395,174.64
<b>Reserve for invested non-restricted equity at the end of the financial year.....</b>	<b>39,395,174.64</b>	<b>39,395,174.64</b>	<b>39,395,174.64</b>	<b>39,395,174.64</b>
Profit from previous financial years at the beginning of the financial year.....	9,246,404.13	11,636,822.46	3,371,486.51	3,520,004.74
Paid Dividends .....	(1,183,374.60)	(950,532.60)	(1,183,374.60)	(950,532.60)
Change in translation difference .....	(945,975.54)	(447,891.36)	-	-
Reclassifications for previous financial years .....	37,417.35	-	-	-
<b>Profit from previous financial years at the end of financial year .....</b>	<b>7,154,471.33</b>	<b>10,238,398.50</b>	<b>2,188,111.91</b>	<b>2,569,472.14</b>
<b>Profit for the period .....</b>	<b>4,724,160.13</b>	<b>(991,994.37)</b>	<b>3,329,387.20</b>	<b>802,013.67</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL.....</b>	<b>51,273,806.11</b>	<b>48,641,578.77</b>	<b>44,912,673.75</b>	<b>42,766,660.45</b>
<b>SHAREHOLDERS' EQUITY TOTAL.....</b>	<b>63,232,952.11</b>	<b>60,600,724.77</b>	<b>56,871,819.75</b>	<b>54,725,806.45</b>

The Shareholders' equity of the Group includes 684,454.38 EUR 31.3.2018 (31.3.2017: 368,320.86 EUR) from appropriations and other voluntary provisions.

	Group	Group	Parent	Parent
Rs	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>				
Share capital at the beginning of the financial year .....	964,624,716.36	828,230,656.23	964,624,716.36	828,230,656.23
<b>Share capital at the end of financial year .....</b>	<b>964,624,716.36</b>	<b>828,230,656.23</b>	<b>964,624,716.36</b>	<b>828,230,656.23</b>
<b>RESTRICTED SHAREHOLDERS' EQUITY TOTAL .....</b>	<b>964,624,716.36</b>	<b>828,230,656.23</b>	<b>964,624,716.36</b>	<b>828,230,656.23</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY</b>				
Reserve for invested non-restricted equity at the beginning of the financial year .....	3,177,614,786.69	2,728,312,819.69	3,177,614,786.46	2,728,312,819.69
<b>Reserve for invested non-restricted equity at the end of the financial year.....</b>	<b>3,177,614,786.69</b>	<b>2,728,312,819.69</b>	<b>3,177,614,786.46</b>	<b>2,728,312,819.69</b>
Profit from previous financial years at the beginning of the financial year.....	745,814,957.17	805,908,139.47	271,944,101.90	243,777,928.27
Paid Dividends .....	(95,450,995.24)	(65,829,135.21)	(95,450,995.24)	(65,829,135.21)
Change in translation difference .....	(76,302,387.43)	(31,018,716.14)	-	-
Reclassifications for previous financial years .....	3,018,083.28	-	-	-
<b>Profit from previous financial years at the end of financial year .....</b>	<b>577,079,657.79</b>	<b>709,060,288.12</b>	<b>176,493,106.66</b>	<b>177,948,793.06</b>
<b>Profit for the period .....</b>	<b>381,050,756.18</b>	<b>(68,700,570.15)</b>	<b>268,548,371.55</b>	<b>55,543,456.72</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL.....</b>	<b>4,135,745,200.66</b>	<b>3,368,672,537.66</b>	<b>3,622,656,264.68</b>	<b>2,961,805,069.46</b>
<b>SHAREHOLDERS' EQUITY TOTAL.....</b>	<b>5,100,369,917.02</b>	<b>4,196,903,193.89</b>	<b>4,587,280,981.04</b>	<b>3,790,035,725.69</b>

The Shareholders' equity of the Group includes Rs 55,208,090.29 31.3.2018 (31.3.2017: Rs 25,508,061.16) from appropriations and other voluntary provisions.

## CALCULATION FOR DISTRIBUTABLE FUNDS

	Parent 1.4.2017- 31.3.2018	Parent 1.4.2016- 31.3.2017
<b>Eur</b>		
Reserve for invested non-restricted equity .....	39,395,174.64	39,395,174.64
Profit from the previous financial years .....	2,188,111.91	2,569,472.14
+ Profit for the period .....	3,329,387.20	802,013.67
<b>Total</b> .....	<u>44,912,673.75</u>	<u>42,766,660.45</u>

	Parent 1.4.2017- 31.3.2018	Parent 1.4.2016- 31.3.2017
<b>Rs.</b>		
Reserve for invested non-restricted equity .....	3,177,614,786.46	2,728,312,819.69
Profit from the previous financial years .....	176,493,106.66	177,948,793.06
+ Profit for the period .....	268,548,371.55	55,543,456.72
<b>Total</b> .....	<u>3,622,656,264.68</u>	<u>2,961,805,069.46</u>

## 18. DEFERRED TAX RECEIVABLES AND LIABILITIES

	Group 1.4.2017- 31.3.2018	Group 1.4.2016- 31.3.2017	Parent 1.4.2017- 31.3.2018	Parent 1.4.2016- 31.3.2017
<b>Eur</b>				
<b>Deferred tax receivables:</b>				
from unused losses in taxation .....	719,190.25	553,907.53	-	-
from other temporary differences .....	688,158.62	856,937.40	-	-
<b>Total</b> .....	<u>1,407,348.87</u>	<u>1,410,844.93</u>	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities:</b>				
from appropriations .....	171,113.59	92,080.21	-	-
from other temporary differences .....	20,559.41	173,330.45	-	-
<b>Total</b> .....	<u>191,673.00</u>	<u>265,410.66</u>	<u>-</u>	<u>-</u>
<b>Deferred not booked tax receivables</b>				
from unused losses in taxation .....	5,317,855.81	5,019,935.00	-	-
from other temporary differences .....	1,573,846.09	1,715,124.00	-	-
<b>Total</b> .....	<u>6,891,701.90</u>	<u>6,735,059.00</u>	<u>-</u>	<u>-</u>

	Group 1.4.2017- 31.3.2018	Group 1.4.2016- 31.3.2017	Parent 1.4.2017- 31.3.2018	Parent 1.4.2016- 31.3.2017
<b>Rs.</b>				
<b>Deferred tax receivables:</b>				
from unused losses in taxation .....	58,009,885.57	38,360,865.99	-	-
from other temporary differences .....	55,506,874.29	59,347,199.64	-	-
<b>Total</b> .....	<u>113,516,759.85</u>	<u>97,708,065.63</u>	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities:</b>				
from appropriations .....	13,802,022.17	6,377,014.94	-	-
from other temporary differences .....	1,658,322.01	12,004,000.31	-	-
<b>Total</b> .....	<u>15,460,344.18</u>	<u>18,381,015.26</u>	<u>-</u>	<u>-</u>
<b>Deferred not booked tax receivables</b>				
from unused losses in taxation .....	428,938,249.85	347,655,598.43	-	-
from other temporary differences .....	126,946,425.62	118,780,912.62	-	-
<b>Total</b> .....	<u>555,884,675.47</u>	<u>466,436,511.05</u>	<u>-</u>	<u>-</u>

**19. LONG-TERM LIABILITIES**

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
Loans from financial institutions.....	8,961,080.61	16,883,190.02	3,320,835.00	10,411,766.00
Pension loans .....	400,000.00	1,200,000.00	400,000.00	1,200,000.00
Other long-term loans .....	127,163.54	182,760.85	126,345.14	181,942.45
Loans from group companies.....	–	–	6,372,643.62	4,849,877.14
<b>Total</b> .....	<b>9,488,244.15</b>	<b>18,265,950.87</b>	<b>10,219,823.76</b>	<b>16,643,585.59</b>

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Rs.</b>				
Loans from financial institutions.....	722,800,762.10	1,169,245,324.84	267,858,551.10	721,066,854.33
Pension loans .....	32,264,000.00	83,106,000.00	32,264,000.00	83,106,000.00
Other long-term loans .....	10,257,011.14	12,657,102.67	10,190,998.99	12,600,424.37
Loans from group companies.....	–	–	514,017,434.39	335,878,241.33
<b>Total</b> .....	<b>765,321,773.23</b>	<b>1,265,008,427.50</b>	<b>824,330,984.48</b>	<b>1,152,651,520.04</b>

**LIABILITIES MATURING LATER THAN FIVE YEARS**

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
Loans from financial institutions.....	500,000.00	1,700,000.00	–	200,000.00
<b>Total</b> .....	<b>500,000.00</b>	<b>1,700,000.00</b>	<b>–</b>	<b>200,000.00</b>

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Rs.</b>				
Loans from financial institutions.....	40,330,000.00	117,733,500.00	–	13,851,000.00
<b>Total</b> .....	<b>40,330,000.00</b>	<b>117,733,500.00</b>	<b>–</b>	<b>13,851,000.00</b>

**20. SHORT-TERM LIABILITIES**

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Eur</b>				
Loans from financial institutions.....	13,859,053.20	10,536,160.56	12,233,481.57	9,268,444.31
Pension loans .....	800,000.00	800,000.00	800,000.00	800,000.00
Received advance payments .....	12,393,671.69	11,279,046.21	11,908,273.18	11,060,197.59
Accounts payable.....	6,926,691.11	5,230,079.66	4,466,588.52	2,830,414.12
Loans from group companies				
Accounts payable .....	–	–	569,484.66	21,747.62
Other loans.....	–	–	2,074,728.25	611,058.67
Accrued liabilities .....	–	–	55,587.37	84,491.52
<b>Total</b> .....	<b>–</b>	<b>–</b>	<b>2,699,800.28</b>	<b>717,297.81</b>
Other loans .....	8,008,186.99	8,199,103.22	6,463,962.04	7,145,415.82
Accrued liabilities.....	20,411,053.54	18,600,156.76	15,172,200.77	14,152,317.10
<b>Short-term liabilities, total</b> .....	<b>62,398,656.52</b>	<b>54,644,546.41</b>	<b>53,744,306.36</b>	<b>45,974,086.75</b>

	Group	Group	Parent	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
<b>Rs.</b>				
Loans from financial institutions.....	1,117,871,230.77	729,681,799.44	986,752,623.44	641,886,110.69
Pension loans .....	64,528,000.00	55,404,000.00	64,528,000.00	55,404,000.00
Received advance payments .....	999,673,558.92	781,130,345.47	960,521,314.70	765,973,984.10

<b>Rs.</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2016- 31.3.2017</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2016- 31.3.2017</b>
Accounts payable.....	<b>558,706,904.58</b>	362,209,166.78	<b>360,275,030.02</b>	196,020,329.88
Loans from group companies				
Accounts payable.....	–	–	<b>45,934,632.68</b>	1,506,131.42
Other loans.....	–	–	<b>167,347,580.65</b>	42,318,868.19
Accrued liabilities.....	–	–	<b>4,483,677.26</b>	5,851,460.22
<b>Total</b> .....	<b>–</b>	<b>–</b>	<b>217,765,890.58</b>	49,676,459.83
Other loans.....	<b>645,940,362.55</b>	567,828,893.21	<b>521,383,178.15</b>	494,855,772.61
Accrued liabilities.....	<b>1,646,355,578.44</b>	1,288,153,856.50	<b>1,223,789,714.11</b>	980,118,720.76
<b>Short-term liabilities, total</b> .....	<b>5,033,075,635.26</b>	3,784,408,061.41	<b>4,335,015,751.00</b>	3,183,935,377.87

**RELEVANT ACCRUED LIABILITIES (excluding receivables from group and associated companies)**

<b>Eur</b>	<b>Group 1.4.2017- 31.3.2018</b>	<b>Group 1.4.2016- 31.3.2017</b>	<b>Parent 1.4.2017- 31.3.2018</b>	<b>Parent 1.4.2016- 31.3.2017</b>
Personnel and social expenses.....	<b>5,925,601.89</b>	5,522,404.60	<b>5,045,089.60</b>	4,593,846.98
Accrued interests.....	<b>155,543.08</b>	83,936.54	<b>125,381.10</b>	50,100.49
Sales commissions.....	<b>853,935.08</b>	933,660.20	<b>684,372.78</b>	710,983.70
Taxes.....	<b>1,067,573.71</b>	361,232.12	<b>976,236.45</b>	335,015.08
Other.....	<b>12,408,399.78</b>	11,698,923.31	<b>8,341,120.84</b>	8,462,370.85
<b>Total</b> .....	<b>20,411,053.54</b>	18,600,156.76	<b>15,172,200.77</b>	14,152,317.10

<b>Rs.</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2016- 31.3.2017</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2016- 31.3.2017</b>
Personnel and social expenses.....	<b>477,959,048.22</b>	445,437,154.75	<b>406,936,927.14</b>	370,539,697.41
Accrued interests.....	<b>12,546,104.83</b>	5,813,025.08	<b>10,113,239.53</b>	3,469,709.43
Sales commissions.....	<b>68,878,403.63</b>	64,660,636.98	<b>55,201,508.43</b>	49,239,176.14
Taxes.....	<b>86,110,495.54</b>	25,017,130.26	<b>78,743,232.06</b>	23,201,469.37
Other*.....	<b>1,000,861,526.22</b>	810,208,933.85	<b>672,794,806.95</b>	586,061,493.22
<b>Total</b> .....	<b>1,646,355,578.44</b>	1,288,153,856.50	<b>1,223,789,714.11</b>	980,118,720.76

The most significant items included in deferred liabilities are discounts booked by Holiday Club Resorts Oy related to time share and Villas sales (4.1 m€). In addition, Holiday Club Canarias Resort Management company has invoiced in advance maintenance fees that are booked into profit and loss statement in the next financial year (2.2 m€).

**OTHER NOTES TO THE FINANCIAL STATEMENTS****COMMITMENTS AND CONTINGENT LIABILITIES****ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES**

<b>Eur</b>	<b>Group 31.3.2018</b>	<b>Group 31.3.2017</b>	<b>Parent 31.3.2018</b>	<b>Parent 31.3.2017</b>
Loans from financial institutions.....	<b>18,628,844.58</b>	24,452,515.11	<b>12,099,266.00</b>	17,303,432.00
<b>Total</b> .....	<b>18,628,844.58</b>	24,452,515.11	<b>12,099,266.00</b>	17,303,432.00
Property under mortgages.....	<b>16,000,000.00</b>	16,566,160.00	<b>6,000,000.00</b>	6,566,160.00
Mortgage on company assets.....	<b>28,445,637.81</b>	31,445,637.81	<b>28,445,637.81</b>	31,445,637.81
Pledged assets.....	<b>43,026,496.97</b>	41,152,774.80	<b>43,026,496.97</b>	41,152,774.80
<b>Total</b> .....	<b>87,472,134.78</b>	89,164,572.61	<b>77,472,134.78</b>	79,164,572.61
<b>Rs.</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2018</b>	<b>31.3.2017</b>
Loans from financial institutions.....	<b>1,502,602,603.90</b>	1,693,458,933.79	<b>975,926,795.56</b>	1,198,349,183.16
<b>Total</b> .....	<b>1,502,602,603.90</b>	1,693,458,933.79	<b>975,926,795.56</b>	1,198,349,183.16

HOLIDAY CLUB RESORTS OY

<b>Rs.</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Property under mortgages .....	<b>1,290,560,000.00</b>	1,147,289,410.80	<b>483,960,000.00</b>	454,739,410.80
Mortgage on company assets .....	<b>2,294,425,145.75</b>	2,177,767,646.53	<b>2,294,425,145.75</b>	2,177,767,646.53
Pledged assets .....	<b>3,470,517,245.60</b>	2,850,035,418.77	<b>3,470,517,245.60</b>	2,850,035,418.77
<b>Total</b> .....	<b><u>7,055,502,391.35</u></b>	<u>6,175,092,476.11</u>	<b><u>6,248,902,391.35</u></b>	<u>5,482,542,476.11</u>

**OTHER COLLATERAL FOR OWN COMMITMENTS**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Deposits, rent guarantees .....	<b>3,148,654.81</b>	3,413,411.63	<b>3,148,654.81</b>	3,413,411.63
<b>Total</b> .....	<b><u>3,148,654.81</u></b>	<u>3,413,411.63</u>	<b><u>3,148,654.81</u></b>	<u>3,413,411.63</u>

<b>Rs.</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Deposits, rent guarantees .....	<b>253,970,496.97</b>	236,395,822.44	<b>253,970,496.97</b>	236,395,822.44
<b>Total</b> .....	<b><u>253,970,496.97</u></b>	<u>236,395,822.44</u>	<b><u>253,970,496.97</u></b>	<u>236,395,822.44</u>

**COLLATERAL FOR GROUP COMPANIES' LIABILITIES**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Property under mortgages .....	<b>220,000.00</b>	880,000.00	-	-
Mortgage on company assets .....	<b>1,947,938.77</b>	1,576,938.85	-	-
Guarantees given.....	<b>5,650,000.00</b>	6,050,000.00	<b>5,650,000.00</b>	6,050,000.00
Pledged assets .....	<b>2,822,944.68</b>	3,891,973.09	-	-
Property under mortgages .....	-	466,160.00	-	-
<b>Total</b> .....	<b><u>10,640,883.45</u></b>	<u>12,865,071.94</u>	<b><u>5,650,000.00</u></b>	<u>6,050,000.00</u>

<b>Rs.</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Property under mortgages .....	<b>17,745,200.00</b>	60,944,400.00	-	-
Mortgage on company assets .....	<b>157,120,741.45</b>	109,210,899.80	-	-
Guarantees given.....	<b>455,729,000.00</b>	418,992,750.00	<b>455,729,000.00</b>	418,992,750.00
Pledged assets .....	<b>227,698,717.89</b>	269,538,596.35	-	-
Property under mortgages .....	-	32,283,910.80	-	-
<b>Total</b> .....	<b><u>858,293,659.34</u></b>	<u>890,970,556.95</u>	<b><u>455,729,000.00</u></b>	<u>418,992,750.00</u>

**CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

**LEASING CONTRACT COMMITMENTS**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Due during the next financial year.....	<b>539,328.95</b>	631,253.92	<b>454,922.66</b>	521,374.94
Due thereafter .....	<b>707,604.03</b>	414,935.24	<b>557,357.37</b>	338,387.93
<b>Total</b> .....	<b><u>1,246,932.98</u></b>	<u>1,046,189.16</u>	<b><u>1,012,280.03</u></b>	<u>859,762.87</u>

<b>Rs.</b>	<b>31.3.2017</b>	31.3.2016	<b>31.3.2017</b>	31.3.2016
Due during the next financial year.....	<b>43,502,272.88</b>	43,717,490.16	<b>36,694,061.76</b>	36,107,821.64
Due thereafter .....	<b>57,075,341.36</b>	28,736,340.14	<b>44,956,445.46</b>	23,435,056.09
<b>Total</b> .....	<b><u>100,577,614.24</u></b>	<u>72,453,830.30</u>	<b><u>81,650,507.22</u></b>	<u>59,542,877.73</u>

**RENTAL COMMITMENTS**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Due during the next financial year.....	<b>16,497,137.05</b>	16,318,930.17	<b>12,581,619.76</b>	12,304,795.17
Due thereafter.....	<b>215,214,578.66</b>	217,043,192.53	<b>186,294,572.03</b>	183,377,636.25
<b>Total</b> .....	<b>231,711,715.72</b>	233,362,122.70	<b>198,876,191.79</b>	195,682,431.41
<b>Rs.</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Due during the next financial year.....	<b>1,330,659,074.80</b>	1,130,167,509.04	<b>1,014,833,449.54</b>	852,168,589.35
Due thereafter.....	<b>17,359,207,914.88</b>	15,031,326,298.54	<b>15,026,520,180.32</b>	12,699,818,198.18
<b>Total</b> .....	<b>18,689,866,989.68</b>	16,161,493,807.58	<b>16,041,353,629.86</b>	13,551,986,787.53

**OTHER COMMITMENTS**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Investing commitments	<b>6,521,881.76</b>	10,272,961.00	<b>6,521,881.76</b>	10,145,552.40
Responsibility to review tax deductions related to real estate investments .....	<b>4,170,985.40</b>	3,875,645.97	<b>2,407,145.86</b>	1,805,180.80
Purchase and sales commitments.....	<b>12,258,212.78</b>	13,023,423.28	<b>12,258,212.78</b>	13,023,423.28
Other liabilities and guarantees .....	<b>3,879,493.30</b>	3,978,111.00	<b>3,879,493.30</b>	3,978,111.00
Derivative contracts .....				
Fair value.....	<b>(238,448.40)</b>	(338,291.00)	<b>(238,448.40)</b>	(338,291.00)
Nominal value .....	<b>17,574,996.26</b>	20,875,008.00	<b>17,574,996.26</b>	20,875,008.00
<b>Rs.</b>	<b>31.3.2018</b>	31.3.2017	<b>31.3.2018</b>	31.3.2017
Investing commitments	<b>526,054,982.76</b>	711,453,914.06	<b>526,054,982.76</b>	702,630,231.46
Responsibility to review tax deductions related to real estate investments .....	<b>336,431,682.36</b>	268,407,861.65	<b>194,160,385.07</b>	125,017,796.30
Purchase and sales commitments.....	<b>988,747,443.15</b>	901,937,179.21	<b>988,747,443.15</b>	901,937,179.21
Other liabilities and guarantees .....	<b>312,919,929.42</b>	275,504,077.31	<b>312,919,929.42</b>	275,504,077.31
Derivative contracts .....	-	-	-	-
Fair value.....	<b>(19,233,247.94)</b>	(23,428,343.21)	<b>(19,233,247.94)</b>	(23,428,343.21)
Nominal value .....	<b>1,417,599,198.33</b>	1,445,698,679.04	<b>1,417,599,198.33</b>	1,445,698,679.04

**Investing commitments**

Holiday Club Resorts Oy has given completion commitments to Fennia in relation to the land areas sold. If the completion commitments are not met, Fennia has the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Holiday Club Resorts Oy and the municipality of Salla have agreed that Holiday Club Resorts will make at least four million euros worth of investments to Salla by the end of year 2018. If the investments of at least four million euros are made, the municipality of Salla has an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä -named company with the purchase price equating the equity investment made in the Kiinteistö Oy Sallan kylpylä.

If the made investments are less than two millions has Holiday Club Resorts Oy an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä owned by the municipality with the purchase price equating the equity investment. These purchase obligations will be executed only if the selling party requires the purchase.

Holiday Club Resorts Oy has sold the shares of Keskinäinen Kiinteistö Oy Tropiikin Tontti 9. The shares give right to land that is leased to Kiinteistö Oy HC Villas Petäjälampi 6. HCR will pay annual lease until the buildings on the land are finished.

HCR has the right to collect from Kiinteistö Oy HC Villas Petäjälampi 6 the lease HCR has paid on its behalf.

Furthermore, HCR has agreed to buy back the sold land for the original sales price in case the construction on the site has not begun on 30.6.2018, or if the construction is not finished by 30.7.2020, or if the amount of buildings on the land is fundamentally smaller than planned.

Holiday Club Resorts Oy and Skanska Talonrakennus Oy signed a contract on 31.3.2016, which obligated Holiday Club Resort Oy to buy the shares of Kiinteistö Oy Kelotähti II.

Furthermore, Holiday Club Resorts Oy sold Skanska Talonrakennus Oy the shares of companies Kiinteistö Oy Jalomella, Kiinteistö Oy Ulkuvuoma, Kiinteistö Oy Outapalas and Kiinteistö Oy Lovinoita.

Holiday Club Resorts Oy has the obligation to purchase these shares back for the same price.

### **Responsibility to review tax deductions related to real estate investments**

Holiday Club Resorts Oy and Koy Rauhan Liikekiinteistöt 1 are responsible to annually review vat deductions made from the real estate investments and from renovation costs made to leased properties. Responsibility is for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year period.

### **Purchase and sales commitments**

According to the agreement made between Holiday Club Resorts Oy, Sunborn Oy and Sunborn Saga Oy, Holiday Club Resorts Oy is obliged to sell annually 150 Sunborn timeshares. If Holiday Club Resorts Oy doesn't achieve its yearly target, Holiday Club is obliged to purchase the missing amount of timeshares with a price related to the agreement.

Holiday Club Sweden AB has regarding Holiday Club Sport And Spa Hotels AB committed to a shareholders' agreement with terms of put and call options by which Holiday Club Sweden AB could be obliged to purchase other shareholders' shares in the companies.

These options may actualize no sooner than 2021.

Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star - named company from the buyer no later than 17.9.2022.

Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than 31.3.2022.

Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for fulfillment of the obligations of rental and buyback agreements. If the lessor makes claims towards Holiday Club Resorts Oy due to this obligation, has Holiday Club Resorts Oy a retroactive right of recourse from Lapland Hotels Oy and its parent company North European Invest Oy.

In the course of the Holiday Club Åre asset deal the commitment given by Holiday Club Spa Hotels AB to purchase a multi-purpose arena from Åre Kongress AB in 2023, if Åre Kongress AB has not sold the arena before that, transferred to Holiday Club Sport And Spa Hotels AB. Holiday Club Resorts Oy and Holiday Club Sport And Spa Hotels AB are jointly responsible for the sales price of the arena towards Åre Kongress AB

### **Other liabilities and guarantees**

Other liabilities and guarantees contain a surety that the parent has given regarding the lease obligations of Holiday Club Sport and Spa Hotels Ab.

The surety equates the lease obligation of 12 months.

Holiday Club Canarias Sales & Marketing company has received claims from time share customers arguing that the contracts are null and void.

Total amount of received claims is 3,8 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain.

The company has received 76 claims out of which 15 rulings from the first instance courts. Based on these rulings the company has made an accrual that is estimated to cover possible future liabilities.

### **Derivative contracts**

Interest rate swaps valid at the end of the financial year were hedging in the interest rate risk arising from the loans with variable interest rate.

These interest rate swaps are effective hedges and will expire during the years 2019-2020. The company has also interest rate swaps that are not effective (no underlying asset). The negative fair values of the non-effective contracts will be recognised in the profit and loss statement in the financial years 1.4.2017-31.3.2020.

### **Liabilities from customer finance agreements**

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and OP Corporate Bank Oyj (OP Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives OP Financing the right to call in the financing or to terminate the financing contract. If OP Financing claims, Holiday Club Resorts Oy has committed to redeem the financing with the amount that corresponds 50 % of the current financing agreement balance between customer and OP Financing related to the purchase of the timeshare week. Redemption price may be at maximum 50 % of the original purchase price of the timeshare week.

The financing agreement between Holiday Club Resorts Oy and OP Corporate Bank Oyj has been amended on 2.11.2014 and by this amendment the 50 % redemption in question has been renounced with regard to new sales. This amendment does not apply to those timeshares that Holiday Club Resorts Oy finances on its own risk and of which Holiday Club Resorts Oy has in 2012 signed a 100 % buyback commitment.

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Danske Bank Oyj (Sampo Financing) the following:

If Sampo Financing terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies:

If Sampo Financing claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement.

The purchase price is 30 % of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue.

For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100 % buyback commitment is applied.

**RELATED PARTY TRANSACTIONS**

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Eur</b>	<b>1.4.2017- 31.3.2018</b>	1.4.2016- 31.3.2017	<b>1.4.2017- 31.3.2018</b>	1.4.2016- 31.3.2017
Sale of materials.....	-	-	<b>243,669.76</b>	79,211.21
Sale of services.....	-	-	<b>229,861.24</b>	233,872.19
Purchases of materials.....	-	-	<b>258,166.01</b>	346,462.13
Purchases of services.....	-	-	<b>1,365,223.17</b>	949,668.81
Paid rents.....	-	-	-	-
Interest income.....	-	-	<b>(387,088.54)</b>	393,154.45
Interest expenses.....	-	-	<b>241,024.58</b>	155,149.28

	<b>Group</b>	Group	<b>Parent</b>	Parent
<b>Rs</b>	<b>1.4.2017- 31.3.2018</b>	1.4.2016- 31.3.2017	<b>1.4.2017- 31.3.2018</b>	1.4.2016- 31.3.2017
Sale of materials.....	-	-	<b>19,654,402.84</b>	5,485,772.35
Sale of services.....	-	-	<b>18,540,607.62</b>	16,196,818.52
Purchases of materials.....	-	-	<b>20,823,670.37</b>	23,994,234.81
Purchases of services.....	-	-	<b>110,118,900.89</b>	65,769,313.59
Paid rents.....	-	-	-	-
Interest income.....	-	-	<b>(31,222,561.64)</b>	27,227,911.43
Interest expenses.....	-	-	<b>19,441,042.62</b>	10,744,863.39

**DATE AND SIGNATURES****Signatures of the financial statements and annual report**Helsinki, 27<sup>th</sup> April, 2018

\_\_\_\_\_  
**Arunkumar Nanda**  
 Chairman of the Board

\_\_\_\_\_  
**Sridar Iyengar**  
 Member of the Board

\_\_\_\_\_  
**Teuvo Salminen**  
 Member of the Board

\_\_\_\_\_  
**Vesa Tengman**  
 Member of the Board

\_\_\_\_\_  
**Klaus Stiebleichinger**  
 Member of the Board

\_\_\_\_\_  
**Iiro Rossi**  
 Member of the Board

**AUDITOR'S NOTE**

Auditor's report has been issued today.

Helsinki, 27<sup>th</sup> April, 2018

KPMG Oy Ab

\_\_\_\_\_  
**Esa Kailiala**  
 APA



**ADDITIONAL INFORMATION****COUNTRY WISE FINANCIAL HIGHLIGHTS – 2017-2018**

	(Euro in Mn)				
<b>Particulars</b>	<b>Finland</b>	<b>Sweden</b>	<b>Spain</b>	<b>Russia</b>	<b>Total</b>
Turnover	130.48	18.27	10.10	–	158.85
Other operating income	4.70	0.82	0.67	–	6.19
<b>Operating Profit</b>	<b>11.91</b>	<b>(0.21)</b>	<b>0.46</b>	<b>(0.13)</b>	<b>12.03</b>
Less: Depreciations and impairments	4.11	0.63	1.00	–	5.74
(Add)/Less Financial (income) and expenses	(3.38)	1.45	(0.13)	1.30	(0.76)
<b>Profit before Tax</b>	<b>4.42</b>	<b>0.61</b>	<b>(0.67)</b>	<b>1.17</b>	<b>5.53</b>
Add: Minority share + Extraordinary	0.18	–	–	–	0.18
Less: Taxes	(1.02)	–	0.02	0.01	(0.99)
<b>Profit after Tax</b>	<b>3.58</b>	<b>0.61</b>	<b>(0.65)</b>	<b>1.18</b>	<b>4.72</b>

## BOARD OF DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in the sale and trade of real estates, property management, investment activities and dealing in securities. The company may own and manage real estates, own other shares and securities.

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

The Company owns 4.24% of the shares of Holidays Club Resorts Oy (Corporate ID 2033337-1) as at March 31, 2018.

There were no personnel employed and no employee expenses were paid during the Financial Period.

### FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

### DIVIDENDS

The Company's assets eligible for distribution are Euros 2,135,704.58 (Rs. 172,265,931.42). The Company's assets for profit distribution are Euros 302,404.58 (Rs. 24,391,953.42) of which profit for the financial period Euros 49,815.32 (Rs. 4,018,103.71) and retained earnings Euros 252,589.26 (Rs. 20,373,849.71).

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows; no dividends are distributed and the profit for the financial period is retained in equity.

### DIRECTORS

The directors shown below have held office during the financial period under review:

Mr. Arunkumar Nanda, Chairman

Mrs. Akhila Balachandar

Mr. Iiro Rossi

Mr. Sadasivan Krishnan has been acting as a member of the board until 15<sup>th</sup> of March 2018.

### STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### SHARES OF THE COMPANY

The total number of shares is 124,320 shares. These shares have no nominal value. The Company did not issue shares during the financial period under review. All the shares have the same right to dividends and Company's assets.

### HOLDING COMPANY

The Company is a wholly owned subsidiary of Covington S.a.r.l. which in turn is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### ACKNOWLEDGEMENTS

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

Signed on behalf of the Board of Directors of HCR Management Oy in Helsinki 27<sup>th</sup> of April 2018.

**Arunkumar Nanda**  
Chairman of the Board

**Akhila Balachandar**  
Director

**Iiro Rossi**  
Director

## AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Reporting Requirements****Other Information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 27 April 2018

**KPMG OY AB**

ESA KAILIALA

*Authorised Public Accountant, KHT*

**ACCOUNTING PRINCIPLES**

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 1.4.2017 - 31.3.2018 and at the exchange rate of Rs 69.255 1.4.2016 - 31.3.2017 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT**

	<b>Eur</b>	<b>Rs.</b>	<b>Eur</b>	<b>Rs.</b>
	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2016- 31.3.2017</b>	<b>1.4.2016- 31.3.2017</b>
Other operative expenses .....	<b>(100.09)</b>	<b>(8,073.26)</b>	(2,832.52)	(196,166.17)
<b>PROFIT (LOSS) .....</b>	<b>(100.09)</b>	<b>(8,073.26)</b>	(2,832.52)	(196,166.17)
Dividend income.....	<b>50,188.80</b>	<b>4,048,228.61</b>	50,188.80	3,475,825.34
Interest expenses.....	<b>(273.39)</b>	<b>(22,051.64)</b>	(20,625.81)	(1,428,440.47)
<b>PROFIT (LOSS) BEFORE TAXES .....</b>	<b>49,815.32</b>	<b>4,018,103.71</b>	26,730.47	1,851,218.70
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR.....</b>	<b>49,815.32</b>	<b>4,018,103.71</b>	26,730.47	1,851,218.70

**BALANCE SHEET**

	Eur	Rs.	Eur	Rs.
	31.03.2018	31.03.2018	31.03.2017	31.03.2017
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Investments				
Other shares.....	2,094,675.20	168,956,501.63	2,094,675.20	145,066,730.98
<b>TOTAL FOR NON-CURRENT ASSETS.....</b>	<b>2,094,675.20</b>	<b>168,956,501.63</b>	<b>2,094,675.20</b>	<b>145,066,730.98</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents .....	43,529.38	3,511,079.79	24,225.41	1,677,730.77
<b>TOTAL FOR CURRENT ASSETS .....</b>	<b>43,529.38</b>	<b>3,511,079.79</b>	<b>24,225.41</b>	<b>1,677,730.77</b>
<b>TOTAL ASSETS .....</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>	<b>2,118,900.61</b>	<b>146,744,461.75</b>
<b>Liabilities</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital .....	2,500.00	201,650.00	2,500.00	173,137.50
Reserve for invested non-restricted equity.....	1,833,300.00	147,873,978.00	1,833,300.00	126,965,191.50
Retained earnings .....	252,589.26	20,373,849.71	225,858.80	15,641,851.19
Profit (loss) for the period.....	49,815.32	4,018,103.71	26,730.46	1,851,218.01
<b>TOTAL FOR SHAREHOLDERS' EQUITY.....</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>	<b>2,088,389.26</b>	<b>144,631,398.20</b>
<b>LIABILITIES</b>				
Long Term Liabilities .....	0.00	0.00	29,350.00	2,032,634.25
Short Term Liabilities .....	0.00	0.00	1,161.35	80,429.29
<b>TOTAL FOR LIABILITIES.....</b>	<b>0.00</b>	<b>0.00</b>	<b>30,511.35</b>	<b>2,113,063.54</b>
<b>TOTAL LIABILITIES.....</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>	<b>2,118,900.61</b>	<b>146,744,461.75</b>

**CASH FLOW STATEMENT**

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Operative Cash Flow</b>				
Cash paid to suppliers and employees .....	(100.09)	(8,073.26)	(2,832.52)	(196,166.17)
<b>Operative Cashflow before financing items and taxes ..</b>	<b>(1,261.44)</b>	<b>(101,747.75)</b>	<b>(5,690.49)</b>	<b>(394,094.88)</b>
Paid interest and other payments related to financing activities .....	(273.39)	(22,051.64)	(20,625.81)	(1,428,440.47)
Dividends received .....	50,188.80	4,048,228.61	50,188.80	3,475,825.34
<b>Operative Cash Flow .....</b>	<b>48,653.97</b>	<b>3,924,429.22</b>	<b>23,872.50</b>	<b>1,653,289.99</b>
<b>Financing Cash Flow</b>				
Proceeds from issuance of Equity .....	0.00	0.00	1,500,000.00	103,882,500.00
Withdrawals of Long Term Loans .....	0.00	0.00	0.00	0.00
Re-payments of Long Term Loans .....	(29,350.00)	(2,367,371.00)	(1,500,000.00)	(103,882,500.00)
<b>Financing Cash Flow .....</b>	<b>(29,350.00)</b>	<b>(2,367,371.00)</b>	<b>0.00</b>	<b>0.00</b>
<b>Net increase/decrease in cash and cash equivalents .....</b>	<b>19,303.97</b>	<b>1,557,058.22</b>	<b>23,872.50</b>	<b>1,653,289.99</b>
<b>Cash and cash equivalents at the beginning of the period ..</b>	<b>24,225.41</b>	<b>1,954,021.57</b>	<b>352.91</b>	<b>24,440.78</b>
<b>Cash and cash equivalents at the end of the period .....</b>	<b>43,529.38</b>	<b>3,511,079.79</b>	<b>24,225.41</b>	<b>1,677,730.77</b>

## NOTES TO THE ACCOUNTS

### NON CURRENT ASSETS

#### INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2017	2,094,675.20	2,094,675.20
<b>Acquisition Cost 31.3.2018</b>	<b>2,094,675.20</b>	<b>2,094,675.20</b>
<b>Book value 31.3.2018</b>	<b>2,094,675.20</b>	<b>2,094,675.20</b>

#### INVESTMENTS

Rs.	Shares, other	Total
Acquisition Cost 31.3.2017	168,956,501.63	168,956,501.63
<b>Acquisition Cost 31.3.2018</b>	<b>168,956,501.63</b>	<b>168,956,501.63</b>
<b>Book value 31.3.2018</b>	<b>168,956,501.63</b>	<b>168,956,501.63</b>

HCR Management Oy owns 4.24% of the shares of Holiday Club Resorts Oy.

#### SHAREHOLDERS' EQUITY

	Eur	Rs.
	31/3/2018	31/3/2018

#### RESTRICTED SHAREHOLDERS' EQUITY

Share Capital 31.3.2017	2,500.00	201,650.00
<b>Share Capital 31.3.2018</b>	<b>2,500.00</b>	<b>201,650.00</b>

#### RESTRICTED SHAREHOLDERS' EQUITY TOTAL

	<b>2,500.00</b>	<b>201,650.00</b>
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#### NON-RESTRICTED SHAREHOLDERS' EQUITY

Reserve for Invested non-restricted equity 31.3.2017	1,833,300.00	147,873,978.00
Proceeds from issuance of Equity	0.00	0.00

	Eur	Rs.
	31/3/2018	31/3/2018
<b>Reserve for Invested non-restricted equity 31.3.2018</b>	<b>1,833,300.00</b>	<b>147,873,978.00</b>
Retained earnings 31.3.2017	252,589.26	20,373,849.71
Dividends	0.00	0.00
<b>Retained earnings 31.3.2018</b>	<b>252,589.26</b>	<b>20,373,849.71</b>
<b>Profit for the period</b>	<b>49,815.32</b>	<b>4,018,103.71</b>

#### NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL

	<b>2,135,704.58</b>	<b>172,265,931.42</b>
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#### SHAREHOLDERS' EQUITY TOTAL

	<b>2,138,204.58</b>	<b>172,467,581.42</b>
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#### CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur	Rs.
	31/3/2018	31/3/2018
Reserve for invested non-restricted equity	1,833,300.00	147,873,978.00
Retained earnings	252,589.26	20,373,849.71
Profit for the period	49,815.32	4,018,103.71
<b>Total</b>	<b>2,135,704.58</b>	<b>172,265,931.42</b>

#### SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
<b>Total</b>	<b>124,320</b>	<b>2,500.00</b>

Rs.	pcs	Rs.
1 vote/share	124,320	201,650.00
<b>Total</b>	<b>124,320</b>	<b>201,650.00</b>

### SHORT TERM LIABILITIES

	Eur	Rs.	Eur	Rs.
	31/3/2018	31/3/2018	31/3/2017	31/3/2017
Bank Loans	0.00	0.00	0.00	0.00
Accrued interest	0.00	0.00	1,161.35	80,429.29
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>1,161.35</b>	<b>80,429.29</b>

### OTHER NOTES

#### COLLATERALS GIVEN

#### ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur	Rs.	Eur	Rs.
	31/3/2018	31/3/2018	31/3/2017	31/3/2017
Other Loans	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Pledged assets	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



## NOTES TO THE ACCOUNTS

### Signing of the annual report and the board of directors report.

Helsinki, 27<sup>th</sup> April, 2018

**Arunkumar Nanda**  
Chairman of the Board

**Akhila Balachandar**  
Member of the Board

**Iiro Rossi**  
Member of the Board, CEO

### APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

Helsinki, 27<sup>th</sup> April, 2018

KPMG Oy Ab

**Esa Kalliala**  
KHT

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business. There have been no significant changes in the nature of the principal activities during the financial period under review.

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 38,721 thousand (Rs. 305,897 thousand) and made profit/loss of SEK -4,044 thousand (Rs. -31,951 thousand).

### Dividend

No dividend was proposed for the financial year ended March 31, 2018.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Tapio Anttila
- 2) Iiro Rossi
- 3) Anne Oravainen

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results

of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Holiday Club Sweden AB

**Tapio Anttila**  
Director

**Iiro Rossi**  
Director

**Anne Oravainen**  
Director

Place: Åre  
Date: April 24, 2018

## AUDITOR'S REPORT

**To the general meeting of the shareholders of Holiday Club Sweden AB, corporate identity number 556683-0385.**

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Holiday Club Sweden AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sweden AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sweden AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sweden AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting,

management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

**Öhrlings PricewaterhouseCoopers AB**

**Magnus Olsson**  
Authorized Public Accountant

Sundsvall 24<sup>th</sup> April, 2018

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The purpose of Holiday Club Sweden AB, Corporate Identity Number 556683-0385, is to fulfil parent company Holiday Club Resorts (HCR) OY's expansion plans in Sweden through the operation of hotel and experience facilities and timeshare activities.

Holiday Club currently only operates timeshare activities. The hotel are operated by Holiday Club Sport and Spa Hotels AB. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 which is the Bloomberg rate as on 31st March 2018.

### Multi-year review kSEK

	2017/18 kSEK	2016/17 kSEK	2014/16 kSEK	2013/14 kSEK
Net sales .....	33,478	64,080	54,933	18,903
Profit/loss after financial items .....	(4,044)	6,709	(8,284)	(6,976)
Equity/assets ratio .....	62.3%	62.4%	51.0%	51.6%

### Multi-year review kINR

	2017/18 kINR	2016/17 kINR	2014/16 kINR	2013/14 kINR
Net sales .....	264,476	506,232	2,089,362	3,999,233
Profit/loss after financial items .....	(31,951)	53,001	(252,414)	418,709
Equity/assets ratio ...	62.3%	62.4%	51.0%	51.6%

### Changes in equity

	Share capital	Retained earnings	Net profit/loss for the year	Total
Amount at beginning of year according to adopted balance sheet .....	100 kSEK 790 kINR	138,522 kSEK 1,094,330 kINR	6,709 kSEK 53,000 kINR	145,331 kSEK 1,148,120 kINR
Appropriation of profits as resolved by the AGM .....				
To be carried forward .....		6,709 kSEK 53,000 kINR	(6,709) kSEK (53,000) kINR	
Profit/Loss for the year .....			(4,044) kSEK (3,1951) kINR	(4,044) kSEK (3,1951) kINR
<b>Amount at year-end .....</b>	<b>100 kSEK 790 kINR</b>	<b>145,232 kSEK 1,147,330 kINR</b>	<b>(4,044) kSEK (31,951) kINR</b>	<b>141,287 kSEK 1,116,168 kINR</b>

### Shareholders contribution

The shareholders have left shareholder contributions totaling 121.750 kSEK (961.825kINR).

### Proposed Appropriation of Profits

	kSEK	kINR		kSEK	kINR
The following profits are at the disposal of the Annual General Meeting:			The Board of Directors proposes that the available profits be appropriated as follows:		
Profit/loss brought forward .....	145,232	1,147,330	Profit/loss brought forward .....	141,187	1,115,379
Profit/Loss for the year .....	(4,044)	(31,951)			
<b>Total .....</b>	<b>141,187</b>	<b>1,115,379</b>	<b>Total .....</b>	<b>141,187</b>	<b>1,115,379</b>

## INCOME STATEMENT

	Note	1-Apr-2017 – 31 Mar 2018 kSEK	1-Apr-2017 – 31 Mar 2018 kINR	1-Apr-2016 – 31 Mar 2017 kSEK	1-Apr- 2016 – 31 Mar 2017 kINR
<b>Operating income, changes in inventory, etc.</b>					
Net sales .....		33,478	264,478	64,080	465,221
Other operating income .....		5,243	41,419	6,986	50,721
<b>Total operating income, changes in inventory, etc.</b>		<b>38,721</b>	<b>305,897</b>	71,066	515,942
<b>Operating expenses</b>					
Raw materials and consumables.....		(20,948)	(165,491)	(40,681)	(295,341)
Other external expenses .....		(15,095)	(119,251)	(13,252)	(96,209)
Personnel costs .....	2	(8,069)	(63,744)	(13,353)	(96,944)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets .....		(111)	(875)	(111)	(804)
<b>Total operating expenses</b> .....		<b>(44,223)</b>	<b>(349,362)</b>	(67,396)	(489,298)
<b>Operating profit/loss</b> .....		<b>(5,502)</b>	<b>(43,464)</b>	3,670	26,644
<b>Financial items</b>					
Share of profits from interests in associates.....		0	0	2,106	15,289
Other interest income and similar profit/loss items .....	3	4,764	37,637	4,322	31,377
Interest and similar expenses .....	4	(3,307)	(26,124)	(3,389)	(24,604)
<b>Total financial items</b> .....		<b>1,457</b>	<b>11,513</b>	3,039	22,062
<b>Profit/loss after financial items</b> .....		<b>(4,044)</b>	<b>(31,951)</b>	6,709	48,706
<b>Profit/Loss before tax</b> .....		<b>(4,044)</b>	<b>(31,951)</b>	6,709	48,706
<b>Profit/Loss for the year</b> .....		<b>(4,044)</b>	<b>(31,951)</b>	6,709	48,706

**BALANCE SHEET**

	Note	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
<b>Non-current assets</b>					
<i>Property, plant and equipment</i>					
Land and buildings.....	5	4,392	34,696	7,121	51,701
Current new developments.....	6	0	0	33,792	245,333
<b>Total property, plant and equipment .....</b>		<b>4,392</b>	<b>34,696</b>	40,914	297,034
<i>Financial non-current assets</i>					
Participations in Group companies.....	7	9,347	73,841	9,297	67,496
Receivables from Group companies .....	8	122,568	968,285	118,370	859,369
Other securities held as non-current assets .....		22	176	76	554
Other non-current receivables.....					
<b>Total financial assets .....</b>		<b>131,937</b>	<b>1,042,301</b>	127,743	927,414
<b>Total non-current assets .....</b>		<b>136,329</b>	<b>1,076,997</b>	168,657	1,224,448
<b>Current assets</b>					
<i>Inventories etc.</i>					
Raw materials and consumables.....		28,514	225,263	37,216	270,189
Other inventory assets.....		17,908	141,473	0	0
<b>Total inventories .....</b>		<b>46,422</b>	<b>366,737</b>	37,216	270,189
<i>Current receivables</i>					
Trade receivables.....		3,559	28,117	2,061	14,965
Receivables from Group companies .....		15,350	121,267	10,265	74,527
Other receivables.....		199	1,575	5,419	39,343
Prepaid expenses and accrued income.....		20,482	161,807	4,151	30,139
<b>Total current receivables.....</b>		<b>39,591</b>	<b>312,766</b>	21,897	158,974
<i>Cash and bank balances.....</i>					
Cash and bank balances .....		4,371	34,531	5,262	38,202
<b>Total cash and bank balances.....</b>		<b>4,371</b>	<b>34,531</b>	5,262	38,202
<b>Total current assets .....</b>		<b>90,384</b>	<b>714,034</b>	64,375	467,365
<b>Total assets.....</b>		<b>226,713</b>	<b>1,791,031</b>	233,033	1,691,815

**BALANCE SHEET**

	Note	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 1000 shares.....		100	790	100	726
<i>Total restricted equity</i> .....		100	790	100	726
<i>Non-restricted equity</i>					
Profit/loss brought forward.....		145,232	1,147,330	138,523	1,005,675
Profit/Loss for the year.....		(4,044)	(31,951)	6,709	48,706
<i>Total Non-restricted equity</i> .....		141,187	1,115,379	145,232	1,054,381
<b>Total equity</b> .....		141,287	1,116,169	145,332	1,055,107
<b>Non-current liabilities</b> .....					
	9, 10				
Liabilities to Group companies .....		68,699	542,722	78,414	569,285
Other liabilities .....		0	0	669	4,856
<b>Total non-current liabilities</b> .....		68,699	542,722	79,083	574,141
<b>Current liabilities</b> .....					
	10				
Advances from customers					
Trade creditors.....		1,928	15,231	1,538	11,166
Liabilities to Group companies .....		6,091	48,122	2,864	20,796
Other liabilities .....		6,293	49,719	1,886	13,694
Accrued expenses and deferred income .....		2,414	19,069	2,330	16,913
<b>Total current liabilities</b> .....		16,727	132,141	8,618	62,568
<b>Total equity and liabilities</b> .....		226,713	1,791,031	233,033	1,691,815



## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

#### Service assignments and contract work

The Company's income from assignments undertaken on a fixed price basis is recognised according to the main rule.

#### Amortisation

Land and buildings 30 years

#### Definitions of key performance indicators

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Disclosures to the Income Statement

#### Note 2 Personnel

	1 Apr 2017 – 31 Mar 2018	1 Apr 2016 – 31 Mar 2017
Average number of employees, etc.	19	23

#### Note 3 Other interest income and similar profit/loss items

	1 Apr 2017 – 31 Mar 2018	1 Apr 2017 – 31 Mar 2018	1 Apr 2016 – 31 Mar 2017	1 Apr 2016 – 31 Mar 2017
	kSEK	kINR	kSEK	kINR
Of which from Group companies	4,759	37,595	4,310	31,289

#### Note 4 Interest expense and similar profit/loss items

	1 Apr 2017 – 31 Mar 2018	1 Apr 2017 – 31 Mar 2018	1 Apr 2016 – 31 Mar 2017	1 Apr 2016 – 31 Mar 2017
	kSEK	kINR	kSEK	kINR
Of which from Group companies	3,297	26,043	3,118	22,637

#### Note 7 Participations in Group companies

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	9,297	73,446	10,731	77,909
- Purchases	50	395	0	0
- Sales	0	0	(1,434)	(10,414)
Carrying amount	9,347	73,841	9,297	67,496

Name	Equity kSEK	Net profit/loss kSEK	Equity kINR	Net profit/loss kINR
Ownership Service AB 556676-0327 Åre	2,041	(27)	16,126	(210)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	9,138	(7,958)	72,187	(62,871)
HC Canarias Investment S.L B-76081603 Las Palmas	29	(2)	233	(19)
HC Canarias Resort Management S.L B-76081629 Las Palmas	33,744	2,132	266,574	16,844
HC Sport and Spahotels AB 559032-5733 Åre	3,724	(3,284)	29,423	(25,940)
Åre Villa 1 AB 556996-2177 Åre	50	0	395	0
Åre Villa 2 AB 556996-2250 Åre	50	0	395	0
Åre Villa 3 AB 559137-7659 Åre	50	14,211	395	112,267
Total	48,826	5,072	385,728	40,072

### Balance sheet disclosures

#### Note 5 Land and buildings

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	8,189	64,697	13,323	96,722
Sales	(2,619)	(20,687)	(5,133)	(37,267)
Closing cost of acquisition	5,571	44,010	8,189	59,455
Opening depreciation/amortisation	(1,068)	(8,439)	(957)	(6,951)
- Depreciation for the year	(111)	(875)	(111)	(804)
Closing depreciation	(1,179)	(9,314)	(1,068)	(7,755)
Carrying amount	4,392	34,696	7,121	51,700

#### Note 6 Current new developments

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	33,792	266,957		
Purchase			33,792	266,957
Sales	(33,792)	(266,957)		
	0	0	33,792	266,957
- Depreciation for the year	0	0	0	0
Closing depreciation	0	0	0	0
Carrying amount	0	0	33,792	266,957

Name	Number of shares	Share of equity, %	Carrying amount, 31 Mar 2018 SEK	Carrying amount, 31 Mar 2018 kINR
Ownership Service AB	1,000	100	100	790
HC Canarias Sales & Marketing	1	100	9	75
HC Canarias Resort Management	1	100	9	75
HC Canarias Investment	1	100	78	616
Holiday Club Sport and Spa Hotels AB	510,000	51	9,000	71,100
Åre Villa 1 AB	50,000	100	50	395
Åre Villa 2 AB	50,000	100	50	395
Åre Villa 3 AB 559137-7659 Åre	50,000	100	50	395
			<b>9,347</b>	<b>73,841</b>

**Note 8 Receivables from Group companies**

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	118,370	935,126	179,503	1,303,189
Ductible receivables	9,340			
– Deductible receivables	(5,142)	(40,623)	(14,902)	(108,190)
– Reclassification	0	0	-46,230	(335,630)
Carrying amount	<b>122,568</b>	<b>894,503</b>	<b>118,370</b>	<b>1,194,998</b>

**Note 9 Non-current liabilities**

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Non-current liabilities maturing more than five years after the balance sheet date:				
Liabilities to Group companies	134,237	1,060,474	122,221	887,324
Total	<b>134,237</b>	<b>1,060,474</b>	<b>122,221</b>	<b>887,324</b>

**Note 10 Parent Company**

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

**Note 10 Pledged assets**

	1 Apr 2017 – 31 Mar 2018 kSEK	1 Apr 2017 – 31 Mar 2018 kSEK	1 Apr 2016 – 31 Mar 2017 kINR	1 Apr 2016 – 31 Mar 2017 kINR
Mortgages	0	0	4,000	29,040
Other pledged assets	26,952	212,922	37,216	270,188
<b>Total pledged assets</b>	<b>26,952</b>	<b>212,922</b>	<b>41,216</b>	<b>299,228</b>

Stockholm 24<sup>th</sup> April, 2018

Tapio Anttila  
CEO

Iiro Rossi

Anne Oravainen

Our auditor's report has been submitted 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson  
Authorized Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in renting business administration and management of tenant-owner associations.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of SEK 26,532 (Rs. 209,603).

### Dividend

No dividend was proposed for the financial year ended March 31, 2018.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Tapio Anttila
- 2) Iiro Rossi
- 3) Anne Oravainen

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Ownership Service Sweden AB

**Tapio Anttila**  
Director

**Iiro Rossi**  
Director

**Anne Oravainen**  
Director

Place: Åre  
Date: April 24, 2018

## AUDITOR'S REPORT

**To the general meeting of the shareholders of ownership Service Sweden AB, corporate identity number 556676-0327.**

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of ownership Service Sweden AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of ownership Service Sweden AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for ownership Service Sweden AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of ownership Service Sweden AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

Place: Sundsvall  
Date: 24<sup>th</sup> April, 2018

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The company's operations consist of administrative and technical management of tenant-owner associations.

The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 which is the Bloomberg rate as on 31st March 2018.

### MULTI-YEAR REVIEW kSEK

	2017/18 kSEK	2016/17 kSEK	2015/16 kSEK (15 month)	2014 kSEK
Balance sheet total, kSEK .....	11,203	9,908	9,691	8,095
Equity/assets ratio...	18.0%	20.6%	21.3%	26.1%

### MULTI-YEAR REVIEW kINR

	2017/18 kINR	2016/17 kINR	2015/16 kINR (15 month)	2014 kINR
Balance sheet total, kINR .....	88,504	78,273	76,559	63,951
Equity/assets ratio ...	18.0%	20.6%	21.3%	26.1%

### CHANGES IN EQUITY

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Amount at beginning of year according to adopted balance sheet .....	100000SEK 790000INR	1966191SEK 15532909 INR	(24952SEK) (197121INR)	2041239SEK 16125788INR

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Appropriation of profits as resolved by the AGM.....				
To be carried forward		(24952SEK) (197121INR)	24952SEK 197121INR	
Profit/loss for the year .....			(26532SEK) (209603INR)	(26532SEK) (209603INR)
Balance at year-end .....	100000SEK 790000INR	1941239SEK 15335788INR	(26532SEK ) (209603INR)	2014707SEK 15916185INR

### PROPOSED APPROPRIATION OF PROFITS

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit bought forward.....	1,941,239	15,335,788
Profit/Loss for the year .....	(26,532)	(209,603)
<b>Total</b>	<b>1,914,707</b>	<b>15,126,185</b>
The Board of Directors proposes that the available profits be appropriated as follows:		
Profit/loss brought forward .....	1,914,707	15,126,185
<b>Total</b>	<b>1,914,707</b>	<b>15,126,185</b>

**INCOME STATEMENT**

	Note	1 Apr 2017 –31 Mar 2018 SEK	1 Apr 2017 –31 Mar 2018 INR	1 Apr 2016 –31 Mar 2017 SEK	1 Apr 2016 –31 Mar 2017 INR
<b>Operating expenses</b>					
Other external expenses .....		(26,709)	(211,001)	(24,952)	(181,152)
<b>Total operating expenses</b> .....		<b>(26,709)</b>	<b>(211,001)</b>	(24,952)	(181,152)
<b>Operating profit/loss</b> .....		<b>(26,709)</b>	<b>(211,001)</b>	(24,952)	(181,152)
<b>Financial items</b>					
Other interest income and similar profit/loss items .....		177	1,398	0	0
<b>Total financial items</b> .....		<b>177</b>	<b>1,398</b>	0	0
<b>Profit/loss after financial items</b> .....		<b>(26,532)</b>	<b>(209,603)</b>	(24,952)	(181,152)
<b>Profit/Loss before tax</b> .....		<b>(26,532)</b>	<b>(209,603)</b>	(24,952)	(181,152)
<b>Profit/Loss for the year</b> .....		<b>(26,532)</b>	<b>(209,603)</b>	<b>(24,952)</b>	<b>(181,152)</b>

**BALANCE SHEET**

	Note	31-Mar-18 SEK	31-Mar-18 INR	31-Mar-17 SEK	31-Mar-17 INR
<b>Assets</b>					
<b>Current assets</b> .....					
<i>Current receivables</i> .....					
Trade receivables.....		1,401,667	11,073,169	1,363,413	9,898,378
Receivables from Group comp.....		2,372,954	18,746,337	2,355,454	17,100,596
<b>Total current receivables</b> .....		<u>3,774,621</u>	<u>29,819,506</u>	<u>3,718,867</u>	<u>26,998,974</u>
<i>Cash and bank balances</i>					
Cash and bank balances .....		7,428,191	58,682,709	6,189,292	44,934,260
<b>Total cash and bank balances</b> .....		<u>7,428,191</u>	<u>58,682,709</u>	<u>6,189,292</u>	<u>44,934,260</u>
<b>Total current assets</b> .....		<u>11,202,812</u>	<u>88,502,215</u>	<u>9,908,159</u>	<u>71,933,234</u>
<b>Total assets</b> .....		<u>11,202,812</u>	<u>88,502,215</u>	<u>9,908,159</u>	<u>71,933,234</u>
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital.....		100,000	790,000	100,000	726,000
<b>Total restricted equity</b> .....		<u>100,000</u>	<u>790,000</u>	<u>100,000</u>	<u>726,000</u>
<i>Non-restricted equity</i>					
Profit brought forward .....		1,941,239	15,335,788	1,966,191	14,274,547
Profit/Loss for the year .....		(26,532)	(209,603)	(24,952)	(181,152)
<b>Total Non-restricted equity</b> .....		<u>1,914,707</u>	<u>15,126,185</u>	<u>1,941,239</u>	<u>14,093,395</u>
<b>Total equity</b> .....		<u>2,014,707</u>	<u>15,916,185</u>	<u>2,041,239</u>	<u>14,819,395</u>
<b>Current liabilities</b>					
Other liabilities		9,188,105	72,586,030	7,858,796	57,054,859
Accrued exp and deferred inc .....		0	0	8,124	58,980
<b>Total current liabilities</b> .....		<u>9,188,105</u>	<u>72,586,030</u>	<u>7,866,920</u>	<u>57,113,839</u>
<b>Total equity and liabilities</b> .....		<u>11,202,812</u>	<u>88,502,215</u>	<u>9,908,159</u>	<u>71,933,234</u>



## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

#### *Definitions of key performance indicators*

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24<sup>th</sup> April, 2018.

Åre 24<sup>th</sup> April, 2018

**Iiro Rossi**

**Tapio Anttila**

**Anne Oravainen**

Our auditor's report has been submitted 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**

Authorized Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is currently acting as a Holding Company for Holiday Club Canarias Sales & Marketing S.L.U. and Holiday Club Canarias Resort Management S.L.U.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of EUR -2 thousand (INR 152 thousand).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Calvin Stuart Lucock
- 2) Anne Oravainen

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a wholly owned subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors of  
Holiday Club Canarias Investment S.L.U.

**Calvin Stuart Lucock**  
Director

**Anne Oravainen**  
Director

Place: Mogán  
Date: April 16, 2018

## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

**Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.**

**To the Sole Shareholder of HOLIDAY CLUB CANARIAS INVESTMENT, SLU:**

### Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU, (the Company) which comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

### *Balances with related parties*

As shown in the balance sheet, the items of assets and liabilities with the highest amount correspond, respectively, to "Short-term investments in Group, Multigroup and Associate companies", amounting to 883,071 euros, and "Short term debts with Group and Associated Companies", amounting to 888,418 euros (see note 10 of the report). These items represent practically all of the assets and liabilities of the balance sheet. Due to the monetary relevance of said items and the linking of balances, the valuation of said credits has been considered a relevant aspect, especially the collectability of the asset figure.

Our procedures included the analysis of the reconciliation of the balances with the group companies, as well as the collectability of the asset's item. To this end, the Annual Accounts of the group's companies have been audited by us.

### Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

### Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design

and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

**RSM SPAIN AUDITORS, S.L.P.**  
(n ROAC S2158)

**Javier AL VAREZ CABRERA**  
(n ROAC 16092)

Las Palmas de Gran Canaria, on April 17<sup>th</sup> 2018

**BALANCE SHEET AT MARCH 31, 2018**

ASSET	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) NON CURRENT ASSET</b>					
IV. Long-Term investments in group companies and associates .....	5	6,200	500,092	6,200	429,412
<b>TOTAL A</b> .....		<u>6,200</u>	<u>500,092</u>	<u>6,200</u>	<u>429,412</u>
<b>B) CURRENT ASSETS</b>					
III. Trade and other receivables .....	5	783	63,162	796	55,164
3. Other Debtors.....		783	63,162	796	55,164
IV. Short-term investments in Group, Multigroup and Associate companies.....	5-10	883,071	71,228,523	807,950	55,958,602
VII. Cash and equivalent liquid assets .....	5	1,232	99,373	761	52,740
<b>TOTAL B</b> .....		<u>885,086</u>	<u>71,391,059</u>	<u>809,508</u>	<u>56,066,507</u>
<b>TOTAL ASSET (A + B)</b> .....		<u>891,286</u>	<u>71,891,151</u>	<u>815,708</u>	<u>56,495,919</u>

		(Euros)	(Rupees)	(Euros)	(Rupees)
	Notes	2017/18	2017/18	2016/17	2016/17
<b>TOTAL EQUITY AND LIABILITIES</b>					
<b>A) TOTAL EQUITY</b>					
<b>A-1) EQUITY</b>		<u>2,868</u>	<u>231,329</u>	<u>4,755</u>	<u>329,355</u>
<b>I. Capital</b>	<b>7</b>	<b>3,100</b>	<b>250,046</b>	<b>3,100</b>	<b>214,706</b>
1. Share Capital .....		<b>3,100</b>	<b>250,046</b>	<b>3,100</b>	<b>214,706</b>
<b>III. Reserves</b> .....		<b>1,901</b>	<b>153,306</b>	<b>1,901</b>	<b>131,639</b>
<b>V. Profit &amp; Loss from previous periods</b> .....		<b>(7,278)</b>	<b>(587,039)</b>	<b>(4,352)</b>	<b>(301,424)</b>
<b>VI. Partner Contributions</b> .....		<b>7,033</b>	<b>567,252</b>	<b>7,033</b>	<b>487,080</b>
<b>VII. Result for the period (losses)</b> .....	<b>3</b>	<b>(1,887)</b>	<b>(152,237)</b>	<b>(2,926)</b>	<b>(202,646)</b>
<b>TOTAL A</b>		<u><b>2,868</b></u>	<u><b>231,329</b></u>	<u><b>4,755</b></u>	<u><b>329,355</b></u>
<b>C) CURRENT LIABILITIES</b>					
<b>IV. Short term debts with Group and Associated Companies</b> .....	<b>6-10</b>	<b>888,418</b>	<b>71,659,822</b>	<b>757,282</b>	<b>52,449,342</b>
<b>V. Trade Creditors and other Accounts payable</b> .....		<b>0</b>	<b>0</b>	<b>53,671</b>	<b>3,717,222</b>
2. Sundry Creditors.....		<b>0</b>	<b>0</b>	<b>53,671</b>	<b>3,717,222</b>
<b>TOTAL C</b> .....		<u><b>888,418</b></u>	<u><b>71,659,822</b></u>	<u><b>810,952</b></u>	<u><b>56,166,564</b></u>
<b>TOTAL EQUITY AND LIABILITIES (A + C)</b> .....		<u><u><b>891,286</b></u></u>	<u><u><b>71,891,151</b></u></u>	<u><u><b>815,708</b></u></u>	<u><u><b>56,495,919</b></u></u>

**PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018**

CONCEPTS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
7. Other operating expenses .....	9	(1,857)	(149,819)	(2,873)	(198,959)
13. Other results .....		(30)	(2,418)	55	3,846
<b>A.1) OPERATING INCOME (LOSS)</b>		<b>(1,887)</b>	<b>(152,238)</b>	<b>(2,817)</b>	<b>(195,113)</b>
14. Financial Income .....		0	1	0	1
15. Financial Expenses .....	9	0	0	(109)	(7,534)
<b>A.2) FINANCIAL PROFIT &amp; LOSS (LOSS)</b> .....		<b>0</b>	<b>1</b>	<b>(109)</b>	<b>(7,533)</b>
<b>A.3) PROFIT BEFORE TAXES (LOSS)</b> .....		<b>(1,887)</b>	<b>(152,237)</b>	<b>(2,926)</b>	<b>(202,646)</b>
19. Corporate Income Tax .....	8	0	0	0	0
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (LOSS)</b> .....		<b>(1,887)</b>	<b>(152,237)</b>	<b>(2,926)</b>	<b>(202,646)</b>

## 2017/2018 ABRIDGED FINANCIAL REPORT

### 1. THE COMPANY'S BUSINESS

- 1.1. HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U. was set up as a limited corporation on December 9, 2010, before the Notary Public Valentin Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.
- 1.2. On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22<sup>nd</sup>, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1<sup>st</sup> to September 30<sup>th</sup> was changed. However, in February the 1<sup>st</sup> 2016 the General Meeting of the company decided to modify the beginning and the end of the financial period in the Company Bylaws and now is from April 1<sup>st</sup> till March 31<sup>st</sup> every year.
- 1.3. The main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real- estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use.
- 1.4. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogan (Gran Canaria).
- 1.5. The Company is dominant in the Holiday Club group under the terms of the article 42 of the Commercial Code. However, it does not prepare consolidated annual accounts because it does not exceed the limits set forth in the Capital Companies Law, so the following annual accounts refer exclusively to Holiday Club Canarias Investment, S.L.U.

### 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2018

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

#### 2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

#### 2.2. Non-Mandatory Accounting Principles Applied:

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied. The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

#### 2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

In the drafting of Annual Accounts for the financial year ending on March 31, 2018, it was not necessary for the Corporate Administrative Body to use any estimates to appraise assets, liabilities and expenses.

On the other hand, the Administrative Body is not aware of any uncertainties relative to conditions from which any doubts could arise, regarding the fact that the company is still operating normally. Therefore, the Annual Accounts have been prepared by the Administrative Body following the principals of a functioning company.

#### 2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2018.



### 3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31<sup>st</sup>, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31<sup>st</sup>, 2017, is as follows:

<u>Euros</u>		
<b>Distribution Balance</b>	<b>2017/18</b>	2016/17
Financial period Losses	<u>(1,887)</u>	<u>(2,926)</u>
<b>Total</b>	<b><u>(1,887)</u></b>	<b><u>(2,926)</u></b>
<b>Distribution</b>		
Losses accumulated from previous Financial Periods	<u>(1,887)</u>	<u>(2,926)</u>
<b>Total</b>	<b><u>(1,887)</u></b>	<b><u>(2,926)</u></b>
<u>Rupees</u>		
<b>Distribution Balance</b>	<b>2017/18</b>	2016/17
Financial period Losses	<u>(152,237)</u>	<u>(202,646)</u>
<b>Total</b>	<b><u>(152,237)</u></b>	<b><u>(202,646)</u></b>
<b>Distribution</b>		
Losses accumulated from previous Financial Periods	<u>(152,237)</u>	<u>(202,646)</u>
<b>Total</b>	<b><u>(152,237)</u></b>	<b><u>(202,646)</u></b>

### 4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

#### 4.1. Financial Instruments

The breakdown of the financial assets is as follows:

- Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.
- Investments in group, multi-group and associated companies: Investments in group companies are initially valued at their cost, plus transaction costs. The subsequent valuation is due to its cost lessened by the accumulated amount of the valuation adjustments for impairment that may exist.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances

of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

#### 4.2. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

#### 4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

No current tax expense has been recorded in the year, because of the negative tax base results. Deferred tax assets have not been recognized on negative tax bases and unapplied tax deductions, since it is estimated that, although it is probable, there is no certainty that the Company has future taxable income that will allow their application.

#### 4.4. Income and Expenses

Income has been recognized a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been determined reliably.

#### 4.5. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

## 5. FINANCIAL ASSETS

### 5.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	883,281	808,175
Liquid Assets	-	-	-	-	1,232	761
<b>Totals</b>	-	-	-	-	<b>884,513</b>	<b>808,937</b>

  

Rupees	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	71,245,470	55,974,223
Liquid Assets	-	-	-	-	99,373	52,740
<b>Totals</b>	-	-	-	-	<b>71,344,843</b>	<b>56,026,963</b>

### 5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term and all the loans and receivables with companies of the group and associated, for the amount of 883,071 Euros (71,228,507 Rupees) and debtors for the amount of 210 Euros (16,939 Rupees)

### 5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2018 is detailed below:

1) Name: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the sale of rights of use by turn of real property of the resorts Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma. Percentage of direct participation: 100%

Figures of the balance 2017/18: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (250,046 Rupees)
- Reserves: 5,396,060 Euros (435,246,200 Rupees)
- Grants: 349,124 Euros (28,160,342 Rupees)
- Losses from previous periods: (4,085,956) Euros (329,573,211 Rupees)
- Result for the period (losses): (876,301) Euros (70,682,439 Rupees)

Value of participation:

- theoretical value: 786,027 (63,400,938 Rupees)
- book value: 3,100 Euros (250,046 Rupees)

2) Name: HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the hotel resorts management (Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma).

Percentage of direct participation: 100%

Figures of the balance 2017/18: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (250,046 Rupees)
- Reserves: 3,306,789 Euros (266,725,601 Rupees)
- Losses from previous periods: (236,134) Euros (19,046,568) Rupees)
- Result for the period (profit): 232,734 Euros (18,772,324 Rupees)

Value of participation:

- theoretical value: 3,306,488 Euros (266,701,322 Rupees)
- book value: 3,100 Euros (250,046 Rupees)

b) There are not movements during 2017/18 and 2016/17 in equity instruments in companies of the group and associated.

## 6. FINANCIAL LIABILITIES

### 6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

<u>Euros</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>
<u>Short-term Financial Liabilities</u>						
Debits and Payables	-	-	-	-	<b>888,418</b>	757,282
<b>Totals</b>					<b>888,418</b>	757,282

<u>Rupees</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>
<u>Short-term Financial Liabilities</u>						
Debits and Payables	-	-	-	-	<b>71,659,822</b>	52,449,317
<b>Totals</b>					<b>71,659,822</b>	52,449,317

### 6.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to 'Debts with companies of the Group and associates in the short term

## 7. EQUITY

7.1. The Share Capital comes to 3,100 Euros (250,046 Rupees), divided into thirty-one shares at face value of 100 Euros (8,066 Rupees) each.

7.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Sweden AB.

## 8. FISCAL POSITION

### 8.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27<sup>th</sup> November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

### 8.2. Individual tax base

The accounting result and the taxable base of the Corporate Tax don't differ. This means that the company has losses in this period for the amount of 1,887 Euros (152,205 Rupees).

Notwithstanding the aforesaid, the Company is taxed within a group in which it is the parent company, subject to the special tax system of consolidated taxation. The generated taxable income that would be offset in future periods is compensated with positive taxable bases generated in the Group.

Loans between companies in the Group to cover negative taxable bases, have been recorded in the Company's accounting.

As per current legislation, taxes cannot be considered to have been settled until the returns presented have been inspected by the Revenue Service or the four-year statute of limitations has passed.

Therefore, at the date of closing, the Company has all taxes applicable corresponding to the last four years, including its Corporate Tax for the period 2017/2018, available for inspection.

The Administrative body of the Company considers that the abovementioned taxes have all been adequately settled, for which, even in the event of discrepancies in the interpretation of current regulations in the fiscal treatment practised on the operations, possible resulting liabilities, in the event they should materialise, would not significantly affect the attached abridged yearly accounts.

### 8.3 Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2017/2018, the Company has not applied any tax incentives.

**9. INCOME AND EXPENSES**

The Company has carried out the following operations in this period, which are reflected in the corresponding heading in the Profit and Loss Account:

## a) External Services:

<u>Euros</u>	2017/18	2016/17
Professional services	770	657
<b>Bank Services and Similar</b>	<b>14</b>	<b>15</b>
Local Tax	1,074	2,201
<b>Totals</b>	<b>1,857</b>	<b>2,873</b>

<u>Rupees</u>	2017/18	2016/17
Professional services	62,078	45,479
<b>Bank Services and Similar</b>	<b>1,140</b>	<b>1,039</b>
Local Tax	86,601	152,441
<b>Totals</b>	<b>149,819</b>	<b>198,959</b>

**10. TRANSACTIONS WITH RELATED PARTIES**

The balances at March 31, 2018 and 2017 with related companies are as follows:

<u>Euros</u>	2017/2018		2016/2017	
	Debit Balances	Credit Balances	Debit Balances	Credit Balances
<b>Company</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	888,418	-	757,282
Holiday Club Canarias Resort Managemet, SLU	883,071	-	807,950	-
<b>Totals</b>	<b>883,071</b>	<b>888,418</b>	<b>807,950</b>	<b>757,282</b>

<u>Rupees</u>	2017/2018		2016/2017	
	Debit Balances	Credit Balances	Debit Balances	Credit Balances
<b>Company</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	71,659,822	-	52,449,342
Holiday Club Canarias Resort Managemet, SLU	71,228,523	-	55,958,602	-
<b>Totals</b>	<b>71,228,523</b>	<b>71,659,822</b>	<b>55,958,602</b>	<b>52,449,342</b>

The Company endorses the company of the group Holiday Club Canarias Resort Management, S.L.U. for a loan obtained from a financial institution for the amount of 1,250,000 Euros (100,825,000 Rupees)

**11. OTHER INFORMATION**11.1. Average number of Employees

The Company haven't had employees during this period and the period before.

11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

**Anne Marika Orava**  
Solidary administrator

**Calvin Stuart Lucock**  
Joint and Several Administrator and  
Holiday Club Resorts Oy Representative

Mogán, April 16, 2018

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

the Company is primarily engaged in the sale of rotational enjoyment rights of holiday units.

The Company's resort property located at Mogán, Gran Canaria, Spain, was fully operational. There have been no significant changes in the nature of the principal activities during the financial period under review.

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of EUR -876 thousand (INR 70,682 thousand).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Calvin Stuart Lucock
- 2) Anne Oravainen

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a wholly owned subsidiary of Holiday Club Canarias Investment S.L.U. and in turn subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
Of Holiday Club Canarias Sales & Marketing SLU

**Calvin Stuart Lucock**  
Director

**Anne Oravainen**  
Director

Place : Mogán  
Date : April 16, 2018

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial reporting framework applicable to the company in Spain (see Note 2). In the event of a discrepancy, the Spanish language version prevails.

**To the shareholder of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU:**

### Report on the Financial Statements

We have audited the financial statements of **HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU**, (the Company) which comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

#### *Inventories*

As shown in the liquid assets in the balance sheet, the Company has registered inventories for the net of 7.1 million

euros (see note 10). 99% of the stocks are made up of the weeks not sold in *timeshare* regime for each of the complexes and type of room. The valuation of the unsold weeks can be of two types: The valuation of few weeks is the cost of the original acquisition that it had for the Company in April 2011(see note 1.6). Other weeks, which were sold at the time and the Company had them back at rest due to contractual breach by customers, are valued at the cost of their repossession. The Entity maintains inventory control at the close of the fiscal year, both for the weeks acquired at the origin, as well as for the weeks repossessed. Due to the large number of none sold weeks, the diversity of room types by the complex and the results for which these weeks are activated in stock, the proof of the laborious work is correct and the units of the stocks, the integrity and the valuation of the inventories has been considered to be subject to significant risk.

Our procedures included, among others, the verification of the inventory of weeks not sold and the costs associated to each one of them, validating the possible types of valuation, based on the reason for registration in stock. In addition, it has carried out verifications in weeks sold in the year to verify that they have not been sold below cost and that they do not appear in the Company's stock at the end of the year.

#### *Sales*

As shown in the profit and loss account, the amount of the sales figure amounts to 7.6 million euros. 43.45% , of this item is made up of sales of weeks under the *timeshare* regime (see note 20 of the report). These weeks sales are broken down by complex and by room type. In the contractual agreement of each sale, the possibility of cancelling the sale is established within 15 days after it is signed. The Company accounts for revenues based on the signing of the contract, recording a provision for possible cancellations of the agreements. Due to the great number of weeks that the Company has, classified by complex and type of room, and the complexity of the sales procedure and the clauses of the contract, the integrity and valuation of sales of weeks has been considered a relevant aspect in our audit.

Our audit procedures consisted, among others, in contrasting the sales assistant for weeks with the accounting data, selecting from both sources a list of contracts, verifying the accounting of said sales in a timely manner. In addition, procedures were carried out on the provision for the cancellation of contracts, verifying their valuation at the end of the year. For this purpose, we perform subsequent events procedures, analysing the 15 days after the closing and comparing the cancellations with the provision.

### Other information: Management Report

The other information includes the management report for the year ended 31 March 2018, the formulation of which is the responsibility of the Company's Directors, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the

other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2017-2018 and its content and presentation are in accordance with the applicable regulations.

#### **Directors' responsibilities**

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

#### **Responsibilities of the auditor in connection with the audit of the financial statements**

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to

provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern,
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view,

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Javier ALVAREZ CABRERA  
(nº ROAC: 16092)

RSM SPAIN AUDITORES, SLP  
(nº ROAC: S2158)

In Las Palmas de Gran Canaria  
on April 17<sup>th</sup>, 2018

**BALANCE SHEET AT MARCH 31, 2018**

ASSETS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) NON-CURRENT ASSETS</b>					
<b>I. Intangible Assets</b>	<b>5</b>	<b>1,452,059</b>	<b>117,123,045</b>	1,636,101	113,316,332
4. Goodwill		1,446,396	116,666,276	1,627,195	112,699,534
5. IT applications		5,663	456,770	8,906	616,798
<b>II. Fixed Assets</b>	<b>6</b>	<b>2,290,004</b>	<b>184,711,745</b>	2,761,973	191,294,226
1. Property and Buildings		574,872	46,369,209	737,061	51,048,840
2. Technical Facilities and other Fixed Assets		1,715,132	138,342,536	2,024,912	140,245,386
<b>V. Long-term financial investments</b>	<b>7</b>	<b>16,658</b>	<b>1,343,634</b>	16,658	1,153,733
5. Other financial assets		16,658	1,343,634	16,658	1,153,733
<b>VI. Deferred Tax Assets</b>	<b>12</b>	<b>68,630</b>	<b>5,535,692</b>	77,754	5,385,239
<b>TOTAL A</b>		<b>3,827,351</b>	<b>308,714,116</b>	4,492,485	311,149,531
<b>B) LIQUID ASSETS</b>					
<b>II. Inventories</b>	<b>10</b>	<b>7,116,147</b>	<b>573,988,440</b>	7,301,117	505,675,338
1. Commercial inventories		7,106,634	573,221,102	7,291,268	504,993,254
6. Advance payments to suppliers		9,513	767,337	9,848	682,084
<b>III. Commercial debtors and other accounts receivables</b>		<b>2,573,936</b>	<b>207,613,654</b>	2,905,125	201,208,957
1. Trade receivables	<b>7</b>	<b>2,491,814</b>	<b>200,989,754</b>	2,891,611	200,273,011
a) Trade receivables/long term		705,624	56,915,621	862,025	59,703,843
b) Trade receivables/short term		1,786,191	144,074,132	2,029,587	140,569,168
4. Personnel	<b>7</b>	<b>12,447</b>	<b>1,003,956</b>	5,509	381,520
6. Other receivables from Public Administrations		69,674	5,619,944	8,005	554,426
<b>IV. Short-term Investments in affiliated group and associated companies</b>	<b>7-18</b>	<b>888,372</b>	<b>71,656,123</b>	773,357	53,562,725
2. Loans to companies		888,372	71,656,123	773,357	53,562,725
<b>V. Short-term financial investments</b>	<b>7</b>	<b>8,210</b>	<b>662,207</b>	8,210	568,614
5. Other financial assets		8,210	662,207	8,210	568,614
<b>VI. Short-term accruals</b>	<b>7</b>	<b>1,356,203</b>	<b>109,391,320</b>	1,430,409	99,070,131
<b>VII. Cash and other equivalent liquid assets</b>	<b>7</b>	<b>756,799</b>	<b>61,043,445</b>	643,344	44,557,995
1. Liquid assets		756,799	61,043,445	643,344	44,557,995
<b>TOTAL B</b>		<b>12,699,668</b>	<b>1,024,355,188</b>	13,061,562	904,643,760
<b>TOTAL ASSETS (A + B)</b>		<b>16,527,018</b>	<b>1,333,069,304</b>	17,554,047	1,215,793,291



**BALANCE SHEET AT MARCH 31, 2018**

<b>NET WORTH AND LIABILITIES</b>		<b>Notes</b>	<b>(Euros)</b> <b>2017/18</b>	<b>(Rupees)</b> <b>2017/18</b>	<b>(Euros)</b> <b>2016/17</b>	<b>(Rupees)</b> <b>2016/17</b>
<b>A) TOTAL EQUITY</b>						
<b>A-1) EQUITY</b>						
<b>I. Capital</b>						
1. Shared Capital						
<b>III. Reserves</b>						
1. Legal and statutory						
2. Other reserves						
<b>V. Profit &amp; Loss from previous Periods</b>						
2. (Losses from previous Periods)						
<b>VII. Losses for the period</b>						
<b>A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED</b>						
<b>TOTAL A</b>						
<b>B) NON CURRENT LIABILITIES</b>						
<b>I. Long-term provisions</b>						
4. Other provisions						
<b>III. Long-term debts with Group and associated Companies</b>						
<b>IV. Deferred Tax liabilities</b>						
<b>TOTAL B</b>						
<b>C) CURRENT LIABILITIES</b>						
<b>II. Short-term provisions</b>						
<b>III. Short-term debts</b>						
2. Debts to loan institutions						
3. Finance lease creditors						
5. Other financial liabilities						
<b>IV. Short-term debts with Group and associated Companies</b>						
<b>V. Trade Creditors and other Accounts payable</b>						
1. Suppliers						
3. Sundry Creditors						
4. Staff (salaries pending payment)						
6. Other debts with Public Administrations						
7. Customer advances						
<b>TOTAL C</b>						
<b>TOTAL NET WORTH AND LIABILITIES (A + B + C)</b>						

## PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) CONTINUING OPERATIONS</b>					
<b>1. Turnover</b>	<b>20</b>	<b>7,566,133</b>	<b>610,284,265</b>	7,813,566	541,167,590
a) Sales		<b>3,741,053</b>	<b>301,753,300</b>	5,178,589	358,669,098
b) Services rendered		<b>3,825,080</b>	<b>308,530,965</b>	2,634,977	182,498,492
<b>2. Variation in inventories of products finished and being manufactured</b>		<b>(182,513)</b>	<b>(14,721,514)</b>	(407,836)	(28,246,694)
<b>4. Supplies</b>	<b>13</b>	<b>(199,351)</b>	<b>(16,079,639)</b>	(183,011)	(12,675,319)
a) Consumption of merchandise		<b>(199,351)</b>	<b>(16,079,639)</b>	(183,011)	(12,675,319)
<b>5. Other operations income</b>		<b>3,378</b>	<b>272,494</b>	2,755	190,831
a) Accessory income and other current operations		<b>3,378</b>	<b>272,494</b>	2,755	190,831
<b>6. Personnel expenses</b>		<b>(2,406,738)</b>	<b>(194,127,471)</b>	(2,801,380)	(194,023,595)
a) Wages, salaries and similar		<b>(1,918,953)</b>	<b>(154,782,782)</b>	(2,204,483)	(152,682,522)
b) Social Security contributions	<b>13</b>	<b>(487,784)</b>	<b>(39,344,689)</b>	(596,897)	(41,341,074)
<b>7. Other operating expenses</b>		<b>(4,604,667)</b>	<b>(371,412,409)</b>	(5,681,759)	(393,518,647)
a) Outsourced services	<b>13</b>	<b>(4,416,214)</b>	<b>(356,211,854)</b>	(5,075,645)	(351,539,203)
b) Taxes		<b>(25,933)</b>	<b>(2,091,767)</b>	(56,068)	(3,883,243)
c) Losses, impairment and variation of supplies from trade operations	<b>13</b>	<b>(133,279)</b>	<b>(10,750,290)</b>	(281,566)	(19,501,233)
d) Other current operating expenses		<b>(29,240)</b>	<b>(2,358,498)</b>	(268,481)	(18,594,968)
<b>8. Depreciation of fixed assets</b>	<b>5-6</b>	<b>(691,398)</b>	<b>(55,768,174)</b>	(695,743)	(48,187,159)
<b>10. Allocation of subsidies for non-financial fixed assets and others</b>	<b>16</b>	<b>91,633</b>	<b>7,391,153</b>	91,633	6,346,532
<b>13. Other incomes and expenses</b>	<b>13</b>	<b>(318,062)</b>	<b>(25,654,841)</b>	(51,253)	(3,549,750)
<b>A.1.) Operating Income (LOSS)</b>		<b>(741,584)</b>	<b>(59,816,135)</b>	(1,913,026)	(132,496,211)
<b>14. Financial Incomes</b>	<b>7</b>	<b>156,031</b>	<b>12,585,456</b>	150,058	10,392,992
b) Trade securities and other equity instruments		<b>156,031</b>	<b>12,585,456</b>	150,058	10,392,992
b 2) Third Parties		<b>156,031</b>	<b>12,585,456</b>	150,058	10,392,992
<b>15. Financial expenses</b>	<b>8</b>	<b>(317,961)</b>	<b>(25,646,725)</b>	(368,306)	(25,508,881)
a) For debts with group and associated Companies	<b>18</b>	<b>(309,904)</b>	<b>(24,996,862)</b>	(317,533)	(21,992,336)
b) Debts with Third Parties		<b>(8,057)</b>	<b>(649,862)</b>	(50,773)	(3,516,545)
<b>17. Exchange differences</b>		<b>(38,785)</b>	<b>(3,128,429)</b>	(35,779)	(2,478,035)
<b>A.2) FINANCIAL PROFIT &amp; LOSS (LOSS)</b>		<b>(200,715)</b>	<b>(16,189,698)</b>	(254,027)	(17,593,924)
<b>A.3) PROFIT BEFORE TAXES (LOSS)</b>		<b>(942,299)</b>	<b>(76,005,833)</b>	(2,167,054)	(150,090,134)
<b>19. Corporate Income Tax</b>	<b>12</b>	<b>65,998</b>	<b>5,323,362</b>	113,270	7,845,100
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (LOSS)</b>		<b>(876,301)</b>	<b>(70,682,470)</b>	(2,053,783)	(142,245,034)

**STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) STATEMENT OF RECOGNISED PROFIT AND LOSS</b>					
<b>A) PROFIT AND LOSS ACCOUNT</b>	<b>3</b>	<b>(876,301)</b>	<b>(70,682,470)</b>	<b>(2,053,783)</b>	<b>(142,245,034)</b>
<b>C) TRANSFERS TO PROFIT &amp; LOSS ACCOUNT</b>	<b>16</b>	<b>(68,725)</b>	<b>(5,543,365)</b>	<b>(68,725)</b>	<b>(4,759,899)</b>
VIII. Grants, donations and legacies received		<b>(91,633)</b>	<b>(7,391,153)</b>	<b>(91,633)</b>	<b>(6,346,532)</b>
IX. Tax effect		<b>22,908</b>	<b>1,847,788</b>	<b>22,908</b>	<b>1,586,633</b>
<b>TOTAL RECOGNISED PROFIT &amp; LOSS (A+B+C)</b>		<b>(945,026)</b>	<b>(76,225,835)</b>	<b>(2,122,508)</b>	<b>(147,004,933)</b>

## STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018 (euros)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
<b>B) TOTAL STATEMENT OF CHANGES TO EQUITY</b>						
<b>A. BALANCE AT YEAR'S END 2015/16</b>	3,100	5,396,060	(1,850,138)	(182,035)	486,574	3,853,562
<b>B. ADJUSTED BALANCE Year's beginning 2016/17</b>	3,100	5,396,060	(1,850,138)	(182,035)	486,574	3,853,562
I. Total recognised incomes and expenses	0	0	0	(2,053,783)	(68,725)	(2,122,508)
III. Other changes to Equity	0	0	(182,035)	182,035	0	0
<b>C. BALANCE AT YEAR'S END 2016/17</b>	3,100	5,396,060	(2,032,173)	(2,053,783)	417,849	1,731,053
<b>D. ADJUSTED BALANCE, BEGINNING OF YEAR 2017/18</b>	3,100	5,396,060	(2,032,173)	(2,053,783)	417,849	1,731,053
I. Total recognised incomes and expenses	0	0	0	(876,301)	(68,725)	(945,026)
III. Other changes to Equity	0	0	(2,053,783)	2,053,783	0	(0)
<b>E. BALANCE AT YEAR'S END 2017/18</b>	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027

## STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018 (Rupees)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
<b>B) TOTAL STATEMENT OF CHANGES TO EQUITY</b>						
<b>A. BALANCE AT YEAR'S END 2015/16</b>	214,706	373,731,144	(128,140,586)	(12,607,725)	33,700,135	266,897,674
<b>B. ADJUSTED BALANCE, BEGINNING OF YEAR 2016/17</b>	214,706	373,731,144	(128,140,586)	(12,607,725)	33,700,135	266,897,674
I. Total recognised incomes and expenses	0	0	0	(142,245,034)	(4,759,899)	(147,004,933)
III. Other changes to Equity	0	0	(12,607,725)	12,607,725	0	0
<b>C. BALANCE AT YEAR'S END 2016/17</b>	214,706	373,731,144	(140,748,311)	(142,245,034)	28,940,236	119,892,741
<b>D. ADJUSTED BALANCE, BEGINNING OF YEAR 2017/18</b>	214,706	373,731,144	(140,748,311)	(142,245,034)	28,940,236	119,892,741
I. Total recognised incomes and expenses	0	0	0	(70,682,470)	(5,543,365)	(76,225,835)
III. Other changes to Equity	0	0	(165,658,164)	165,658,164	0	0
IV. Exchange rate	35,340	61,515,089	(23,166,775)	(23,413,130)	4,763,481	19,734,005
<b>E. BALANCE AT YEAR'S END 2017/18</b>	250,046	435,246,233	(329,573,250)	(70,682,470)	28,160,352	63,400,910

**CASH FLOW STATEMENT AT MARCH 31, 2018**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) CASH-FLOW FROM OPERATING ACTIVITIES</b>					
<b>1. PROFIT &amp; LOSS BEFORE TAX</b>		<b>(942,299)</b>	<b>(76,005,833)</b>	(2,167,054)	(150,090,134)
<b>2. ADJUSTMENTS TO PROFIT &amp; LOSS</b>		<b>1,070,681</b>	<b>86,361,159</b>	1,116,125	77,302,806
a) Depreciation of Fixed Assets	5-6	691,398	55,768,174	695,743	48,187,159
b) Value corrections of impairment losses		133,279	10,750,290	281,566	19,501,233
c) Change to provisions	14	175,708	14,172,580	12,201	845,058
d) Allocation of grants		(91,633)	(7,391,153)	(91,633)	(6,346,532)
g) Financial Income	7	(156,031)	(12,585,456)	(150,058)	(10,392,992)
h) Financial Expenses	8	317,961	25,646,725	368,306	25,508,881
<b>3. CHANGES IN WORKING CAPITAL</b>		<b>414,522</b>	<b>33,435,344</b>	841,626	58,291,049
a) Inventories		184,969	14,919,628	406,249	28,136,834
b) Trade and other accounts receivable		197,910	15,963,438	389,107	26,949,525
c) Other current assets		74,206	5,985,474	(71,815)	(4,973,941)
d) Creditors and other accounts payable		(42,564)	(3,433,196)	118,086	8,178,630
<b>4. OTHER CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(161,930)</b>	<b>(13,061,269)</b>	(218,248)	(15,115,889)
a) Interest payments	8	(317,961)	(25,646,725)	(368,306)	(25,508,881)
c) Interest receivable	7	156,031	12,585,456	150,058	10,392,992
<b>5. CASH FLOW ON OPERATING ACTIVITIES</b>		<b>380,974</b>	<b>30,729,402</b>	(427,551)	(29,612,168)
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
<b>6. PAYMENTS FOR INVESTMENTS</b>		<b>(102,063)</b>	<b>(8,232,382)</b>	(167,261)	(11,584,512)
a) Group and Associated Companies		(39,894)	(3,217,819)	(7,070)	(489,684)
b) Intangible Assets	5	0	0	(151,981)	(10,526,214)
c) Fixed Assets	6	(62,169)	(5,014,563)	(8,210)	(568,614)
<b>7. DIVESTMENT RECEIPTS</b>		<b>26,781</b>	<b>2,160,193</b>	2,02,714	1,40,39,995
a) Group and Associated Companies		0	0	184,077	12,749,184
c) Fixed Assets		26,781	2,160,193	18,637	1,290,811
<b>8. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(75,281)</b>	<b>(6,072,189)</b>	35,453	2,455,483
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>10. RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS</b>		<b>(192,238)</b>	<b>(15,505,882)</b>	512,670	35,507,532
a) Issue		356,466	28,752,517	795,217	55,076,728
3. Debts to Group and associated Companies		355,447	28,670,384	795,103	55,068,832
4. Other debts		1,018	82,133	114	7,896
b) Repayment and amortization		(548,703)	(44,258,398)	(282,547)	(19,569,196)
2. Debts with credit institutions		(48,703)	(3,928,398)	(282,547)	(19,569,196)
3. Debts with Group and Associated Companies		(500,000)	(40,330,000)	0	0
<b>12. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(192,238)</b>	<b>(15,505,882)</b>	512,670	35,507,532
<b>E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS</b>		<b>113,456</b>	<b>9,151,331</b>	120,572	8,350,847
Cash or cash equivalents at the beginning of the year	7	643,344	51,892,115	522,771	36,207,149
Cash or equivalents at the end of the year	7	756,799	61,043,445	643,344	44,557,995

# ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING MARCH 31, 2018

## 1. THE COMPANY'S BUSINESS ACTIVITY

- 1.1. HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. was founded as a limited corporation on December 9th, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentin Concejo Arranz, under his Protocol number 1524. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company.
- 1.2. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, *timeshare* or any other kind of rights to use. The main activity is the sale of rotational enjoyment rights of holiday units in the five resorts called Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogan, in Gran Canaria.
- 1.3. The Corporate offices are located at Avenida Anna Lindh, numero 1, Urbanizacion Amadores, in the municipality of Mogan (Gran Canaria).
- 1.4. The financial year, between April 1<sup>st</sup> until March 31<sup>st</sup> of the following year, has been fixed according to the Group that belongs to, explained in the following note. However, during this financial year has been a change of financial year as indicated in the note 2.3 of this document.
- 1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanization Amadores, in the municipality of Mogan (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts.
- 1.6. On April 6<sup>th</sup>, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned the unsold weeks, which were recorded in the inventory for the amount of 3,730,000 Euros (279,638,100 Rupees); the rights to clients' loans recorded as financial assets for the amount of 2,251,656 Euros (168,806,650 Rupees), and the Goodwill corresponding to the main business of "*Timeshare*" for the amount of 1,967,742 Euros (147,521,617 Rupees). The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the abovementioned related Company. On June 1<sup>st</sup>, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above, which caused amongst other things, goodwill to be adjusted to 1,807,995 Euros (135,545,385 Rupees).

## 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2018.

These annual accounts are presented for approval to the Ordinary General Meeting of Members.

### 2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted

mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

### 2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets, estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

### 2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2018.

## 3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31<sup>st</sup>, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31<sup>st</sup>, 2017, is as follows:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Distribution Balance</b>		
Financial Period Losses	<b>(876,301)</b>	(2,053,783)
<b>Distribution</b>		
Losses accumulated from previous Financial Periods	<b>(876,301)</b>	(2,053,783)
<b>Total</b>	<b>(876,301)</b>	(2,053,783)
<b>Rupees</b>	<b>2016/17</b>	<b>2015/16</b>
<b>Distribution Balance</b>		
Financial Period Losses	<b>(70,682,470)</b>	(142,245,034)
<b>Distribution</b>		
Losses accumulated from previous Financial Periods	<b>(70,682,470)</b>	(142,245,034)
<b>Total</b>	<b>(70,682,470)</b>	(142,245,034)

## 4. RECOGNITION AND MEASUREMENT REGULATIONS

The main accounting principles and practices applied in the drafting of the Annual Accounts follow current legislation, highlighting as most important the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance.

The most significant accounting criteria applied in the drafting of the Annual Accounts is the following ones:

### 4.1. Intangible Fixed Assets

The intangible fixed assets are comprised of Goodwill and Computer applications which are valued at their acquisition price, including

necessary additional expenses to get them up and running. The computer applications are amortised at 33 per cent according to their useful lives and the Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value.

#### 4.2. Tangible Fixed Assets

These have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during its operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27<sup>th</sup>, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	11 %
Machinery	10 – 25%
Other installations	5 – 12%
Furniture	10 – 25%
IT Equipment	12.5 – 25%
Vehicles	11 – 16%
Other intangible assets	4 – 18%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

#### 4.3. Financial Instruments

The Company's financial instruments are classified as:

- a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those who's maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating the cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, equal to the value of the compensation delivered plus directly attributable transaction costs. Interests accrued are accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

- b) Investments held until their maturity: The financial assets that the Company means to hold until their maturity has been included in this category. Their initial valuation is their reasonable value, which saving evidence to the contrary, shall be the price of the transaction plus those transaction costs directly attributable to them. Their subsequent valuation shall be measured at amortised cost. Interest shall be applied to the Profit and Loss Account at an effective interest rate. No corrections have been applied to their values.
- c) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are valued at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the effective interest rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations relating to governing, recording and measurement of financial instruments.

#### 4.4. Inventories

The Company's commercial stocks correspond to rotational enjoyment rights of rooms in the possession of the Company and are valued at acquisition price.

The Company's Administrators consider that the book value of the inventories does not exceed their recoverable value.

#### 4.5. Transactions in Foreign Currency

The accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, differences both positive and negative that did not occur are carried over to the Profit and Loss Account.

#### 4.6. Profit Tax

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an income during the period. Current tax has been calculated as per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income has also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation.

#### 4.7. Income and Expenses

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status is had.

#### 4.8. Provisions and Contingencies

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

#### 4.9. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

## 4.10. Grants, Donations and Legacies

Capital grants, which are non-refundable, are recorded directly in Equity as revenue, excluding the tax effect and are attributed to the Financial Period's results in proportion to the allocation of depreciation in the period for the assets pertaining to the grant.

## 4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

## 5. INTANGIBLE FIXED ASSETS

5.1. The transactions that occurred during the 2017/18 and 2016/17 periods were the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs</b>				
Goodwill	1,807,995	-	-	<b>1,807,995</b>
IT Applications.	21,587	-	-	<b>21,587</b>
<b>Totals</b>	<b>1,829,582</b>	-	-	<b>1,829,582</b>
<b>Accumulated amortization</b>				
Goodwill	180,799	180,799	-	<b>361,599</b>
IT Applications.	12,682	3,243	-	<b>15,924</b>
<b>Totals</b>	<b>193,481</b>	<b>184,042</b>	-	<b>377,523</b>
<b>Net Totals</b>	<b>1,636,101</b>			<b>1,452,060</b>

<b>Euros</b>	Balance 31.3.16	Acquisitions	Disposals	Balance 31.03.17
<b>Gross Costs</b>				
Goodwill	1,807,995	-	-	1,807,995
IT Applications.	14,517	7,070	-	21,587
<b>Totals</b>	<b>1,822,511</b>	<b>7,070</b>	-	<b>1,829,582</b>
<b>Accumulated amortization</b>				
Goodwill	-	180,799	-	180,799
IT Applications.	10,806	1,876	-	12,681
<b>Totals</b>	<b>10,806</b>	<b>182,675</b>	-	<b>193,481</b>
<b>Net Totals</b>	<b>1,811,706</b>			<b>1,636,101</b>

<b>Rupees</b>	Balance 31.3.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs</b>					
Goodwill	125,221,703	20,611,138	-	-	<b>145,832,841</b>
IT Applications.	1,495,114	246,092	-	-	<b>1,741,206</b>
<b>Totals</b>	<b>126,716,817</b>	<b>20,857,230</b>	-	-	<b>147,574,047</b>
<b>Accumulated amortization</b>					
Goodwill	12,522,169	2,061,114	14,583,259	-	<b>29,166,541</b>
IT Applications.	878,316	144,593	261,552	-	<b>1,284,461</b>
<b>Totals</b>	<b>13,400,485</b>	<b>2,205,706</b>	<b>14,844,811</b>	-	<b>30,451,003</b>
<b>Net Totals</b>	<b>113,316,333</b>				<b>117,123,045</b>

<b>Rupees</b>	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
<b>Gross Costs</b>				
Goodwill	125,221,703	-	-	<b>125,221,703</b>
IT Applications	1,005,430	489,684	-	<b>1,495,114</b>
<b>Totals</b>	<b>126,227,133</b>	<b>489,684</b>	-	<b>126,716,817</b>
<b>Accumulated amortization</b>				
Goodwill	-	12,522,169	-	<b>12,522,169</b>
IT Applications	748,402	129,914	-	<b>878,316</b>
<b>Total</b>	<b>748,402</b>	<b>12,652,083</b>	-	<b>13,400,485</b>
<b>Net Totals</b>	<b>125,478,731</b>			<b>113,316,332</b>

5.2. As indicated in Note 1.6. The Company acquired the Goodwill corresponding to the main "Timeshare" business in 2011 for the amount of 1,967,742 Euros (136,285,811 Rupees). Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros (11,064,077 Rupees).

5.3. There is no evidence of impairment through March 31, on any of the elements in the Intangible Fixed Assets.

5.4. There are fully depreciated software applications in use at March 31, 2017 and March 31, 2018 for the amount of 10,701 Euros (863,143 Rupees).

## 6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2017/18 and 2016/17 periods were the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs</b>				
Buildings	1,152,278	-	(26,781)	<b>1,125,496</b>
Machinery	59,352	4,072	-	<b>63,423</b>
Other facilities	2,880,703	7,899	-	<b>2,888,602</b>
Furniture	248,779	1,287	-	<b>250,065</b>
IT Equipment	78,997	4,303	-	<b>83,300</b>
Vehicles	27,994	-	-	<b>27,994</b>
Other tangible fixed assets	135,044	44,609	-	<b>179,653</b>
<b>Totals</b>	<b>4,583,146</b>	<b>62,169</b>	<b>(26,781)</b>	<b>4,618,534</b>
<b>Accumulated amortization</b>				
Buildings	415,217	135,407	-	<b>550,624</b>
Machinery	26,418	9,155	-	<b>35,573</b>
Other installations	1,044,894	314,022	-	<b>1,358,916</b>
Furniture	230,749	15,154	-	<b>245,903</b>
IT Equipment	67,491	7,495	-	<b>74,986</b>
Vehicles	11,919	4,131	-	<b>16,050</b>
Other tangible fixed assets	24,486	21,991	-	<b>46,478</b>
<b>Totals</b>	<b>1,821,174</b>	<b>507,356</b>	-	<b>2,328,530</b>
<b>Net Totals</b>	<b>2,761,973</b>			<b>2,290,004</b>



<b>Euros</b>	<b>Balance 31.3.16</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance 31.03.17</b>
<b>Gross Costs</b>				
Buildings	1,125,496	26,781	-	1,152,278
Machinery	59,352	-	-	59,352
Other facilities	2,874,502	6,202	-	2,880,703
Furniture	244,833	3,946	-	248,779
IT Equipment	76,722	2,275	-	78,997
Vehicles	100,561	-	(72,567)	27,994
Other tangible fixed assets	22,267	112,777	-	135,044
<b>Totals</b>	<b>4,503,733</b>	<b>151,981</b>	<b>(72,567)</b>	<b>4,583,146</b>
<b>Accumulated amortization</b>				
Buildings	305,260	109,956	-	415,217
Machinery	19,636	6,782	-	26,418
Other installations	741,735	303,159	-	1,044,894
Furniture	164,334	66,415	-	230,749
IT Equipment	57,966	9,525	-	67,491
Vehicles	55,911	9,937	(53,929)	11,919
Other tangible fixed assets	17,193	7,294	-	24,486
<b>Totals</b>	<b>1,362,035</b>	<b>513,068</b>	<b>(53,929)</b>	<b>1,821,174</b>
<b>Net Totals</b>	<b>3,141,698</b>			<b>2,761,973</b>

<b>Rupees</b>	<b>Balance 31.03.17</b>	<b>Exchange rate</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance 31.03.18</b>
<b>Gross Costs</b>					
Buildings	79,806,742	13,135,964	-	(2,160,193)	<b>90,782,512</b>
Machinery	4,110,688	676,608	328,419	-	<b>5,115,715</b>
Other facilities	199,517,516	32,840,019	637,120	-	<b>232,994,655</b>
Furniture	17,230,422	2,836,079	103,777	-	<b>20,170,278</b>
IT Equipment	5,471,323	900,564	347,095	-	<b>6,718,982</b>
Vehicles	1,938,886	319,135	-	-	<b>2,258,021</b>
Other tangible fixed assets	9,353,134	1,539,499	3,598,151	-	<b>14,490,784</b>
<b>Totals</b>	<b>317,428,708</b>	<b>52,247,867</b>	<b>5,014,563</b>	<b>(2,160,193)</b>	<b>372,530,946</b>
<b>Accumulated amortization</b>					
Buildings	28,757,902	4,733,469	10,921,932	-	<b>44,413,303</b>
Machinery	1,829,697	301,163	738,467	-	<b>2,869,327</b>
Other installations	72,369,381	11,911,795	25,328,998	-	<b>109,610,175</b>
Furniture	15,981,661	2,630,536	1,222,332	-	<b>19,834,530</b>
IT Equipment	4,674,429	769,398	604,573	-	<b>6,048,401</b>
Vehicles	825,482	135,872	333,235	-	<b>1,294,589</b>
Other tangible fixed assets	1,695,931	279,145	1,773,801	-	<b>3,748,877</b>
<b>Totals</b>	<b>126,134,483</b>	<b>20,761,379</b>	<b>40,923,339</b>	<b>-</b>	<b>187,819,201</b>
<b>Net Totals</b>	<b>191,294,225</b>				<b>184,711,745</b>

<b>Rupees</b>	<b>Balance 31.3.16</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance 31.03.17</b>
<b>Gross Costs</b>				
Buildings	77,951,853	1,854,885	-	79,806,742
Machinery	4,110,720	-	-	4,110,688
Other facilities	199,088,009	429,530	-	199,517,516
Furniture	16,957,134	273,313	-	17,230,422
IT Equipment	5,313,766	157,570	-	5,471,323
Vehicles	6,964,855	-	(5,025,968)	1,938,886
Other tangible fixed assets	1,542,212	7,810,916	-	9,353,134
<b>Totals</b>	<b>311,928,548</b>	<b>10,526,214</b>	<b>(5,025,968)</b>	<b>317,428,709</b>
<b>Accumulated amortization</b>				
Buildings	21,142,308	7,615,586	-	28,757,902
Machinery	1,359,989	469,712	-	1,829,697
Other installations	51,372,566	20,996,809	-	72,369,381
Furniture	11,381,773	4,599,912	-	15,981,661
IT Equipment	4,014,725	659,692	-	4,674,429
Vehicles	3,872,396	688,217	(3,735,156)	825,482
Other tangible fixed assets	1,190,787	505,149	-	1,695,931
<b>Totals</b>	<b>94,334,544</b>	<b>35,535,076</b>	<b>(3,735,156)</b>	<b>126,134,483</b>
<b>Net Totals</b>	<b>217,594,003</b>			<b>191,294,226</b>

6.2. The acquisition in the period 2016/17 and 2017/18 correspond, mainly, to investments in the Angry Birds Park.

6.3. Fixed assets acquired through finance lease contracts is as follows:

	<b>(Euros)</b>
Information Processing Equipment	13,378
Transport Elements (Vehicles)	92,361
	<b>(Rupees)</b>
Information Processing Equipment	926,560
Transport Elements (Vehicles)	6,396,923

6.4. There are no signs of impairment through March 31<sup>st</sup>, for the elements in the Tangible Fixed Assets.

6.5. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

6.6. There are fully depreciated information processing equipment in use at March 31, 2018 for the amount of 206,836 Euros (16,683,392 Rupees). At March 31, 2017 amounted 46,797 Euros (3,241,160 Rupees)

## 7. FINANCIAL ASSETS

### Information related to the Balance Sheet

7.1. Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, Jointly-controlled group and associated companies) by categories and classes is as follows:

<b>Euros</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>
<b><u>Long-term Financial Assets</u></b>						
Investments held to maturity	-	-	-	-	<b>16,658</b>	16,658
Loans and Receivables	-	-	-	-	<b>705,624</b>	862,025
<b>Totals</b>	-	-	-	-	<b>722,282</b>	878,683
<b><u>Short- term Financial Assets</u></b>						
Loans and Receivables	-	-	-	-	<b>2,695,220</b>	2,816,662
Liquid Assets	-	-	-	-	<b>756,799</b>	643,344
<b>Totals</b>	-	-	-	-	<b>3,452,019</b>	3,460,006
<b><u>Rupees</u></b>						
<b>Rupees</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>
<b><u>Long-term Financial Assets</u></b>						
Investments held to maturity	-	-	-	-	<b>1,343,634</b>	1,153,733
Loans and Receivables	-	-	-	-	<b>56,915,621</b>	59,703,843
<b>Totals</b>	-	-	-	-	<b>58,259,256</b>	60,857,576
<b><u>Short- term Financial Assets</u></b>						
Loans and Receivables	-	-	-	-	<b>217,396,417</b>	195,082,027
Liquid Assets	-	-	-	-	<b>61,043,445</b>	44,557,995
<b>Totals</b>	-	-	-	-	<b>278,439,862</b>	239,640,022

#### 7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

<b>Euros</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Next</b>	<b>Total l/t</b>
<b>Financial Assets</b>							
<b>Financial Investments</b>	<b>8,210</b>	-	-	-	-	<b>16,658</b>	<b>16,658</b>
Other financial assets	8,210	-	-	-	-	16,658	16,658
<b>Investments in Group and Associated Companies</b>	<b>888,372</b>	-	-	-	-	-	-
Loans to companies	888,372	-	-	-	-	-	-
<b>Commercial Debts and other Receivables</b>	<b>1,798,637</b>	<b>414,731</b>	<b>197,201</b>	<b>67,599</b>	<b>26,093</b>	-	<b>705,624</b>
Customer receivables for sales and services	1,988,485	414,731	197,201	67,599	26,093	-	705,624
Clients' Impairment	(202,295)	-	-	-	-	-	-
Personnel	12,447	-	-	-	-	-	-
<b>Cash and other Liquid Assets</b>	<b>756,799</b>	-	-	-	-	-	-
Liquid Assets	756,799	-	-	-	-	-	-
<b>Totals</b>	<b>3,452,019</b>	<b>414,731</b>	<b>197,201</b>	<b>67,599</b>	<b>26,093</b>	<b>16,658</b>	<b>722,282</b>
<b><u>Rupees</u></b>							
<b>Financial Assets</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Next</b>	<b>Total l/t</b>
<b>Financial Investments</b>	<b>662,207</b>	-	-	-	-	<b>1,343,634</b>	<b>1,343,634</b>
Other financial assets	662,207	-	-	-	-	1,343,634	1,343,634
<b>Investments in Group and Associated Companies</b>	<b>71,656,123</b>	-	-	-	-	-	-

<b>Rupees</b>							
<b>Financial Assets</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Next</b>	<b>Total I/t</b>
Loans to companies	71,656,123	-	-	-	-	-	-
<b>Commercial Debts and other Receivables.</b>	<b>145,078,088</b>	<b>33,452,194</b>	<b>15,906,269</b>	<b>5,452,513</b>	<b>2,104,646</b>	-	<b>56,915,622</b>
Customer receivables for sales and services.	160,391,215	33,452,194	15,906,269	5,452,513	2,104,646	-	56,915,622
Clients' Impairment.	(16,317,083)	-	-	-	-	-	-
Personnel.	1,003,956	-	-	-	-	-	-
<b>Cash and other Liquid Assets.</b>	<b>61,043,445</b>	-	-	-	-	-	-
Liquid Assets	61,043,445	-	-	-	-	-	-
<b>Totals</b>	<b>278,439,862</b>	<b>33,452,194</b>	<b>15,906,269</b>	<b>5,452,513</b>	<b>2,104,646</b>	<b>1,343,634</b>	<b>58,259,256</b>

7.3. Corrections due to Impairment caused by Credit Risk

Transactions in the corrective accounts representative of impairment losses due to credit risk to customers are as follows:

<b>Euros</b>	<b>Amount</b>
<b>Balance at 31.03.16</b>	<b>1,043,067</b>
Impairment Maturity (Note 13.1)	176,860
Impairment reversal (Note 13.1)	(995,725)
<b>Balance at 31.03.17</b>	<b>224,202</b>
Impairment Maturity (Note 13.1)	190,415
Impairment reversal (Note 13.1)	(212,322)
<b>Balance at 31.03.18</b>	<b>202,295</b>

<b>Rupees</b>	<b>Amount</b>
<b>Balance at 31.03.16</b>	<b>72,242,820</b>
Impairment Maturity (Note 13.1)	12,249,319
Impairment reversal (Note 13.1)	(68,963,880)
<b>Balance at 31.03.17</b>	<b>15,528,260</b>
Impairment Maturity (Note 13.1)	15,358,841
Impairment reversal (Note 13.1)	(17,125,925)
Exchange rate	2,555,908
<b>Balance at 31.03.18</b>	<b>16,317,083</b>

**Information relating to the Profit and Loss Account**

7.4. Debt related to clients

There are customer advances for the amount of 106,183 Euros (8,564,721 Rupees) and 87,472 Euros (6,058,311 Rupees) for the financial years 2017/18 and 2016/17 respectively that correspond to accommodation services charges not accrued at the end of the financial year.

7.5. Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 156,031 Euros (12,585,460 Rupees) and 150,058 Euros (10,393,017 Rupees) 2017/18 and 2016/17 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

**Other Information**

7.6. Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are valued at their cost.

Equity Instruments traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are measured at their reasonable value.

7.7 Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit granted to clients and debtors are granted based on a preliminary solvency study and strict follow-up of loans and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

7.8 Accrual adjustments

In January, every year, the company assumes the debt with the related company Holiday Club Canarias Resort Management SLU related to the yearly maintenance fees of the unsold weeks. At the end of the financial year there are, in the accrual adjustment balance, the proportional part of the not accrued months in March 31<sup>st</sup> 2018, for the amount of 1,347,197 Euros (108,664,910 Rupees), 1,364,175 Euros (94,482,761 Rupees) in March 31<sup>st</sup> 2017.

**8. FINANCIAL LIABILITIES**Information related to the Balance Sheet8.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

<u>Euros</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>
<b><u>Long-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>11,917,834</b>	12,417,834
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,917,834</b>	<b>12,417,834</b>
<b><u>Short-Term financial Liabilities</u></b>						
Debits and Payables	-	48,703	-	-	<b>2,649,469</b>	2,369,569
<b>Totals</b>	<b>-</b>	<b>48,703</b>	<b>-</b>	<b>-</b>	<b>2,649,469</b>	<b>2,369,569</b>
<u>Rupees</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>	<u>31.03.18</u>	<u>31.03.17</u>
<b><u>Long-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>961,292,498</b>	860,059,189
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>961,292,498</b>	<b>860,059,189</b>
<b><u>Short-Term financial Liabilities</u></b>						
Debits and Payables	-	3,373,182	-	-	<b>213,706,175</b>	164,116,349
<b>Totals</b>	<b>-</b>	<b>3,373,182</b>	<b>-</b>	<b>-</b>	<b>213,706,175</b>	<b>164,116,349</b>

8.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

**Euros**

Financial Liabilities	2018/19	2019/20	2020/21	2021/22	2022/23	Next	Total I/t
<b>Debts</b>	<b>4,578</b>	-	-	-	-	-	-
Other financial liabilities	4,578	-	-	-	-	-	-
<b>Debts with Group and Associated Companies</b>	<b>2,481,032</b>	-	-	-	-	11,917,834	11,917,834
<b>Trade Creditors and other Accounts Payable</b>	<b>163,859</b>	-	-	-	-	-	-
Suppliers	207	-	-	-	-	-	-
Sundry Creditors	157,662	-	-	-	-	-	-
Personnel (wages pending payment)	5,990	-	-	-	-	-	-
<b>Totals</b>	<b>2,649,469</b>	-	-	-	-	<b>11,917,834</b>	<b>11,917,834</b>

**Rupees**

Financial Liabilities	2018/19	2019/20	2020/21	2021/22	2022/23	Next	Total I/t
<b>Debts</b>	<b>369,264</b>	-	-	-	-	-	-
Other financial liabilities	369,264	-	-	-	-	-	-
<b>Debts with Group and Associated Companies</b>	<b>200,120,049</b>	-	-	-	-	961,292,498	961,292,498
<b>Trade Creditors and other Accounts Payable</b>	<b>13,216,862</b>	-	-	-	-	-	-
Suppliers	16,673	-	-	-	-	-	-
Sundry Creditors	12,717,007	-	-	-	-	-	-
Personnel (wages pending payment)	483,182	-	-	-	-	-	-
<b>Totals</b>	<b>213,706,175</b>	-	-	-	-	<b>961,292,498</b>	<b>961,292,498</b>

**Information relating to the Profit and Loss Account and Equity**

8.3. Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2016/17 and 2017/18 financial years for the amounts of 317,533 Euros (21,992,336 Rupees) and 309,904 Euros (24,996,857 Rupees), respectively, correspond to the accrual of interest on loans granted by group companies. The heading of debts to third parties includes interest accrued with credit institutions and public administrations due to the fact that the company did not invest the Canary Islands Investments Reserve for the years 2012 and 2013, the amounts of which come to 4,677 Euros (323,929 Rupees) and 46,096 Euros (3,718,103 Rupees) respectively for the 2016/17 financial period and for the financial period 2017/18 only includes interests accrued with credit institutions for the amount of 8,057 Euros (649,878 Rupees).

**Other Information**

8.4. Reasonable Value

The book value of the financial Viabilities is an acceptable approximation to the reasonable value.

8.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

**9. SHAREHOLDERS' EQUITY**

- 9.1. The share capital, for an amount of 3,100 Euros (214,706 Rupees), comprises 31 shares of 100 Euros (6,926 Rupees) face value each.
- 9.2. As per the Revised Text of the Law of Share Capital Companies, a figure equal to 10% of the period's profit must be kept in a reserve fund until this reaches at least 20% of the share capital. During the 2011/12 financial period, 3,100 Euros (232,407 Rupees) were allocated to said reserves.
- 9.3. The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros (214,281,505 Rupees), is subject to the availability limitations established in the tax regulations.
- 9.4. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.
- 9.5. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

<u>Euros</u>	<b>2017/18</b>	2016/17
Voluntary Reserves	<b>1,892,290</b>	1,892,290
Canary Islands Investment Reserves	<b>3,093,871</b>	3,093,871
Goodwill Reserves	<b>406,799</b>	406,799
<b>Totals</b>	<b>5,392,960</b>	5,392,960

<u>Rupees</u>	2017/18	2016/17
Voluntary Reserves	152,632,134	131,060,025
Canary Islands Investment Reserves	249,551,665	214,281,531
Goodwill Reserves	32,812,388	28,174,882
<b>Totals</b>	<b>434,996,187</b>	<b>373,516,438</b>

## 10. INVENTORIES

10.1. Inventories show the following break-down:

<u>Euros</u>	2017/2018	2016/2017
Merchandise in Stock, Angry Birds Theme Park	34,077	36,199
Unsold Weeks in Stock	7,072,557	7,255,070
<b>Totals</b>	<b>7,106,634</b>	<b>7,291,268</b>

<u>Rupees</u>	2017/2018	2016/2017
Merchandise in Stock, Angry Birds Theme Park	2,748,681	2,507,115
Unsold Weeks in Stock	570,472,421	502,486,139
<b>Totals</b>	<b>573,221,102</b>	<b>504,993,254</b>

10.2. The transactions of unsold weeks in stock during the 2016/17 y 2015/16 financial periods, have been as follows:

<u>Euros</u>	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Unsold weeks in stock	7,662,905	456,942	(864,777)	7,255,070

  

<u>Euros</u>	Balance 31.3.17	Acquisitions	Disposals	Balance 31.03.18
Unsold weeks in stock	7,255,069	254,482	(436,995)	7,072,556

<u>Rupees</u>	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Unsold weeks in stock	530,732,832	31,647,775	(59,894,469)	502,486,139

<u>Euros</u>	Balance 31.3.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Unsold weeks in stock	502,486,139	82,707,791	20,526,484	(35,247,993)	570,472,421

Acquisitions of inventory during the 2016/17 and 2017/18 financial period owes to refurbishment carried out in one of the hotel complexes, to the weeks sold in previous financial periods and recovered in 2016/2017 and 2017/18, due to defaulting on payment of clients of their debts to the Company or the related Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U, for amounts of 441,942 Euros (30,608,903 Rupees) and 227,233 Euros (18,328,614 Rupees), respectively and to a lesser extent for weeks purchased during the 2016/17 and 2017/18 for the amount of 15,000 Euros (1,038,900 Rupees) and 27,249 Euros (2,197,904 Rupees), respectively.

10.3 There are suppliers' advances for the amount of 9,513 Euros (658,870 Rupees) and 9,848 Euros (794,340 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

10.4. There are no signs of impairment to the inventories at the end of the financial periods 2016/17 and 2017/18.

## 11. FOREIGN CURRENCY

11.1. Assets in foreign currency mostly correspond to commercial loans for the sale of weeks in stock, The most significant balances in the diverse foreign currencies are detailed below:

<u>Foreign currency</u>	Balance at 31.03.17	Exchange Rate at 31.03.17	Euros at 31.03.17	Rupees at 31.03.17
- Pounds Sterling	285,917	0.8599 libra/ euro	332,462	23,026,318

<u>Foreign currency</u>	Balance at 31.03.18	Exchange Rate at 31.03.18	Euros at 31.03.18	Rupees at 31.03.18
- Pounds Sterling	226,711	0.8749 libra/euro	259,127	20,901,220

11.2. Transactions carried out in foreign currency during the 2017/18 and 2016/17 financial periods, correspond entirely to sales, reaching 382,526 Euros (30,854,547 Rupees) and (16,676,399 Rupees) respectively.

## 12. TAX POSITION

### Profit Tax

#### 12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

#### 12.2. Individual Tax Base

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

<u>Euros</u>	Profit & Loss Account	Inc. & expend. directly attributable to Equity
<b>Balance of income and expenditure for the financial year</b>	(876,301)	-
Profit Tax	(65,998)	-
Current Tax	(75,122)	-
<b>Deferred Tax</b>	9,124	-
Permanent Differences	19,240	-
Goodwill Deduction	90,400	-
Non-deductible Expenses	(5,200)	-
<b>Temporary Differences</b>		
70% Limit Amortization	(30,413)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>(868,272)</b>	<b>-</b>

<u>Rupees</u>	Profit & Loss Account	Inc. & expend. directly attributable to Equity
<b>Balance of income and expenditure for the financial year</b>	(70,682,470)	-
Profit Tax	(5,323,362)	-
Current Tax	(6,059,305)	-

	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Rupees		
<b>Deferred Tax</b>	735,942	-
Permanent Differences	1,551,937	
Goodwill Deduction	7,291,642	-
Non-deductible Expenses	(419,432)	-
<b>Temporary Differences</b>		
70% Limit Amortization	(2,453,113)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>(70,034,798)</b>	-

### 12.3. Corporate Tax Settlement

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Carrarias Sales & Marketing, S.L.U., for a negative amount of 868,272 Euros (70,034,820 Rupees), are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

Euros	2017/18	2016/17
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	<b>(569,673)</b>	<b>(375,337)</b>
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	<b>(569,673)</b>	<b>(375,337)</b>
<b>Group Gross Tax payable</b>	-	-
Rupees	2017/18	2016/17
<b>Previous Group Tax Base</b>	<b>(45,949,844)</b>	<b>(25,995,841)</b>
<b>Negative Group Tax base from previous financial years</b>	-	-
<b>Group Tax Base</b>	<b>(45,949,844)</b>	<b>(25,995,841)</b>
<b>Corporate income tax payable (25% x taxable base)</b>	-	-
<b>Group Gross Tax payable</b>	-	-

### 12.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods 2017/18 and 2016/17 is broken down as follows:

Euros	2017/18	2016/17
<b>1. Current Tax</b>	<b>(75,122)</b>	<b>(122,394)</b>
<b>2. Deferred tax</b>	<b>9,124</b>	<b>9,124</b>

- deductible temporary differences that are applied in the period	9,124	9,124
<b>3. Total expenditure on income tax</b>	<b>(65,998)</b>	<b>(113,270)</b>
Rupees	2017/18	2016/17
<b>1. Current Tax</b>	<b>(6,059,305)</b>	<b>(8,477,029)</b>
<b>2. Deferred tax</b>	<b>735,942</b>	<b>631,928</b>
- deductible temporary differences that are applied in the period	735,942	631,928
<b>3. Total expenditure on income tax</b>	<b>(5,323,362)</b>	<b>(7,845,100)</b>

### 12.5. Deduction because of the investments

Using the interest rate (25 percent) in the investments during the financial period the company obtains an amount which is subject to deduction for the amount of 8,8847 Euros (713,599 Rupees). It means that in March 31<sup>st</sup> 2018 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

### 12.6. Deferred Tax Asset.

Transactions during the 2016/17 and 2017/18 financial periods found in this heading have been the following:

Euros	Balance 31.3.17	Acquisitions	Applications	Balance 31.03.18
- Temporary differences, 70% limit fiscal amortisation	77,754	-	(9,124)	68,630
<b>Totals</b>	<b>77,754</b>	<b>-</b>	<b>(9,124)</b>	<b>68,630</b>

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
- Temporary differences, 70% limit fiscal amortisation	86,878	-	(9,124)	77,754
<b>Totals</b>	<b>86,878</b>	<b>-</b>	<b>(9,124)</b>	<b>77,754</b>

Rupees	Balance 31.3.17	Exchange rate	Acquisitions	Applications	Balance 31.03.18
- Temporary differences, 70% limit fiscal amortisation	5,385,239	886,386	-	(735,934)	5,535,692
<b>Totals</b>	<b>5,385,239</b>	<b>886,386</b>	<b>-</b>	<b>(735,934)</b>	<b>5,535,692</b>

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
- Temporary differences, 70% limit fiscal amortisation	6,017,168	-	(631,928)	5,385,239
<b>Totals</b>	<b>6,017,168</b>	<b>-</b>	<b>(631,928)</b>	<b>5,385,239</b>

### 12.7. Deferred Tax Liabilities

The amount of 116,375 Euros (9,386,808 Rupees), corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2018 (139,283 Euros (9,646,741 Rupees) at March 31<sup>st</sup> 2017). The tax base applied is 25%.

12.8 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial year 2017/2018, the situation of the Canary Islands Investment Reserve is as follows:

<u>Euros</u>			
<u>Item</u>	<u>2011</u>	<u>2011/12</u>	<u>2012/13</u>
Provisions	776,358	1,081,563	2,465,000
<u>Investments carried out</u>			
Financial Period 2013/14	(776,358)	(1,081,563)	(799,103)
Financial Period 2014/15	-	-	(263,916)
Financial Period 2015/16	-	-	(13,857)
Financial Period 2016/17	-	-	(159,074)

Rupees

<u>Item</u>	<u>2011</u>	<u>2011/12</u>	<u>2012/13</u>
Provisions	53,770,555	74,909,053	170,725,900
<u>Investments carried out</u>			
Financial Period 2013/14	(53,770,555)	(74,909,053)	(55,345,874)
Financial Period 2014/15	-	-	(18,278,822)
Financial Period 2015/16	-	-	(959,736)
Financial Period 2016/17	-	-	(11,017,465)

The Company, during the Financial Period 2013/14, carried out the following Investments, materialising the Reserve in the following assets and on the indicated dates on the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

<u>Account</u>	<u>Item</u>	<u>Date Acquired</u>	<u>Acquisition Amount</u>	<u>Grant Deduction</u>	<u>Amount Used</u>	<u>Provision 2011</u>	<u>Provision 2011/2012</u>	<u>Provision 2012/2013</u>
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	1,084,195	633,330	633,330	633,330	-	-
					<b>633,330</b>	<b>633,330</b>	-	-
21301001	ANGRY BIRDS ASSETS	01.11.2013	55,851	23,226	32,625	32,625	-	-
21301001	Machinery	12.06.2014	3,500		3,500	3,500	-	-
					<b>36,125</b>	<b>36,125</b>	-	-
21508001	ANGRY BIRDS ASSETS	01.11.2013	2,833,292	1,178,231	1,655,060	106,902	1,081,563	466,595
21508001	Other Facilities	21.11.2013	7,710	-	7,710	-	-	7,710
21508001	Other Facilities	01.02.2014	1,102	-	1,102	-	-	1,102
21508001	Other Facilities	01.02.2014	2,590	-	2,590	-	-	2,590
21508001	Other Facilities	18.02.2014	755	-	755	-	-	755
21508001	Other Facilities	26.02.2014	746	-	746	-	-	746
21508001	Other Facilities	08.04.2014	1,609	-	1,609	-	-	1,609
21508001	Other Facilities	07.05.2014	110	-	110	-	-	110
21508001	Other Facilities	09.05.2014	298	-	298	-	-	298
21508001	Other Facilities	09.05.2014	943	-	943	-	-	943
21508001	Other Facilities	14.05.2014	893	-	893	-	-	893
21508001	Other Facilities	19.05.2014	1,609	-	1,609	-	-	1,609
21508001	Other Facilities	20.05.2014	1,390	-	1,390	-	-	1,390
21508001	Other Facilities	21.05.2014	396	-	396	-	-	396
21508001	Other Facilities	31.05.2014	1,476	-	1,476	-	-	1,476
21508001	Other Facilities	31.05.2014	604	-	604	-	-	604
21508001	Other Facilities	05.06.2014	1,811	-	1,811	-	-	1,811
21508001	Other Facilities	06.06.2014	26	-	26	-	-	26
21508001	Other Facilities	06.06.2014	15	-	15	-	-	15
21508001	Other Facilities	06.06.2014	76	-	76	-	-	76
21508001	Other Facilities	01.08.2014	269	-	269	-	-	269
21508001	Other Facilities	01.08.2014	1,616	-	1,616	-	-	1,616
21508001	Other Facilities	01.08.2014	3,493	-	3,493	-	-	3,493
21508001	Other Facilities	08.08.2014	2,001	-	2,001	-	-	2,001
21508001	Other Facilities	01.09.2014	2,319	-	2,319	-	-	2,319
					<b>1,688,918</b>	<b>106,902</b>	<b>1,081,563</b>	<b>500,453</b>



HOLIDAY CLUB CANARIAS SALES & MARKETING S.L.U.

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21601002	ANGRY BIRDS ASSETS	01.11.2013	83,856	34,871,61	48,984	-	-	48,984
21601002	Furniture	19.11.2013	783	-	783	-	-	783
21601002	Furniture	19.11.2013	175	-	175	-	-	175
21601002	Furniture	01.03.2014	600	-	600	-	-	600
21601002	Furniture	01.04.2014	690	-	690	-	-	690
21601002	Furniture	15.04.2014	690	-	690	-	-	690
21601002	Furniture	31.05.2014	356	-	356	-	-	356
21601002	Furniture	01.06.2014	199	-	199	-	-	199
21601002	Furniture	01.06.2014	63	-	63	-	-	63
21601002	Furniture	01.06.2014	175	-	175	-	-	175
21601002	Furniture	01.06.2014	1,142	-	1,142	-	-	1,142
21601002	Furniture	29.06.2014	814	-	814	-	-	814
					<b>54,670</b>	<b>-</b>	<b>-</b>	<b>54,670</b>
21701001	IT Equipment	26.10.2013	1,347	-	1,347	-	-	1,346
21701001	IT Equipment	04.12.2013	768	-	768	-	-	768
21701001	IT Equipment	04.12.2013	749	-	749	-	-	749
21701001	IT Equipment	04.12.2013	14,176	-	14,176	-	-	14,176
21701002	IT Equipment	11.10.2013	1,224	-	1,224	-	-	1,224
					<b>18,264</b>	<b>-</b>	<b>-</b>	<b>18,264</b>
21801001	Vehicles	10.09.2014	19,509	-	19,509	-	-	19,509
21801001	Vehicles	12.09.2014	285	-	285	-	-	285
					<b>19,794</b>	<b>-</b>	<b>-</b>	<b>19,794</b>
21901008	Other Tangible Fixed Assets	01.12.2013	1,400	-	1,400	-	-	1,400
21901008	Other Tangible Fixed Assets	16.09.2014	64	-	64	-	-	64
21901008	Other Tangible Fixed Assets	16.09.2014	2,500	-	2,500	-	-	2,500
21901008	Other Tangible Fixed Assets	17.09.2014	64	-	64	-	-	64
					<b>4,029</b>	<b>-</b>	<b>-</b>	<b>4,029</b>
<b>Rupees</b>								
Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	81,282,099	47,480,750	47,480,750	47,480,750	-	-
					<b>47,480,750</b>	<b>47,480,750</b>	<b>-</b>	<b>-</b>
21301001	ANGRY BIRDS ASSETS	01.11.2013	4,187,149	1,741,253	2,445,896	2,445,896	-	-
21301001	Machinery	12.06.2014	262,395	-	262,395	262,395	-	-
					<b>2,708,291</b>	<b>2,708,291</b>	<b>-</b>	<b>-</b>
21508001	ANGRY BIRDS ASSETS	01.11.2013	212,411,901	88,331,978	124,079,848	8,014,443	81,084,778	34,980,627
21508001	Other Facilities	21.11.2013	578,019	-	578,019	-	-	578,019
21508001	Other Facilities	01.02.2014	82,617	-	82,617	-	-	82,617
21508001	Other Facilities	01.02.2014	194,172	-	194,172	-	-	194,172
21508001	Other Facilities	18.02.2014	56,602	-	56,602	-	-	56,602
21508001	Other Facilities	26.02.2014	55,928	-	55,928	-	-	55,928
21508001	Other Facilities	08.04.2014	120,627	-	120,627	-	-	120,627
21508001	Other Facilities	07.05.2014	8,247	-	8,247	-	-	8,247

**Rupees**

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21508001	Other Facilities	09.05.2014	22,341	-	22,341	-	-	22,341
21508001	Other Facilities	09.05.2014	70,697	-	70,697	-	-	70,697
21508001	Other Facilities	14.05.2014	66,948	-	66,948	-	-	66,948
21508001	Other Facilities	19.05.2014	120,627	-	120,627	-	-	120,627
21508001	Other Facilities	20.05.2014	104,208	-	104,208	-	-	104,208
21508001	Other Facilities	21.05.2014	29,688	-	29,688	-	-	29,688
21508001	Other Facilities	31.05.2014	110,656	-	110,656	-	-	110,656
21508001	Other Facilities	31.05.2014	45,282	-	45,282	-	-	45,282
21508001	Other Facilities	05.06.2014	135,771	-	135,771	-	-	135,771
21508001	Other Facilities	06.06.2014	1,949	-	1,949	-	-	1,949
21508001	Other Facilities	06.06.2014	1,125	-	1,125	-	-	1,125
21508001	Other Facilities	06.06.2014	5,698	-	5,698	-	-	5,698
21508001	Other Facilities	01.08.2014	20,167	-	20,167	-	-	20,167
21508001	Other Facilities	01.08.2014	121,152	-	121,152	-	-	121,152
21508001	Other Facilities	01.08.2014	261,870	-	261,870	-	-	261,870
21508001	Other Facilities	08.08.2014	150,015	-	150,015	-	-	150,015
21508001	Other Facilities	01.09.2014	173,855	-	173,855	-	-	173,855
					<b>126,618,182</b>	<b>8,014,443</b>	<b>81,084,778</b>	<b>37,518,961</b>
	<b>ANGRY BIRDS ASSETS</b>							
21601002	ASSETS	01.11.2013	6,286,684	2,614,325	3,672,330	-	-	3,672,330
21601002	Furniture	19.11.2013	58,702	-	58,702	-	-	58,702
21601002	Furniture	19.11.2013	13,120	-	13,120	-	-	13,120
21601002	Furniture	01.03.2014	44,982	-	44,982	-	-	44,982
21601002	Furniture	01.04.2014	51,729	-	51,729	-	-	51,729
21601002	Furniture	15.04.2014	51,729	-	51,729	-	-	51,729
21601002	Furniture	31.05.2014	26,689	-	26,689	-	-	26,689
21601002	Furniture	01.06.2014	14,919	-	14,919	-	-	14,919
21601002	Furniture	01.06.2014	4,723	-	4,723	-	-	4,723
21601002	Furniture	01.06.2014	13,120	-	13,120	-	-	13,120
21601002	Furniture	01.06.2014	85,616	-	85,616	-	-	85,616
21601002	Furniture	29.06.2014	61,026	-	61,026	-	-	61,026
					<b>4,098,610</b>	-	-	<b>4,098,610</b>
21701001	IT Equipment	26.10.2013	100,985	-	100,985	-	-	100,910
21701001	IT Equipment	04.12.2013	57,577	-	57,577	-	-	57,577
21701001	IT Equipment	04.12.2013	56,153	-	56,153	-	-	56,153
21701001	IT Equipment	04.12.2013	1,062,775	-	1,062,775	-	-	1,062,775
21701002	IT Equipment	11.10.2013	91,763	-	91,763	-	-	91,763
					<b>1,369,252</b>	-	-	<b>1,369,252</b>
21801001	Vehicles	10.09.2014	1,462,590	-	1,462,590	-	-	1,462,590
21801001	Vehicles	12.09.2014	21,366	-	21,366	-	-	21,366
					<b>1,483,956</b>	-	-	<b>1,483,956</b>
21901008	Other Tangible Fixed Assets	01.12.2013	104,958	-	104,958	-	-	104,958
21901008	Other Tangible Fixed Assets	16.09.2014	4,798	-	4,798	-	-	4,798

**Rupees**

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21901008	Other Tangible Fixed Assets	16.09.2014	187,425	-	187,425	-	-	187,425
21901008	Other Tangible Fixed Assets	17.09.2014	4,798	-	4,798	-	-	4,798
					<b>302,054</b>	<b>-</b>	<b>-</b>	<b>302,054</b>

Also, at the time of the initial investment relating to the opening of the Angry Birds Park, the creation of jobs occurred, which caused an increase of the total average number of employees. This has resulted in the materialization of the reserve in the creation of jobs, which, as indicated in the Report for the 2013 / 2014 Financial Period, amounted to 201,892 Euros (13,983,040 Rupees).

During the financial period 2014/2015, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

**Euros**

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	220	220	220
21601002	Furniture	28.02.2015	715	715	715
21601002	Furniture	12.03.2015	298	298	298
21601002	Furniture	19.03.2015	1,060	1,060	1,060
21601002	Furniture	19.03.2015	60	60	60
21601002	Furniture	30.04.2015	2,373	2,373	2,373
21601002	Furniture	30.09.2015	571	571	571
<b>Furniture</b>			<b>5,297</b>	<b>5,297</b>	<b>5,297</b>
21701001	IT Equipment	31.10.2014	784	784	784
21701001	IT Equipment	31.10.2014	645	645	645
21701001	IT Equipment	30.11.2014	2,311	2,311	2,311
<b>IT Equipment</b>			<b>3,740</b>	<b>3,740</b>	<b>3,740</b>

**Rupees**

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	16,493	16,493	16,493
21601002	Furniture	28.02.2015	53,604	53,604	53,604
21601002	Furniture	12.03.2015	22,341	22,341	22,341
21601002	Furniture	19.03.2015	79,468	79,468	79,468
21601002	Furniture	19.03.2015	4,498	4,498	4,498
21601002	Furniture	30.04.2015	177,904	177,904	177,904
21601002	Furniture	30.09.2015	42,808	42,808	42,808
<b>Furniture</b>			<b>397,116</b>	<b>397,116</b>	<b>397,116</b>
21701001	IT Equipment	31.10.2014	58,776	58,776	58,776
21701001	IT Equipment	31.10.2014	48,356	48,356	48,356
21701001	IT Equipment	30.11.2014	173,256	173,256	173,256
<b>IT Equipment</b>			<b>280,388</b>	<b>280,388</b>	<b>280,388</b>

Furthermore, on the occasion of the initial investment for the launch of the Angry Birds Park on November 1, 2013, jobs have been created which have determined an increase of the average total number of staff. This has resulted in the realization of the reserve due to the creation of jobs.

In particular, the increase to the average amount of staff pursuant to Article 27.4.0 of Law 19/1994, July 6 and Article 10 of the Royal Decree of 1758/2007, was 10,56 employees.

During the financial period 2014/2015, the amount of 24,136 Euros (1,671,659 Rupees) is the average cost of the gross wages and compulsory social contributions of employees connected to the Park. Consequently, in accordance with Article 27.6 of Law 19/1994, the materialization of the reserve due to the increase of the number of employees at the initial investment, is 254,879 Euros (17,652,920 Rupees)

This investment, due to the creation of jobs materializes part of the reserve allocated in the Financial Period 2012/2013.

During the financial period 2015/2016, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	6,898	6,898	6,898
21601002	Furniture	31.10.2015	320	320	320
	<b>Furniture</b>		<b>7,218</b>	<b>7,218</b>	<b>7,218</b>
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
	<b>IT Equipment</b>		<b>1,209</b>	<b>1,209</b>	<b>1,209</b>
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
	<b>Other facilities</b>		<b>1,615</b>	<b>1,615</b>	<b>1,615</b>
20601001	IT applications	01.03.2016	3,816	3,816	3,816
	<b>IT applications</b>		<b>3,816</b>	<b>3,816</b>	<b>3,816</b>

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	517,143	517,143	517,143
21601002	Furniture	31.10.2015	23,990	23,990	23,990
	<b>Furniture</b>		<b>541,133</b>	<b>541,133</b>	<b>541,133</b>
21701002	IT Equipment	25.11.2015	56,153	56,153	56,153
21701002	IT Equipment	30.11.2015	34,486	34,486	34,486
	<b>IT Equipment</b>		<b>90,639</b>	<b>90,639</b>	<b>90,639</b>
21508001	Other facilities	29.02.2016	94,462	94,462	94,462
21508001	Other facilities	29.02.2016	26,614	26,614	26,614
	<b>Other facilities</b>		<b>121,077</b>	<b>121,077</b>	<b>121,077</b>
20601001	IT applications	01.03.2016	286,086	286,086	286,086
	<b>IT applications</b>		<b>286,086</b>	<b>286,086</b>	<b>286,086</b>

During the financial period 2016/2017, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	763	763	763
21601002	Furniture	28.06.2016	640	640	640
21608002	Furniture	01.03.2017	440	440	440
21608002	Furniture	23.03.2017	2,126	2,126	2,126
	<b>Furniture</b>		<b>3,969</b>	<b>3,969</b>	<b>3,969</b>
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885
21701002	IT Equipment	25.05.2016	460	460	460
	<b>IT Equipment</b>		<b>2,275</b>	<b>2,275</b>	<b>2,275</b>
21901008	Other Tangible Fixed Assets	30.04.2016	35	35	35
21901008	Other Tangible Fixed Assets	30.04.2016	37	37	37
21901008	Other Tangible Fixed Assets	30.04.2016	12	12	12
21901008	Other Tangible Fixed Assets	30.04.2016	3	3	3
21901008	Other Tangible Fixed Assets	30.04.2016	4,749	4,749	4,749

HOLIDAY CLUB CANARIAS SALES & MARKETING S.L.U.

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	01.05.2016	239	239	239
21901008	Other Tangible Fixed Assets	01.12.2016	48,551	48,551	48,551
21901008	Other Tangible Fixed Assets	22.02.2017	11,921	11,921	11,921
21901008	Other Tangible Fixed Assets	22.02.2017	86	86	86
21901008	Other Tangible Fixed Assets	22.02.2017	66	66	66
21901008	Other Tangible Fixed Assets	22.02.2017	113	113	113
21901008	Other Tangible Fixed Assets	01.03.2017	3,589	3,589	3,589
21901008	Other Tangible Fixed Assets	06.03.2017	6,603	6,603	6,603
21901008	Other Tangible Fixed Assets	06.03.2017	172	172	172
21901008	Other Tangible Fixed Assets	08.03.2017	1,340	1,340	1,340
21901008	Other Tangible Fixed Assets	16.03.2017	1,060	1,060	1,060
21901008	Other Tangible Fixed Assets	23.03.2017	34,200	34,200	34,200
21901008	Other Tangible Fixed Assets	29.03.2017	828	828	828
21901008	Other Tangible Fixed Assets	29.03.2017	3,700	3,700	3,700
21901008	Other Tangible Fixed Assets	31.03.2017	22,253	22,253	22,253
		<b>Other Tangible Fixed Assets</b>	<b>139,558</b>	<b>139,557</b>	<b>139,558</b>
20601001	IT applications	01.05.2016	1,716	1,716	1,716
20601001	IT applications	01.03.2017	3,537	3,537	3,537
20601001	IT applications	29.03.2017	1,817	1,817	1,817
		<b>IT applications</b>	<b>7,070</b>	<b>7,070</b>	<b>7,070</b>
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		<b>Other facilities</b>	<b>6,202</b>	<b>6,202</b>	<b>6,202</b>

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	52,845	52,845	52,845
21601002	Furniture	28.06.2016	44,326	44,326	44,326
21608002	Furniture	01.03.2017	30,474	30,474	30,474
21608002	Furniture	23.03.2017	147,247	147,247	147,247
		<b>Furniture</b>	<b>274,893</b>	<b>274,893</b>	<b>274,893</b>
21701001	IT Equipment	06.02.2017	64,412	64,412	64,412
21701001	IT Equipment	01.03.2017	61,295	61,295	61,295
21701002	IT Equipment	25.05.2016	31,860	31,860	31,860
		<b>IT Equipment</b>	<b>157,567</b>	<b>157,567</b>	<b>157,567</b>
21901008	Other Tangible Fixed Assets	30.04.2016	2,424	2,424	2,424
21901008	Other Tangible Fixed Assets	30.04.2016	2,563	2,563	2,563
21901008	Other Tangible Fixed Assets	30.04.2016	831	831	831
21901008	Other Tangible Fixed Assets	30.04.2016	208	208	208
21901008	Other Tangible Fixed Assets	30.04.2016	328,916	328,916	328,916
21901008	Other Tangible Fixed Assets	01.05.2016	16,553	16,553	16,553
21901008	Other Tangible Fixed Assets	01.12.2016	3,362,642	3,362,642	3,362,642
21901008	Other Tangible Fixed Assets	22.02.2017	825,648	825,648	825,648
21901008	Other Tangible Fixed Assets	22.02.2017	5,956	5,956	5,956
21901008	Other Tangible Fixed Assets	22.02.2017	4,571	4,571	4,571
21901008	Other Tangible Fixed Assets	22.02.2017	7,826	7,826	7,826
21901008	Other Tangible Fixed Assets	01.03.2017	248,574	248,574	248,574

## Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	06.03.2017	457,324	457,324	457,324
21901008	Other Tangible Fixed Assets	06.03.2017	11,913	11,913	11,913
21901008	Other Tangible Fixed Assets	08.03.2017	92,808	92,808	92,808
21901008	Other Tangible Fixed Assets	16.03.2017	73,416	73,416	73,416
21901008	Other Tangible Fixed Assets	23.03.2017	2,368,692	2,368,692	2,368,692
21901008	Other Tangible Fixed Assets	29.03.2017	57,347	57,347	57,347
21901008	Other Tangible Fixed Assets	29.03.2017	256,262	256,262	256,262
21901008	Other Tangible Fixed Assets	31.03.2017	1,541,243	1,541,243	1,541,243
<b>Other Tangible Fixed Assets</b>			<b>9,665,718</b>	<b>9,665,718</b>	<b>9,665,718</b>
20601001	IT applications	01.05.2016	118,850	118,850	118,850
20601001	IT applications	01.03.2017	244,973	244,973	244,973
20601001	IT applications	29.03.2017	125,845	125,845	125,845
<b>IT applications</b>			<b>489,668</b>	<b>489,668</b>	<b>489,668</b>
21508001	Other facilities	29.03.2017	429,551	429,551	429,551
<b>Other facilities</b>			<b>429,551</b>	<b>429,551</b>	<b>429,551</b>

On March 31, 2017 the partners agreed to dispose part of the RIC 2012/13 special reserve, so that they agreed to transfer part of the special reserve to voluntary reserves, specifically for the amount pending to materialize at this date, the amount of 1,229,049 Euros (85,123,934 Rupees). Consequently, one of the requirements established in the article 27 of the Law 19/1994 has been violated, integrating, in accordance with article 27.6 of Law 19/1994, this amount into the tax base of the corporate tax corresponding to 2016/17 period.

As a result of this breach, moratory interests have been paid to the administration for the amount of 53,975 Euros (3,738,309 Rupees), of which 46,096 were accrued as at 31 March 2017 (see note 9.3).

The realization for the amount of 26,781 Euros (1,854,852 Rupees) in the annual report for the financial period 2016/17 that was booked in the account 21100001, has been reclassified during the current financial period to the account 21901008, but the assets are still in the company with the same amount and all the requirements related to the realization have been fulfilled. See note 6.1.

Finally, it must be reported that the Company has not carried out investments prior the provision and it has not been benefited from any other tax benefit accrued at the time of the Investments made as a result of the realization of the RIC.

#### 12.9. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes have been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

### 13. INCOMES AND EXPENSES

#### 13.1. Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding to the cost of the acquired weeks and with purchases of merchandise and merchandising for the Theme Park. The amounts are as follows:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
Cost of weeks acquired	27,249	15,000
Merchandise purchased Theme Park	169,981	173,091
Change in Inventory merchandise Theme park	2,121	(5,081)
<b>Totals</b>	<b>199,352</b>	<b>188,091</b>
<b>Rupees</b>	<b>2017/18</b>	<b>2016/17</b>
Cost of weeks acquired	2,197,904	1,038,877
Merchandise purchased Theme Park	13,710,698	11,988,297
Change in Inventory merchandise Theme park	171,098	(351,855)
<b>Totals</b>	<b>16,079,700</b>	<b>12,675,319</b>

The purchase of acquired weeks has been carried out in Spanish territory and the theme park merchandise has been purchased from members countries of the European Union.

6.b) Social security: corresponds entirely with the business contribution whose amount totalled 487,784 Euros (39,344,657 Rupees) and 596,897 Euros (41,341,086 Rupees) for the Financial Periods 2017/18 and 2016/17, respectively.

7.a) External Services:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
Leases and Charges	312,476	461,559
Repair and Maintenance	2,249,993	2,297,291
Independent Professional Services	843,314	1,220,202
Transport	199,104	211,798
Insurance	25,771	24,094
Bank Services and Similar	24,407	26,545
Publicity, Advertising and Public Relations	294,208	484,723
Supplies	160,810	157,612
Other Services	306,130	191,822
<b>Totals</b>	<b>4,416,214</b>	<b>5,075,645</b>

<b>Rupees</b>	<b>2017/18</b>	<b>2016/17</b>
Leases and Charges	25,204,354	31,967,562
Repair and Maintenance	181,484,451	159,110,389
Independent Professional Services	68,021,741	84,511,166
Transport	16,059,724	14,669,136

<b>Rupees</b>	<b>2017/18</b>	2016/17
Insurance	<b>2,078,695</b>	1,668,764
Bank Services and Similar	<b>1,968,698</b>	1,838,478
Publicity, Advertising and Public Relations	<b>23,730,793</b>	33,571,902
Supplies	<b>12,970,939</b>	10,916,188
Other Services	<b>24,692,460</b>	13,285,619
<b>Totals</b>	<b>356,211,854</b>	351,539,203

7.c) Losses on, impairment of and change in trade provisions:

<b>Euros</b>	<b>2017/18</b>	2016/17
Losses from bad debts	<b>283,159</b>	1,098,646
Trade Provision	<b>190,415</b>	176,860
Excess Trade Provision	<b>(212,322)</b>	(995,725)
Provision packs	<b>(5,200)</b>	(12,860)
Provision Sales-persons' commissions	<b>(65,824)</b>	(27,529)
Other provisions	<b>(56,949)</b>	42,173
<b>Totals</b>	<b>133,279</b>	281,566

<b>Rupees</b>	<b>2017/18</b>	2016/17
Losses from bad debts	<b>22,839,640</b>	76,092,234
Trade Provision	<b>15,358,841</b>	12,249,319
Excess Trade Provision	<b>(17,125,888)</b>	(68,963,880)
Provision packs	<b>(419,432)</b>	(890,684)
Provision Sales-persons' commissions	<b>(5,309,364)</b>	(1,906,659)
Other provisions	<b>(4,593,506)</b>	2,920,901
<b>Totals</b>	<b>10,750,291</b>	19,501,233

13.2. "Other results": these correspond to the net of Profit & Loss that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. In the financial year 2016/17 and 2017/18 they correspond, mainly, to the long term provision the for amount of 26,029 Euros (1,802,769 Rupees) and 252,000 Euros (20,326,320 Rupees), respectively (See note 14.1)

#### 14. PROVISIONS AND CONTINGENCIES

##### Provisions

14.1. The long-term provision for the amount of 278,029 Euros (22,425,819 Rupees) corresponds to judicial processes in favor of different clients for claims for weeks sold in previous periods. Transactions during the 2017/18 financial period are as follows:

<b>Euros</b>	<b>Saldo a 31.03.17</b>	<b>Altas</b>	<b>Saldo a 31.03.18</b>
Otras provisiones a largo plaza	26,029	252,000	<b>278,029</b>

  

<b>Rupees</b>	<b>Balance at 31.03.17</b>	<b>Exchange rate</b>	<b>Acquisitions</b>	<b>Balance at 31.03.18</b>
Long-term provisions	1,802,741	296,727	20,326,320	22,425,787

The company has been sued for several clients arguing that the contracts are null for de amount of 3,800,000 Euros (360,508,000 Rupees). At the date of preparation of these annual accounts 76 claims have been received, 15 of which have a ruling (1 favourable and 14 unfavourable) for the amount of 420,589 Euros (33,924,709 Rupees). The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. Although there are unfavourable rulings all of them have been appealed and are expected to get a favourable ruling for the contracts signed after July 2012. Most of them are in this case. The maximum risk has been quantified in 278,029 Euros (22,425,819 Rupees)

14.2. The short term provision corresponds to the accrual of commissions pending payment to sates staff, the cost of the accommodation of packs and provisions for the cancellation of sales. The balance at the close of the financial year 2016/17 and 2017/87 amounts 631,833 euros (43,760,754 Rupees) and 555,541 Euros ( Rupees), respectively.

##### Contingencies

14.3. There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 500,000 Euros (40,330,000 Rupees) (see Note 18.3).

#### 15. ENVIRONMENTAL INFORMATION

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

#### 16. GRANTS, DONATIONS AND BEQUESTS

16.1 On June 24, 2014 a grant was given by the Ministry of Finance and other Public Administrations for the investment Project in the Angry. Birds Theme Park, for the amount of 870,213 Euros (60,270,952 Rupees).

16.2. Variations in the capital grant during the financial years 2017/18 and 2016/17 are as follows:

<b>Euros</b>	<b>Balance 31.03.16</b>	<b>Acquisitions</b>	<b>Transfer to results</b>	<b>Tax rate change</b>	<b>Balance 31.03.17</b>
Capital Grant	648,766	-	(91,633)	-	<b>557,132</b>
Tax Effect	(162,191)	-	22,908	-	<b>(139,283)</b>
<b>Totals</b>	<b>486,574</b>	<b>-</b>	<b>(68,725)</b>	<b>-</b>	<b>417,849</b>

	<b>Balance 31.03.17</b>	<b>Acquisitions</b>	<b>Transfer to results</b>	<b>Balance 31.03.18</b>
Capital Grant	557,133	-	(91,633)	<b>465,500</b>
Tax Effect	(139,283)	-	22,908	<b>(116,375)</b>
<b>Totals</b>	<b>417,850</b>	<b>-</b>	<b>(68,725)</b>	<b>349,124</b>

<b>Rupees</b>	<b>Balance 31.03.16</b>	<b>Exchange rate</b>	<b>Transfer to results</b>	<b>Tax rate change</b>	<b>Balance 31.03.17</b>
Capital Grant	44,933,505	-	(6,346,532)	-	<b>38,586,973</b>
Tax Effect	(11,233,371)	-	1,586,633	-	<b>(9,646,738)</b>
<b>Totals</b>	<b>33,700,135</b>	<b>-</b>	<b>(4,759,899)</b>	<b>-</b>	<b>28,940,236</b>

	<b>Balance 31.03.17</b>	<b>Exchange rate</b>	<b>Transfer to results</b>	<b>Balance 31.03.18</b>
Capital Grant	38,586,973	6,351,374	(7,391,153)	<b>37,547,195</b>
Tax Effect	(9,646,738)	(1,587,893)	1,847,788	<b>(9,386,843)</b>
<b>Totals</b>	<b>28,940,236</b>	<b>4,763,481</b>	<b>(5,543,365)</b>	<b>28,160,352</b>

#### 17. EVENTS AFTER THE CLOSING OF THE YEAR

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

#### 18. TRANSACTIONS BETWEEN RELATED PARTIES

18.1. Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.

- Ms. Unn Tove Sætran, Sales Manager, until May 2016.
- Ms. Maria del Carmen Meinster, Publicity Services Manager.

Remuneration paid to managers and key personnel of the company, during the financial period 2016/17, in their status as employees of the company, amounts to 165,971 Euros (11,495,151 Rupees) and in the financial period 2017/18, 111,221 Euros (8,971,086 Rupees)

On the Balance Sheet there is a current account with partners and administrators at March 31, 2018, that amounts 3,126 Euros (252,143 Rupees) (3,560 euros (246,566 Rupees) in the financial period 2016/2017)

18.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 17 July, that amended Law 24/1988, of July 28, in which the market values and the text revised from the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3. Transactions and Balances with Group companies:

The transactions carried out with Group companies during the financial periods 2017/18 and 2016/17, are the following:

<b>Euros</b>	<b>2016/17</b>		
	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
<b>Company</b>			
Holiday Club Canarias Resort Management, S.L.U.	-	2,490,190	170,264
Holiday Club Resort OY	-	312,866	333,890
Holiday Club Sweden AB	317,533	15,257	7,606
<b>Totals</b>	<b>317,533</b>	<b>2,818,312</b>	<b>511,760</b>
<b>Euros</b>	<b>2017/18</b>		
<b>Company</b>	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
Holiday Club Canarias Resort Management, S.L.U.	-	<b>2,390,368</b>	<b>194,640</b>
Holiday Club Resort OY	-	<b>263,339</b>	<b>314,209</b>
Holiday Club Sweden AB	<b>309,904</b>	<b>1,246</b>	<b>209,055</b>
<b>Totals</b>	<b>309,904</b>	<b>2,654,953</b>	<b>529,754</b>

<b>Rupees</b>	<b>2016/17</b>		
	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
<b>Company</b>			
Holiday Club Canarias Resort Management, S.L.U.	-	172,470,535	11,792,500
Holiday Club Resort OY	-	21,669,076	23,125,241
Holiday Club Sweden AB	21,992,336	1,056,701	526,792
<b>Totals</b>	<b>21,992,336</b>	<b>195,196,311</b>	<b>35,444,532</b>

<b>Rupees</b>	<b>2017/18</b>		
	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
<b>Company</b>			
Holiday Club Canarias Resort Management, S.L.U.	-	<b>192,807,053</b>	<b>15,699,623</b>
Holiday Club Resort OY	-	<b>21,240,913</b>	<b>25,344,093</b>
Holiday Club Sweden AB	<b>24,996,862</b>	<b>100,530</b>	-
<b>Totals</b>	<b>24,996,862</b>	<b>214,148,496</b>	<b>41,043,715</b>

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2017/18 and 2016/17, both short-term and long-term, at the close of the Financial Periods are:

<b>Euros</b>	<b>2016/2017</b>		<b>2017/2018</b>	
	<b>Debit Balances</b>	<b>Creditor Balances</b>	<b>Debit Balances</b>	<b>Creditor Balances</b>
Holiday Club Canarias Resort Management, S.L.U.	-	1,276,397	-	<b>2,288,506</b>
Holiday Club Canarias Investment, S.L.U.	757,250	-	<b>888,372</b>	-
Holiday Club Resort OY	16,107	-	-	<b>33,386</b>
Holiday Club Sweden AB	-	13,267,022	-	<b>12,076,974</b>
<b>Totals</b>	<b>773,357</b>	<b>14,543,419</b>	<b>888,372</b>	<b>14,398,866</b>

<b>Rupees</b>	<b>2016/2017</b>		<b>2017/2018</b>	
	<b>Debit Balances</b>	<b>Creditor Balances</b>	<b>Debit Balances</b>	<b>Creditor Balances</b>
Holiday Club Canarias Resort Management, S.L.U.	-	88,403,240	-	<b>184,590,867</b>
Holiday Club Canarias Investment, S.L.U.	52,447,136	-	<b>71,656,123</b>	-
Holiday Club Resort OY	1,115,590	-	-	<b>2,692,946</b>
Holiday Club Sweden AB	-	918,873,949	-	<b>974,128,734</b>
<b>Totals</b>	<b>53,562,725</b>	<b>1,007,277,188</b>	<b>71,656,123</b>	<b>1,161,412,547</b>

The Company is backed by the Group Company Holiday Club Canarias Resort Management, SLU, to respond to a loan granted by a financial institution, amounting to 500,000 Euros (4,033,000 Rupees) (see Note 14.4).



**19. OTHER INFORMATION**

19.1. Companies subject to the same unit of decision

The Company shows the largest assets in the group of companies subject to the same decision-making units, headquartered in Spain. The companies are the following ones:

- Holiday Club Canarias Investment, S.L.U.: Parent Company of the Group
- Holiday Club Canarias Sales & Marketing, S.L.U.: Subsidiary and with the highest assets.
- Holiday Club Canarias Resort Management, S.L.U.: Subsidiary.

Aggregate amounts of said companies are as follows:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
<b>ASSETS</b>		
Non-current Assets	<b>9,159,582</b>	9,402,096
Current Assets	<b>17,588,317</b>	17,566,237
<b>Total</b>	<b>26,747,899</b>	26,968,333
<b>EQUITY AND LIABILITIES</b>		
Equity	<b>4,095,383</b>	4,809,563
Non-current Liabilities	<b>12,494,144</b>	12,658,858
Current Liabilities	<b>10,158,372</b>	9,499,912
<b>Total</b>	<b>26,747,899</b>	26,968,333
<b>PROFIT &amp; LOSS</b>		
Turnover	<b>12,698,059</b>	13,109,685
Results (Loss)	<b>645,454</b>	1,736,642
<b>Rupees</b>		
	<b>2017/18</b>	<b>2016/17</b>
<b>ASSETS</b>		
Non-current Assets	<b>738,811,853</b>	651,189,143
Current Assets	<b>1,418,673,650</b>	1,216,637,582
<b>Total</b>	<b>2,157,485,503</b>	1,867,826,726
<b>EQUITY AND LIABILITIES</b>		
Equity	<b>330,333,561</b>	333,110,329
Non-current Liabilities	<b>1,007,777,674</b>	876,752,506
Current Liabilities	<b>819,374,267</b>	657,963,891
<b>Total</b>	<b>2,157,485,503</b>	1,867,826,726
<b>PROFIT &amp; LOSS</b>		
Turnover	<b>1,024,225,459</b>	907,976,766
Results (Loss)	<b>52,062,314</b>	120,279,802

19.2. Number of Employees

The average number of persons employed by the Company during the financial periods 2017/18 and 2016/17, distributed by their professional categories, has been as follows:

	<b>Persons</b>	
	<b>2017/18</b>	<b>2016/17</b>
Executives and Administrative Staff	<b>18.23</b>	19.44
Sales and Collections Staff	<b>23.61</b>	35.56
Others	<b>22.24</b>	25.31
<b>Totals</b>	<b>64.08</b>	80.31

The distribution by gender at the end of the financial periods 2017/18 and 2016/17 is the following:

	<b>2017/18</b>		<b>2016/17</b>	
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
Executives and Administrative Staff	<b>8</b>	<b>11</b>	7	10
Sales and Collections Staff	<b>18</b>	<b>9</b>	27	15
Others	<b>16</b>	<b>17</b>	16	15
<b>Totals</b>	<b>42</b>	<b>37</b>	50	40

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2017/18 and 2016/17 is only 1 employee in the "other" category, for both financial periods.

19.3. Auditors' Fees

The fees for the audit of annual accounts amount to 11,000 Euros (887,260 Rupees) and 11,000 Euros (761,860 Rupees) for the Financial Periods 2017/18 and 2016/17 respectively

**20. SEGMENT REPORTING**

The Company's business has been carried out entirely within the geographical area of the Canary Islands.

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
Sale of weeks and packs	<b>3,288,940</b>	4,731,235
Angry Birds Theme Park income	<b>1,215,018</b>	1,136,535
Vacation rental	<b>2,313,127</b>	1,180,884
Other income	<b>749,048</b>	764,912
<b>Totals</b>	<b>7,566,133</b>	7,813,566
<b>Rupees</b>		
	<b>2017/18</b>	<b>2016/17</b>
Sale of weeks and packs	<b>265,285,868</b>	327,685,358
Angry Birds Theme Park income	<b>98,003,312</b>	78,716,385
Vacation rental	<b>186,576,837</b>	81,788,059
Other income	<b>60,418,248</b>	52,977,789
<b>Totals</b>	<b>610,284,265</b>	541,167,590

**21. INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION OF LAW 15/2010 OF 5 JULY.**

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>Days</b>	<b>Days</b>
<b>Payment Ratio</b>	<b>45</b>	45
<b>Outstanding payment Ratio</b>	<b>31</b>	31
<b>Average period for payment to suppliers</b>	<b>43</b>	42
	<b>Euro/Rupees</b>	<b>Euro/Rupees</b>
<b>Total payments in the period</b>	<b>4,693,506/378,578,167</b>	3,018,625/209,069,968
<b>Total outstanding payments</b>	<b>157,869/12,733,680</b>	235,809/16,346,466

## **HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31<sup>ST</sup>, 2018**

Submitted by the managers of the Company HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. to be considered by General Meeting of Shareholders.

### **1. BUSINESS DEVELOPMENT.**

The total amount of the turnover for the society is 7,566,133 euros (610,284,288 Rupees).

In October 31<sup>st</sup>, 2018 the Company opened the Angry Birds Activity Park in Puerto Rico, Mogan. After four and a half years running the business the results have been very satisfactory, taking into account that we are talking about a very big investment, over 4,000,000 Euros (322,640,000 Rupees)

This will help to diversify the business focussed on the touristic activity and the vacation enjoyment of the families.

### **2. COMPANY'S SITUATION**

Inventories and accounts receivables are the most relevant items in the balance sheet.

### **3. OWN SHARES**

There are not own shares in the company.

### **4. AVERAGE PERIOD FOR PAYMENT**

The average period for payment to suppliers and creditor is 43 days.

April 16<sup>th</sup>, 2018

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in the management of five resorts and the lease of commercial premises at those resorts.

The Company's resort property located at Mogán, Gran Canaria, Spain, was fully operational. There have been no significant changes in the nature of the principal activities during the financial period under review.

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements. During the period under review, the Company has made profit of EUR 233 thousand (INR 1,877 thousand).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Calvin Stuart Lucock
- 2) Anne Oravainen

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a wholly owned subsidiary of Holiday Club Canarias Investment S.L.U. and in turn subsidiary Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
Of Holiday Club Canarias Resort Management SLU

**Calvin Stuart Lucock**  
Director

**Anne Oravainen**  
Director

Place : Mogán  
Date : April 16, 2018

## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Sole Shareholder of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU:

### Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU, (the Company) which comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon we do not express a separate opinion on said risks.

### *Maintenance Fees incomes*

As shown in the profit and loss account, the sales figure amounts to 5.1 million euros (see note 20), while in the current liabilities there is a balance of 3.7 million euros of short-term accruals. As explained in note 1, the main activity of the Company consists in offering maintenance services to five apartment complexes that the related company HOLIDAY CLUB CANARIAS SALES MARKETING, SLU sells by the time share regime, or it exploits tourism. For each calendar year, the owners' meeting of each complex approves the maintenance fees for each type of room and complex, which are invoiced in the following January, with the non-accrued portion registered in the section of short-term accruals. Due to the monetary relevance of the sales item and the diversity of quotes due to the number of complexes and types of rooms to which the Company provides services, a valuation of the sales and the short-term accruals of the Company have been considered a relevant aspect of our audit.

Our procedures consisted, among other things, in a verification of the annual quotas approved in the minutes by the number and type of rooms of each complex, verifying the accrued portion based on the time elapsed between the billing and the closing of the financial year of the Company.

### *Cost center for apartment complexes*

As indicated in note 20, the incomes for maintenance fee amounts of 4.8 million euros. The Company divides its activity among five apartment complexes, reason why each of them supports a part of those expenses. This information is used to establish, with approval in the owners' meeting, the maintenance fees that are invoiced (income) to the owners of each Resort, differentiated by each type of room. The Company keeps track of the allocation of costs to each apartment complex and informs owners about the total expenses of the year for each of the complexes. Due to the high amount of expenses, together with the different nature of the same, where the assignment of these to each cost center entails a detailed analysis, we have considered a relevant aspect for our audit work.

As part of our audit, our procedures included the analysis of the reasonableness of the imputation of the expenses by complex. In addition, tests were carried out in detail to verify the correct assignment of the same.

### Other information: Management Report

The other information includes the management report for the year ended 31 March 2018, the formulation of which is the responsibility of the Company's Directors, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the

audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2017-2018 and its content and presentation are in accordance with the applicable regulations.

#### **Directors' responsibilities**

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

#### **Responsibilities of the auditor in connection with the audit of the financial statements**

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud

may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORS S.L.P  
(n° ROAC S2158)

Javier ALVAREZ CABRERA  
(n° ROAC 16092)

Las Palmastle Gran Canaria, on April 17th 2018

**BALANCE SHEET AT MARCH 31, 2018**

ASSETS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) NON-CURRENT ASSETS</b>					
<b>I. Intangible Assets</b>	<b>5</b>	<b>1,360,000</b>	<b>109,697,594</b>	1,530,000	105,967,797
4. Goodwill		1,360,000	109,697,594	1,530,000	105,967,797
<b>II. Fixed Assets</b>	<b>6</b>	<b>3,156,753</b>	<b>254,623,706</b>	2,581,440	178,790,550
1. Property and Buildings		2,772,416	223,623,112	2,301,406	159,395,387
2. Technical Facilities and other Fixed Assets		373,307	30,110,914	269,004	18,631,225
3. Advances and fixed assets in progress		11,030	889,680	11,030	763,938
<b>III. Real Estate Investments</b>	<b>7</b>	<b>744,898</b>	<b>60,083,460</b>	759,653	52,613,578
2. Construction/ Buildings		744,898	60,083,460	759,653	52,613,578
<b>VI. Deferred Tax Assets</b>	<b>12</b>	<b>64,380</b>	<b>5,192,885</b>	32,317	2,238,275
<b>TOTAL A</b>		<b>5,326,031</b>	<b>429,597,644</b>	4,903,410	339,610,200
<b>B) LIQUID ASSETS</b>					
<b>III. Commercial debtors and other accounts receivables</b>		<b>759,925</b>	<b>61,295,586</b>	874,922	60,597,087
1. Trade receivables		724,823	58,464,259	839,375	58,135,113
a) Trade receivables / long term	<b>9</b>	<b>0</b>	<b>0</b>	64,264	4,450,904
b) Trade receivables / short term	<b>9</b>	<b>724,823</b>	<b>58,464,259</b>	775,111	53,684,209
3. Other debtors	<b>9</b>	<b>16,641</b>	<b>1,342,274</b>	31,347	2,171,059
4. Personnel	<b>9</b>	<b>9,320</b>	<b>751,775</b>	4,183	289,710
6. Other receivables from Public Administrations		9,141	737,278	17	1,205
<b>IV. Short-term Investments in affiliated group and associate</b>	<b>9-18</b>	<b>2,290,131</b>	<b>184,721,941</b>	1,277,210	88,459,530
2. Loans to companies		2,290,131	184,721,941	1,277,210	88,459,530
<b>V. Short-term financial investments</b>	<b>9</b>	<b>1,489</b>	<b>120,125</b>	480	33,245
5. Other financial assets		1,489	120,125	480	33,245
<b>VI. Short term accruals</b>		<b>30,232</b>	<b>2,438,507</b>	63,522	4,399,557
<b>VII. Cash and other equivalent liquid assets</b>	<b>9</b>	<b>921,787</b>	<b>74,351,312</b>	1,479,034	102,437,897
1. Liquid assets		921,787	74,351,312	1,479,034	102,437,897
<b>TOTAL B</b>		<b>4,003,564</b>	<b>322,927,471</b>	3,695,168	255,927,316
<b>TOTAL ASSETS (A + B)</b>		<b>9,329,595</b>	<b>752,525,116</b>	8,598,578	595,537,516

**BALANCE SHEET AT MARCH 31, 2018**

<b>NET WORTH AND LIABILITIES</b>		<b>Notes</b>	<b>(Euros)</b> <b>2017/18</b>	<b>(Rupees)</b> <b>2017/18</b>	<b>(Euros)</b> <b>2016/17</b>	<b>(Rupees)</b> <b>2016/17</b>
<b>A) TOTAL EQUITY</b>						
<b>A-1) EQUITY</b>						
<b>I. Capital</b>						
1. Shared Capital						
<b>III. Reserves</b>						
1. Legal and statutory						
2. Other reserves						
<b>V. Profit &amp; Loss from previous Periods</b>						
2. (Losses from previous Periods)						
<b>VII. Profits for the Period</b>						
<b>TOTAL A</b>						
<b>B) NON CURRENT LIABILITIES</b>						
<b>II. Long-term Debts</b>						
2. Debts to Loan Institutions						
3. Creditors due to financial leasing						
5. Other financial liabilities						
<b>V. Long-term accruals</b>						
<b>TOTAL B</b>						
<b>C) CURRENT LIABILITIES</b>						
<b>II. Short-term provisions</b>						
<b>III. Short-term debts</b>						
2. Debts to Loan Institutions						
3. Creditors due to financial leasing						
5. Other financial liabilities						
<b>IV. Short-term Debts with Group and Associated Companies 10-18</b>						
<b>V. Trade Creditors and other Accounts payable</b>						
3. Sundry Creditors						
6. Other debts with Public Administrations						
<b>VI. Short-term accruals</b>						
<b>TOTAL C</b>						
<b>TOTAL NET WORTH AND LIABILITIES (A + B + C)</b>						

## PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) CONTINUING OPERATIONS</b>					
<b>1. Turnover</b>	<b>20</b>	<b>5,131,927</b>	<b>413,941,194</b>	5,296,119	366,809,176
b) Services rendered		5,131,927	413,941,194	5,296,119	366,809,176
<b>4. Supplies</b>	<b>14</b>	<b>(101,649)</b>	<b>(8,199,041)</b>	(98,622)	(6,830,530)
a) Consumption of merchandise		(101,649)	(8,199,041)	(98,622)	(6,830,530)
<b>5. Other operations income</b>	<b>7</b>	<b>104,248</b>	<b>8,408,616</b>	104,836	7,260,946
a) Accessory income and other current operations		104,248	8,408,616	104,836	7,260,946
<b>6. Personnel expenses</b>		<b>(2,518,643)</b>	<b>(203,153,741)</b>	(2,301,193)	(159,380,647)
a) Wages, salaries and similar		(1,975,539)	(159,346,999)	(1,797,170)	(124,471,961)
b) Social Security contributions	<b>14</b>	(543,104)	(43,806,742)	(504,024)	(34,908,686)
<b>7. Other operating expenses</b>		<b>(2,032,178)</b>	<b>(163,915,464)</b>	(2,243,289)	(155,370,180)
a) Outsourced services	<b>14</b>	(1,535,355)	(123,841,723)	(1,610,122)	(111,517,020)
b) Taxes		(136,088)	(10,976,885)	(163,547)	(11,327,274)
c) Losses, impairment and variation of supplies from trade op.	<b>14</b>	(361,125)	(29,128,326)	(469,135)	(32,492,323)
d) Other current operating expenses		390	31,470	(485)	(33,564)
<b>8. Depreciation of fixed assets</b>	<b>5-6-7</b>	<b>(317,962)</b>	<b>(25,646,848)</b>	(326,671)	(22,625,219)
<b>13. Other incomes and expenses</b>	<b>14</b>	<b>1,922</b>	<b>155,062</b>	(11,153)	(772,449)
<b>A.1) Operating Income (Profit)</b>		<b>267,664</b>	<b>21,589,777</b>	420,027	29,091,097
<b>14. Financial Income.</b>	<b>9</b>	<b>13,804</b>	<b>1,113,444</b>	48,755	3,376,787
b) Trade securities and other equity instruments		13,804	1,113,444	48,755	3,376,787
<i>b 2) Third Parties</i>		13,804	1,113,444	48,755	3,376,787
<b>15. Financial expenses</b>	<b>10</b>	<b>(6,024)</b>	<b>(485,920)</b>	(8,975)	(621,581)
b) Debts with Third Parties		(6,024)	(485,920)	(8,975)	(621,581)
<b>17. Exchange differences.</b>	<b>13</b>	<b>349</b>	<b>28,127</b>	(271)	(18,760)
<b>A.2) FINANCIAL PROFIT &amp; LOSS (PROFIT)</b>		<b>8,129</b>	<b>655,650</b>	39,510	2,736,445
<b>A.3) PROFIT BEFORE TAXES (PROFIT)</b>		<b>275,793</b>	<b>22,245,428</b>	459,537	31,827,542
<b>19. Corporate Income Tax</b>	<b>12</b>	<b>(43,059)</b>	<b>(3,473,109)</b>	(139,470)	(9,659,664)
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (PROFIT)</b>		<b>232,734</b>	<b>18,772,319</b>	320,068	22,167,878



**STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) STATEMENT OF RECOGNISED PROFIT AND LOSS</b>					
<b>A) PROFIT AND LOSS ACCOUNT</b>	<b>3</b>	<b>232,734</b>	<b>18,772,319</b>	320,068	22,167,878
<b>TOTAL OF RECOGNISED PROFIT AND LOSS (A)</b>		<b>232,734</b>	<b>18,772,319</b>	320,068	22,167,878

**STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018 (euros)**

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
<b>B) COMPLETE STATEMENT OF CHANGES TO EQUITY</b>					
<b>A. FINAL BALANCE YEAR 2015/16</b>	<b>3,100</b>	<b>2,713,123</b>	<b>(236,134)</b>	<b>273,598</b>	<b>2,753,687</b>
<b>B. ADJUSTED BALANCE BEGINNING 2016/17</b>	<b>3,100</b>	<b>2,713,123</b>	<b>(236,134)</b>	<b>273,598</b>	<b>2,753,687</b>
I. Total recognised Profit & Loss	0	0	0	320,068	<b>320,068</b>
III. Other variations to Equity	0	273,598	0	(273,598)	<b>0</b>
<b>C. FINAL BALANCE 2016/17</b>	<b>3,100</b>	<b>2,986,721</b>	<b>(236,134)</b>	<b>320,068</b>	<b>3,073,754</b>
<b>D. ADJUSTED BALANCE, BEGINNING 2017/18</b>	<b>3,100</b>	<b>2,986,721</b>	<b>(236,134)</b>	<b>320,068</b>	<b>3,073,754</b>
I. Total recognised incomes and expenses	0	0	0	232,734	<b>232,734</b>
III. Other changes to Equity	0	320,068	0	(320,068)	<b>0</b>
<b>E. FINAL BALANCE 2017/18</b>	<b>3,100</b>	<b>3,306,789</b>	<b>(236,134)</b>	<b>232,734</b>	<b>3,306,488</b>

**STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018 (Rupees)**

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
<b>B) COMPLETE STATEMENT OF CHANGES TO EQUITY</b>					
<b>A. FINAL BALANCE YEAR 2015/16</b>	<b>214,706</b>	<b>187,910,925</b>	<b>(16,354,665)</b>	<b>18,949,390</b>	<b>190,720,355</b>
<b>B. ADJUSTED BALANCE BEGINNING 2016/17</b>	<b>214,706</b>	<b>187,910,925</b>	<b>(16,354,665)</b>	<b>18,949,390</b>	<b>190,720,355</b>
I. Total recognised Profit & Loss	0	0	0	22,167,878	<b>22,167,878</b>
III. Other variations to Equity	0	18,949,390	0	(18,949,390)	<b>0</b>
<b>C. FINAL BALANCE 2016/17</b>	<b>214,706</b>	<b>206,860,314</b>	<b>(16,354,665)</b>	<b>22,167,878</b>	<b>212,888,233</b>
<b>D. ADJUSTED BALANCE, BEGINNING 2017/18</b>	<b>214,706</b>	<b>206,860,314</b>	<b>(16,354,665)</b>	<b>22,167,878</b>	<b>212,888,233</b>
I. Total recognised incomes and expenses	0	0	0	18,772,319	<b>18,772,319</b>
III. Other changes to Equity	0	25,816,648	0	(25,816,648)	<b>0</b>
IV. Exchange rate	35,340	34,048,622	(2,691,932)	3,648,770	<b>35,040,801</b>
<b>E. FINAL BALANCE 2017/18</b>	<b>250,046</b>	<b>266,725,585</b>	<b>(19,046,597)</b>	<b>18,772,319</b>	<b>266,701,353</b>

**CASH FLOW STATEMENT AT MARCH 31, 2018**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2017/18	2017/18	2016/17	2016/17
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>1. PROFIT &amp; LOSS BEFORE TAXES</b>		<b>275,793</b>	<b>22,245,428</b>	459,537	31,827,542
<b>2. ADJUSTMENTS TO PROFIT &amp; LOSS</b>		<b>447,086</b>	<b>36,061,966</b>	234,269	16,225,503
a) Depreciation of Fixed Assets	5-6-7	317,962	25,646,848	326,671	22,625,219
c) Change to provisions	15	136,904	11,042,642	(52,621)	(3,644,510)
g) Financial Incomes	9	(13,804)	(1,113,444)	(48,755)	(3,376,787)
h) Financial Expenses	10	6,024	485,920	8,975	621,581
<b>3. CHANGES IN WORKING CAPITAL</b>		<b>286,214</b>	<b>23,086,001</b>	771,537	53,436,659
a) Inventories.		0	0	4,343	300,784
b) Trade and other accounts receivable		114,996	9,275,610	967,859	67,033,948
c) Other current assets		33,290	2,685,204	(37,201)	(2,576,570)
d) Creditors and other accounts payable		6,593	531,808	(129,601)	(8,976,151)
e) Other current liabilities		131,334	10,593,379	(33,863)	(2,345,352)
<b>4. OTHER CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>7,780</b>	<b>627,524</b>	39,781	2,755,206
a) Interest payments	9	(6,024)	(485,920)	(8,975)	(621,581)
c) Interest receivable	10	13,804	1,113,444	48,755	3,376,787
<b>5. CASH FLOW ON OPERATING ACTIVITIES</b>		<b>1,016,872</b>	<b>82,020,919</b>	1,505,124	104,244,910
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
<b>6. PAYMENTS FOR INVESTMENTS</b>		<b>(1,722,450)</b>	<b>(138,932,849)</b>	(881,777)	(61,071,849)
a) Group and Associated Companies		(1,012,921)	(81,702,222)	(763,464)	(52,877,526)
c) Fixed Assets	6	(708,520)	(57,149,218)	(117,832)	(8,161,078)
e) Other financial assets		(1,009)	(81,409)	(480)	(33,245)
<b>8. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(1,722,450)</b>	<b>(138,932,849)</b>	(881,777)	(61,071,849)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>10. RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES</b>		<b>148,331</b>	<b>11,964,357</b>	(294,591)	(20,403,364)
<b>a) Issue</b>		<b>500,500</b>	<b>40,370,330</b>	50,393	3,490,209
2. Amounts owed to credit institutions		500,000	40,330,000	50,393	3,490,209
4. Other debts		500	40,330	0	0
<b>b) Repayment and amortization</b>		<b>(352,169)</b>	<b>(28,405,973)</b>	(344,984)	(23,893,573)
2. Debts with credit institutions		(352,169)	(28,405,973)	(263,849)	(18,274,188)
3. Debts with Group and Associated Companies		0	0	(63,511)	(4,398,747)
4. Other debts		0	0	(17,624)	(1,220,638)
<b>12. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>148,331</b>	<b>11,964,357</b>	(294,591)	(20,403,421)
<b>E) NET INCREASE IN CASH OR CASH EQUIVALENTS</b>		<b>(557,247)</b>	<b>(44,947,573)</b>	328,757	22,769,640
Cash or cash equivalents at the beginning of the year	9	1,479,034	119,298,885	1,150,278	79,668,257
Cash or equivalents at the end of the year	9	921,787	74,351,312	1,479,034	102,437,897

# ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2018

## 1. THE COMPANY'S BUSINESS ACTIVITY

- 1.1. HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentin Concejo Arranz, under his Protocol number 1525. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company.
- 1.2. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, of property, buildings, tourist complexes, hotels, farms and / or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma, as well as the lease of commercial premises.
- 1.3. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores in the municipality of Mogán in Gran Canaria.
- 1.4. The financial year, between 1<sup>st</sup> April until 31<sup>st</sup> March of the following year, has been fixed according to the Group that belongs to, explained in the following note. However, during this financial year has been a change of financial year as indicated in the note 2.3 of this document.
- 1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts.
- 1.6. On April 6, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS SALES & MARKETING S.L.U., acquired the business of the five tourist complexes which they are currently operating, In said acquisition, the Company was assigned property for the amount of 3,170,602 Euros (237,700,032 Rupees) and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros (127,449,000 Rupees). The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the above mentioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above.

## 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the Balance Sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of Stare Bank of India on 31<sup>st</sup> March 2018.

These annual accounts are presented for approval to the Annual General Meeting of Members.

### 2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well

as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

### 2.2. Critical Aspects in the Valuation and Judgement Of Uncertainty.

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets and estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future financial periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

### 2.3. Comparing Information

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2018.

## 3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2017, is as follows:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
<b><u>Distribution Balance</u></b>		
Financial Period Profits	<b>232,734</b>	320,068
<b><u>Distribution</u></b>		
Reserve for investments on Canary Islands	<b>190,000</b>	-
Voluntary Reserves	<b>42,734</b>	320,068
<b>Totals</b>	<b>232,734</b>	320,068
<b><u>Rupees</u></b>		
<b><u>Distribution Balance</u></b>		
Financial Period Profits	<b>18,772,319</b>	22,167,878
<b><u>Distribution</u></b>		
Reserve for investments on Canary Islands	<b>15,325,400</b>	-
Voluntary Reserves	<b>3,446,919</b>	22,167,878
<b>Totals</b>	<b>18,772,319</b>	22,167,878

## 4. RECOGNITION AND MEASUREMENT REGULATIONS

The main accounting principles and practices applied in the drafting of the Annual Accounts, follow current legislation, highlighting the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance as most significant.

The most significant accounting criteria applied in the drafting of the Annual Accounts are the following ones:

### 4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value. The Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

#### 4.2. Tangible Fixed Assets

These have been measured at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	3%
Machinery	12-50%
Other installations	8-12%
Furniture	10%
IT Equipment	25%
Other intangible assets.	12-15%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

#### 4.3. Real-estate Investments

The Company classifies as Real-estate Investments, those buildings which are not being used for the production process and the profits from which are obtained through revenue from leases. The recording and measurement criteria are the same as applied to intangible fixed assets. They are amortised linearly and the percentage applied is 3 per cent.

The Company's administrators consider that the accounting value of these assets do not exceed their recoverable value.

#### 4.4. Financial Instruments

The Company's financial instruments are classified as:

- a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

- b) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are measured at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the Effective Interest Rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations governing recording and measurement relating to financial instruments.

#### 4.5. Transactions in Foreign Currency

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

#### 4.6. Profit Tax

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an expense during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income and expense have also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation and short term provisions allocated in previous financial periods and which are respectively, tax deductible.

#### 4.7. Provisions and Contingencies

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

#### 4.8. Income and Expenses

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status exists.

#### 4.9. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

#### 4.10. Criteria used in transaction between related parties,

Transactions between related parties are accounted for, in general, by their reasonable value.

### 5. INTANGIBLE FIXED ASSETS

- 5.1. As indicated in Note 1.6, during the 2011 financial period the Company acquired the goodwill corresponding to the business of administration and maintenance for the amount of 1,700,000 Euros (117,742,000 Rupees). The transactions occurring during the financial periods 2016/17 and 2017/18 were the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Goodwill	1,700,000	-	-	<b>1,700,000</b>
Accumulated amortization	(170,000)	(170,000)	-	<b>(340,000)</b>
<b>Net Totals</b>	<b>1,530,000</b>			<b>1,360,000</b>

	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Goodwill	1,700,000	-	-	<b>1,700,000</b>
Accumulated amortization	-	(170,000)	-	<b>(170,000)</b>
<b>Net Totals</b>	<b>1,700,000</b>			<b>1,530,000</b>

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Goodwill	117,742,000	19,379,994	-	-	<b>137,121,994</b>
Accumulated amortization	(11,774,203)	(1,937,997)	(13,712,200)	-	<b>(27,424,400)</b>
<b>Net Totals</b>	<b>105,967,797</b>				<b>109,697,594</b>

	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Goodwill	117,742,000	-	-	<b>117,742,000</b>
Accumulated amortization	-	(11,774,203)	-	<b>(11,774,203)</b>
<b>Net Totals</b>	<b>117,742,000</b>			<b>105,967,797</b>

5.2. There is no evidence of impairment through March 31, 2018 on any of the elements in the Intangible Fixed Assets.

## 6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2016/17 and 2017/18 periods were the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs</b>				
Buildings	2,548,123	516,929	-	<b>3,065,052</b>
Machinery	31,667	30,865	-	<b>62,532</b>
Other facilities	136,941	27,176	-	<b>164,117</b>
Furniture	57,945	120,885	-	<b>178,830</b>
Transportation elements	16,229	10,966	-	<b>27,195</b>
IT Equipment	50,393	-	-	<b>50,393</b>
Other tangible fixed assets	386,047	1,699	-	<b>387,746</b>
Advances and fixed assets in progress	11,030	-	-	<b>11,030</b>
<b>Totals</b>	<b>3,238,375</b>	<b>708,520</b>		<b>3,946,895</b>
<b>Accumulated amortization</b>				
Buildings	246,718	45,918	-	<b>292,636</b>
Machinery	18,241	8,274	-	<b>26,515</b>
Other installations	25,040	18,311	-	<b>43,351</b>
Furniture	10,078	9,854	-	<b>19,932</b>
IT Equipment	12,763	1,985	-	<b>14,748</b>
Transportation elements	7,392	8,064	-	<b>15,456</b>
Other tangible fixed assets	336,705	40,801	-	<b>377,506</b>
<b>Totals</b>	<b>656,936</b>	<b>133,207</b>		<b>790,143</b>
<b>Net Totals</b>	<b>2,581,440</b>			<b>3,156,753</b>

<b>Euros</b>	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
<b>Gross Costs</b>				
Buildings	2,548,123	-	-	<b>2,548,123</b>
Machinery	25,624	6,043	-	<b>31,667</b>
Other facilities	128,966	7,975	-	<b>136,941</b>
Furniture	16,470	41,475	-	<b>57,945</b>
IT Equipment	16,229	-	-	<b>16,229</b>
Transportation elements	-	50,393	-	<b>50,393</b>
Other tangible fixed assets	374,100	11,947	-	<b>386,047</b>
Advances and fixed assets in progress	11,030	-	-	<b>11,030</b>
<b>Totals</b>	<b>3,120,542</b>	<b>117,832</b>		<b>3,238,375</b>

<b>Accumulated amortization</b>				
Buildings	202,109	44,609	-	<b>246,718</b>
Machinery	9,930	8,311	-	<b>18,241</b>
Other installations	9,540	15,500	-	<b>25,040</b>
Furniture	4,314	5,764	-	<b>10,078</b>
IT Equipment	9,821	2,942	-	<b>12,763</b>
Transportation elements	-	7,392	-	<b>7,392</b>
Other tangible fixed assets	279,306	57,399	-	<b>336,705</b>
<b>Totals</b>	<b>515,020</b>	<b>141,917</b>		<b>656,936</b>
<b>Net Totals</b>	<b>2,605,522</b>			<b>2,581,440</b>

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Buildings	176,482,999	29,048,602	41,695,481	-	<b>247,227,082</b>
Machinery	2,193,223	360,998	2,489,602	-	<b>5,043,823</b>
Other facilities	9,484,541	1,561,129	2,191,988	-	<b>13,237,657</b>
Furniture	4,013,271	660,573	9,750,596	-	<b>14,424,440</b>
Transportation elements	1,124,021	185,011	884,510	-	<b>2,193,541</b>
IT Equipment	3,490,209	574,479	-	-	<b>4,064,688</b>
Other tangible fixed assets	26,737,615	4,400,936	137,041	-	<b>31,275,592</b>
Advances and fixed assets in progress	763,938	125,742	-	-	<b>889,680</b>
<b>Net Totals</b>	<b>224,289,817</b>	<b>36,917,469</b>	<b>57,149,218</b>		<b>318,356,504</b>

<b>Accumulated amortization</b>					
Buildings	17,087,689	2,812,585	3,703,785	-	<b>23,604,059</b>
Machinery	1,263,338	207,942	667,356	-	<b>2,138,635</b>
Other installations	1,734,236	285,450	1,476,948	-	<b>3,496,634</b>
Furniture	697,968	114,884	794,843	-	<b>1,607,694</b>
IT Equipment	883,931	145,493	160,138	-	<b>1,189,561</b>
Transportation elements	511,936	84,263	650,442	-	<b>1,246,641</b>
Other tangible fixed assets	23,320,170	3,838,434	3,290,969	-	<b>30,449,573</b>
<b>Totals</b>	<b>45,499,269</b>	<b>7,489,051</b>	<b>10,744,481</b>		<b>63,732,798</b>
<b>Net Totals</b>	<b>178,790,550</b>				<b>254,623,706</b>

<b>Rupees</b>	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
<b>Gross Costs</b>				
Buildings	176,482,999	-	-	176,482,999
Machinery	1,774,718	418,505	-	2,193,223
Other facilities	8,932,185	552,355	-	9,484,541
Furniture	1,140,712	2,872,559	-	4,013,271
IT Equipment	1,124,021	-	-	1,124,021
Transportation elements	-	3,490,209	-	3,490,209
Other tangible fixed assets	25,910,166	827,449	-	26,737,615
Advances and fixed assets in progress	763,938	-	-	763,938
<b>Totals</b>	<b>216,128,739</b>	<b>8,161,078</b>	<b>-</b>	<b>224,289,817</b>
<b>Accumulated amortization</b>				
Buildings	13,998,069	3,089,619	-	17,087,689
Machinery	687,752	575,620	-	1,263,338
Other installations	660,740	1,073,530	-	1,734,236
Furniture	298,788	399,215	-	697,968
IT Equipment	680,202	203,763	-	883,931
Transportation elements	-	511,970	-	511,936
Other tangible fixed assets	19,344,734	3,975,455	-	23,320,170
<b>Totals</b>	<b>35,670,285</b>	<b>9,829,171</b>	<b>-</b>	<b>45,499,269</b>
<b>Net Totals</b>	<b>180,458,454</b>			<b>178,790,550</b>

6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,061,167 euros (73,496,426 Rupees) and 2,003,885 euros (161,633,364 Rupees), respectively.

6.3. Acquisitions during the financial period 2016/17 correspond to refurbishments in the common areas, furniture for two of the hotel resorts as well as the acquisition of a transport element with a financial lease (see note 8). Furthermore acquisitions during the financial period 2017/18 correspond mostly to the building of new apartments in some of the resorts owned by the company.

6.4. Fixed assets in progress correspond to refurbishment projects in two of the resorts.

6.5. There are fully depreciated fixed assets in use at March 31, 2018 for the amount of 398,152 Euros (32,114,940 Rupees). 16,139 Euros (1,117,718 Rupees) for the financial period 2016/17.

6.6. There are no signs of impairment through March 31, 2018 for the elements in the Tangible Fixed Assets.

6.7. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

## 7. REAL-ESTATE INVESTMENTS

7.1. The transactions occurring during the 2016/17 and 2017/18 periods were the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Buildings	848,003	-	-	848,003
Accumulated amortisation	(88,350)	(14,755)	-	(103,105)
<b>Net Totals</b>	<b>759,653</b>			<b>744,898</b>

	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Buildings	848,003	-	-	848,003
Accumulated amortisation	(73,596)	(14,754)	-	(88,350)
<b>Net Totals</b>	<b>774,407</b>			<b>759,653</b>

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Buildings	58,732,689	9,667,233	-	-	68,399,922
Accumulated amortization	(6,119,111)	(1,007,186)	(1,190,164)	-	(8,316,462)
<b>Net Totals</b>	<b>52,613,578</b>				<b>60,083,460</b>

<b>Rupees</b>	Balance 31.03.2017	Acquisitions	Disposals	Balance 31.03.18
Buildings	58,732,689	-	-	58,732,689
Accumulated amortisation	(5,097,227)	(1,021,884)	-	(6,119,111)
<b>Net Totals</b>	<b>53,635,462</b>			<b>52,613,578</b>

7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 356,161 euros (28,727,946 Rupees) and 491,842 Euros (39,671,976 Rupees), respectively.

7.3. The Company's Real-estate investments for rental have generated revenue of 104,831 Euros (7,260,595 Rupees) and 104,248 Euros (8,408,644 Rupees) during the financial periods 2016/17 y 2017/18 respectively and correspond to three restaurants, a pool-bar, a hairdressers' salon and a diving centre.

7.4. The main expenditures for these properties correspond to allocation for amortisation.

7.5. There are no signs of impairment through March 31, 2018 for the elements in the Real-estate investments.

7.6. The Real-estate investments are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

## 8. LEASES AND OTHER SIMILAR OPERATIONS

### Financial leases

8.1. The amount for which the fixed asset liable to a financial lease has initially been recognized is 50,393 Euros (4,064,699 Rupees) and corresponds to a transport element for the amount of (see note 6). The asset has been recorded at fair value.

8.2. The reconciliation between the minimum future payments and the current value at the end of the 2017/18 and 2016/17 financial periods is the following (see note 10.6):

<b>Euros</b>	2017/18	2016/17
Total amount of minimum future payments at the end of the period	20,202	37,519
Financial expenses not accrued	(420)	(1,481)
<b>Current value to the end of the period (note 10.6)</b>	<b>19,782</b>	<b>36,038</b>
<b>Rupees</b>	<b>2017/18</b>	<b>2016/17</b>
Total amount of minimum future payments at the end of the period	1,629,516	2,598,533
Financial expenses not accrued	(33,879)	(102,552)
<b>Current value to the end of the period (note 10.6)</b>	<b>1,595,637</b>	<b>2,495,981</b>

8.3. The minimum lease payments and their current value, at the end of the financial years 2017/18 and 2016/17, by maturity are as follows:

<b>Euros</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Minimum payment</b>		
Up to 1 year	<b>17,316</b>	17,316
From 1 to 5 years	<b>2,886</b>	20,202
<b>Current value</b>		
Up to 1 year	<b>16,901</b>	16,256
From 1 to 5 years	<b>2,881</b>	19,782

<b>Rupees</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Minimum payment</b>		
Up to 1 year	<b>1,396,728</b>	1,199,323
From 1 to 5 years	<b>232,788</b>	1,399,210
<b>Current value</b>		
Up to 1 year	<b>1,363,233</b>	1,125,861
From 1 to 5 years	<b>232,404</b>	1,370,119

8.4. The value of the purchase option of the items liable to a financial lease is 1,443 Euros (116,392 Rupees)

8.5. The amount of the contingent fees recognized as expenses for the 2017/18 and 2016/17 financial years is 1,061 Euros (85,580 Rupees) and 1,518 Euros (105,137 Rupees), respectively.

## 9. FINANCIAL ASSETS

### Information related to the Balance Sheet

9.1. Categories of financial assets (except for investment in the equity of group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, Jointly-controlled group and associated companies) by categories is as follows:

<b>Euros</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>
<b>Long-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	0	64,264
<b>Totals</b>	-	-	-	-	0	64,264
<b>Short-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	3,042,405	2,088,330
Liquid Assets	-	-	-	-	921,787	1,479,034
<b>Totals</b>	-	-	-	-	3,964,191	3,567,364

<b>Rupees</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>
<b>Long-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	0	4,450,904
<b>Totals</b>	-	-	-	-	0	4,450,904
<b>Short-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	245,400,374	144,637,752
Liquid Assets	-	-	-	-	74,351,312	102,437,897
<b>Totals</b>	-	-	-	-	319,751,686	247,075,649

9.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

<b>Euros</b>	<b>Financial Assets</b>	<b>2018/19</b>	<b>Rupees</b>	<b>Financial Assets</b>	<b>2018/19</b>
	<b>Investments in Group and Associated Companies</b>	<b>2,290,131</b>		<b>Investments in Group and Associated Companies</b>	<b>184,721,941</b>
	Loans to companies	2,290,131		Loans to companies	184,721,941
	<b>Short-term financial investments</b>	<b>1,489</b>		<b>Short-term financial investments</b>	<b>120,125</b>
	Other financial assets	1,489		Other financial assets	120,125
	<b>Commercial Debts and other Receivables</b>	<b>750,785</b>		<b>Commercial Debts and other Receivables</b>	<b>60,558,308</b>
	Customer receivables for sales and services	724,823		Customer receivables for sales and services	58,464,259
	Sundry Receivables	16,641		Sundry Receivables	1,342,274
	Personnel	9,320		Personal	751,775
	<b>Cash and other Liquid Assets</b>	<b>921,787</b>		<b>Cash and other Liquid Assets</b>	<b>74,351,312</b>
	Liquid Assets	921,787		Liquid Assets	74,351,312
	<b>Totals</b>	<b>3,964,191</b>		<b>Totals</b>	<b>319,751,686</b>

9.3. Corrections due to Impairment caused by Credit Risk

No variations due to impairment have been applied to the corrective accounts during the financial periods 2016/17 and 2017/18.

**Information relating to the Profit & Loss Account**9.4. Financial Income

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 48,755 Euros (3,376,771 Rupees) and 13,804 Euros (1,113,431 Rupees) for the financial periods 2016/17 and 2017/18 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

**Other Information**9.5. Reasonable Value

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9<sup>th</sup> Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

9.6. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit to clients and debtors are granted based on a preliminary solvency study and strict follow-up of credits and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

**10. FINANCIAL LIABILITIES****Information related to the Balance Sheet**10.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

**Euros**

	<b>Debits with Credit Institutions</b>		<b>Bonds and Other Market Securities</b>		<b>Derivatives/Others</b>	
	<b>31.03.18</b>	31.03.17	<b>31.03.18</b>	31.03.17	<b>31.03.18</b>	31.03.17
<b><u>Long-term financial Liabilities</u></b>						
Debits and Payables	<b>170,771</b>	62,593	-	-	<b>2,650</b>	2,150
<b>Totals</b>	<b>170,771</b>	62,593	-	-	<b>2,650</b>	2,150
<b><u>Short-term Financial Liabilities</u></b>						
Debits and Payables	<b>309,062</b>	269,410	-	-	<b>1,176,703</b>	1,089,385
<b>Totals</b>	<b>309,062</b>	269,410	-	-	<b>1,176,703</b>	1,089,385

**Rupees**

	<b>Debits with Credit Institutions</b>		<b>Bonds and Other Market Securities</b>		<b>Derivatives/Others</b>	
	<b>31.03.18</b>	31.03.17	<b>31.03.18</b>	31.03.17	<b>31.03.18</b>	31.03.17
<b><u>Long-term financial Liabilities</u></b>						
Debits and Payables	<b>13,774,386</b>	4,335,173	-	-	<b>213,746</b>	148,906
<b>Totals</b>	<b>13,774,386</b>	4,335,173	-	-	<b>213,746</b>	148,906
<b><u>Short-term Financial Liabilities</u></b>						
Debits and Payables	<b>24,928,959</b>	18,659,317	-	-	<b>94,912,904</b>	75,450,825
<b>Totals</b>	<b>24,928,959</b>	18,659,317	-	-	<b>94,912,904</b>	75,450,825



10.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities, is as follows:

<u>Euros</u>							
<b>Financial Liabilities</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Next</b>	<b>Total I/t</b>
<b>Debts</b>	<b>328,062</b>	170,771	-	-	-	2,650	173,421
Debts with Credit Institutions	<b>292,161</b>	167,890	-	-	-	-	167,890
Creditors for financial leases	<b>16,901</b>	2,881	-	-	-	-	2,881
Other financial liabilities	<b>19,000</b>	-	-	-	-	2,650	2,650
<b>Debts with Group and Associated Companies</b>	<b>883,587</b>	-	-	-	-	-	-
<b>Trade Creditors and other accounts payable</b>	<b>274,116</b>	-	-	-	-	-	-
Sundry Creditors	<b>274,116</b>	-	-	-	-	-	-
<b>Totals</b>	<b>1,485,766</b>	170,771	-	-	-	2,650	173,421

<u>Rupees</u>							
<b>Financial Liabilities</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Next</b>	<b>Total I/t</b>
<b>Debts</b>	<b>26,461,499</b>	13,774,386	-	-	-	213,746	13,988,132
Debts with Credit Institutions	<b>23,565,726</b>	13,541,982	-	-	-	-	13,541,982
Creditors for financial leases	<b>1,363,233</b>	232,404	-	-	-	-	232,404
Other financial liabilities	<b>1,532,540</b>	-	-	-	-	213,746	213,746
<b>Debts with Group and Associated Companies</b>	<b>71,270,134</b>	-	-	-	-	-	-
<b>Trade Creditors and other accounts payable</b>	<b>22,110,230</b>	-	-	-	-	-	-
Sundry Creditors	<b>22,110,230</b>	-	-	-	-	-	-
<b>Totals</b>	<b>119,841,862</b>	13,774,386	-	-	-	213,746	13,988,132

**Information related to the Profit & Loss Account**

10.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 8,975 Euros (621,609 Rupees) and 6,024 Euros (485,896 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

**Other Information**

10.4. Reasonable Value

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

10.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

10.6. Other Information about Financial Instruments

a) Debts with credit institutions show the following breakdown:

<u>Euros</u>		
	<b>2017/18</b>	2016/17
Personal secured loans	<b>460,051</b>	295,965
Leasing (Note 8.2)	<b>19,782</b>	36,038
<b>Totals</b>	<b>479,833</b>	332,003

<u>Rupees</u>		
	<b>2017/18</b>	2016/17
Personal secured loans	<b>37,107,708</b>	20,498,509
Leasing (Note 8.2)	<b>1,595,637</b>	2,495,981
<b>Totals</b>	<b>38,703,345</b>	22,994,491

b) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

10.7. Accrual adjustments

On January, every year, the company issues the maintenance fees invoices for every week. At the end of the financial period there are, in the heading of accrual adjustments, the proportional part of the not accrued months on March 31<sup>st</sup> 2018 for the amount of 3,714,594 Euros (299,619,152 Rupees). It was 3,580,776 Euros (248,004,546 Rupees) on March 31<sup>st</sup> 2017.

**11. SHAREHOLDERS' EQUITY**

11.1. The share capital, for an amount of 3,100 Euros (250,046 Rupees), comprises 31 shares of 100 Euros (8,066 Rupees) face value each.

11.2. The Canary Islands Investments Reserve Fund for the amount of 670,000 Euros (54,042,200 Rupees), is subject to the availability limitations established in the tax regulations.

11.3. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

11.4. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
Voluntary Reserves	<b>2,119,018</b>	1,798,950
Canary Islands Investment Reserves	<b>670,000</b>	670,000
Goodwill Reserves	<b>517,151</b>	517,151
<b>Totals</b>	<b>3,306,169</b>	2,986,101

<u>Rupees</u>	<u>2017/18</u>	<u>2016/17</u>
Voluntary Reserves	<b>170,919,985</b>	124,595,271
Canary Islands Investment Reserves	<b>54,042,163</b>	46,404,200
Goodwill Reserves	<b>41,713,428</b>	35,817,903
<b>Totals</b>	<b>266,675,575</b>	206,817,373

## 12. TAX POSITION

### Profit Tax

#### 12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27<sup>th</sup> November of the profit tax, which approved the revised text from the Law of Corporate Tax. The Tax Group comprises the following corporations:

Parent: HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U.

Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. AND HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U.

#### 12.2. Individual Tax Base

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

<u>Euros</u>	<u>Profit &amp; Loss Account</u>	<u>Inc. &amp; expend. directly attributable to Equity</u>
<b>Balance of income and expenditure for the financial year</b>	<b>232,734</b>	-
<b>Profit Tax</b>	<b>43,059</b>	-
Current Tax	75,122	-
Deferred Tax	(32,063)	-
Goodwill Deduction	85,000	-
<b>Temporary Differences</b>		
70% Limit Amortization	(7,210)	-
Reserve for investments in the Canary Islands	(190,000)	-
Provisions (Art. 14 LIS)	136,904	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>300,486</b>	-

  

<u>Rupees</u>	<u>Profit &amp; Loss Account</u>	<u>Inc. &amp; expend. directly attributable to Equity</u>
<b>Balance of income and expenditure for the financial year</b>	<b>18,772,319</b>	-
<b>Profit Tax</b>	<b>3,473,109</b>	-
Current Tax	6,059,305	-
Deferred Tax	(2,586,196)	-
Goodwill Deduction	6,856,100	-
<b>Temporary Differences</b>		
70% Limit Amortization	(581,550)	-
Reserve for investments in the Canary Islands	(15,325,400)	-
Provisions (Art. 14 LIS)	11,042,642	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>24,237,220</b>	-

### 12.3. Corporate Tax Settlement

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions; additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. for the amount of 300,846 Euros (24,237,201 Rupees), is subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below.

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	<b>(569,673)</b>	(375,337)
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	<b>(569,673)</b>	(375,337)
<b>Group Gross Tax payable</b>	-	-

  

<u>Rupees</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	<b>(45,949,824)</b>	(25,995,841)
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	<b>(45,949,824)</b>	(25,995,841)
<b>Group Gross Tax payable</b>	-	-

### 12.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
<b>1. Current Tax</b>	<b>75,122</b>	122,394
<b>2. Deferred tax</b>	<b>(32,063)</b>	17,075
- deductible temporary differences that are activated in the period	<b>(48,158)</b>	(13,932)
- deductible temporary differences that are deducted in the period	<b>16,095</b>	31,007
<b>3. Total expenditure on Income Tax</b>	<b>43,059</b>	139,470

  

<u>Rupees</u>	<u>2017/18</u>	<u>2016/17</u>
<b>1. Current Tax</b>	<b>6,059,305</b>	8,477,036
<b>2. Deferred tax</b>	<b>(2,586,195)</b>	1,182,628
- deductible temporary differences that are activated in the period	<b>(3,884,398)</b>	(964,916)
- deductible temporary differences that are deducted in the period	<b>1,298,203</b>	2,147,545
<b>3. Total expenditure on Income Tax</b>	<b>3,473,109</b>	9,659,664

### 12.5. Deductions for Investments

Using the interest rate (25 percent) in the investments during the financial period the company obtains an amount which is subject to deduction for the amount of 63,391 Euros (5,113,118 Rupees). It means that in March 31<sup>st</sup> 2018 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period. See note 12.7.

12.6. Deferred Tax Assets

Transactions during the financial periods 2016/17 and 2017/18 found in this heading have been the following:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Applications	Balance 31.03.18
- Temporary differences for non-deductible provisions	13,932	48,158	(13,932)	<b>48,158</b>
- Temporary differences, 70% limit fiscal amortisation	18,385	-	(2,163)	<b>16,222</b>
<b>Totals</b>	<b>32,317</b>	<b>48,158</b>	<b>(16,095)</b>	<b>64,380</b>
	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17

- Temporary differences for non-deductible provisions	28,844	13,932	(28,844)	13,932
- Temporary differences, 70% limit fiscal amortisation	20,548	-	(2,163)	18,385
<b>Totals</b>	<b>49,392</b>	<b>13,932</b>	<b>(31,007)</b>	<b>32,317</b>

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Applications	Balance 31.03.18
- Temporary differences for non-deductible provisions	964,930	158,825	3,884,398	(1,123,738)	<b>3,884,415</b>
- Temporary differences, 70% limit fiscal amortisation	1,273,345	209,589	-	(174,465)	<b>1,308,469</b>
<b>Totals</b>	<b>2,238,275</b>	<b>368,414</b>	<b>3,884,398</b>	<b>(1,298,203)</b>	<b>5,192,885</b>

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
- Temporary differences for non-deductible provisions	1,997,735	964,930	(1,997,735)	964,930
- Temporary differences, 70% limit fiscal amortisation	1,423,154	-	149,809	1,273,345
<b>Totals</b>	<b>3,420,890</b>	<b>964,930</b>	<b>2,147,545</b>	<b>2,238,275</b>

12.7. The Canary Islands Investment Reserve

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial period 2017/2018, the situation of the Canary Islands Investment Reserve is as follows:

<b>Euros</b>	2012/13	2013/14	2017/18
Item			
Provisions	245,000	425,000	190,000
<b>Investments made</b>			
Financial Period 2013/14	(17,221)	-	-
Financial Period 2014/15	(191,443)	-	-
Financial Period 2015/16	(36,336)	(42,173)	-
Financial Period 2016/17	-	(117,833)	-
Financial Period 2017/18	-	(264,993)	(190,000)

<b>Rupees</b>	2012/13	2013/14	2017/18
Item			
Provisions	16,968,700	29,435,500	15,325,400
<b>Investments made</b>			
Financial Period 2013/14	(1,192,726)	-	-
Financial Period 2014/15	(13,259,342)	-	-
Financial Period 2015/16	(2,516,631)	(2,920,902)	-
Financial Period 2016/17	-	(8,161,114)	-
Financial Period 2017/18	-	(21,374,374)	(15,325,400)

Specifically, investments made in the financial period 2013/2014 for which the Canary Island Investment Reserve was materialised, were the following:

<b>Euros</b>	Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
	21301001	Machinery	01.03.2014	1,103	1,103
	21301001	Machinery	13.03.2014	690	690
	21301001	Machinery	13.08.2014	1,152	1,152
	21301001	Machinery	15.09.2014	12,015	12,015
		<b>TOTAL MACHINERY</b>		<b>14,961</b>	<b>14,961</b>
	201608002	Furniture	29.11.2013	2,097	2,097
	201608002	Furniture	22.11.2013	163	163
		<b>TOTAL FURNITURE</b>		<b>2,260</b>	<b>2,260</b>

<b>Rupees</b>	Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
	21301001	Machinery	01.03.2014	82,692	82,692
	21301001	Machinery	13.03.2014	51,729	51,729
	21301001	Machinery	13.08.2014	86,365	86,365
	21301001	Machinery	15.09.2014	900,765	900,765
		<b>TOTAL MACHINERY</b>		<b>1,121,626</b>	<b>1,121,626</b>
	201608002	Furniture	29.11.2013	157,212	157,212
	201608002	Furniture	22.11.2013	12,220	12,220
		<b>TOTAL FURNITURE</b>		<b>169,432</b>	<b>169,432</b>

Throughout the financial period 2014/2015 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

<b>Euros</b>	Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
	21108022	Construction/Buildings	10.02.2015	4,020	4,020
	21108022	Construction/Buildings	28.02.2015	6,759	6,759
	21108022	Construction/Buildings	28.02.2015	392	392
	21108022	Construction/Buildings	28.02.2015	329	329
	21108022	Construction/Buildings	28.02.2015	15,212	15,212
	21108022	Construction/Buildings	31.03.2015	2,183	2,183
	21108022	Construction/Buildings	30.09.2015	76,825	76,825
		<b>TOTAL CONSTRUCTION</b>		<b>105,720</b>	<b>105,720</b>

**Euros**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	31.05.2015	562	562
21301001	Machinery	30.06.2015	601	601
21301001	Machinery	30.07.2015	601	601
<b>TOTAL MACHINERY</b>			<b>5,074</b>	<b>5,074</b>
21508001	Other Facilities	31.05.2015	5,646	5,646
21508001	Other Facilities	17.06.2015	1,096	1,096
21508001	Other Facilities	17.06.2015	586	586
21508001	Other Facilities	29.09.2015	4,056	4,056
21508001	Other Facilities	30.09.2015	68,175	68,175
<b>TOTAL OTHER FACILITIES</b>			<b>79,558</b>	<b>79,558</b>
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
<b>TOTAL FURNITURE</b>			<b>1,091</b>	<b>1,091</b>

**Rupees**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	301,379	301,379
21108022	Construction/Buildings	28.02.2015	506,722	506,722
21108022	Construction/Buildings	28.02.2015	29,388	29,388
21108022	Construction/Buildings	28.02.2015	24,665	24,665
21108022	Construction/Buildings	28.02.2015	1,140,444	1,140,444
21108022	Construction/Buildings	31.03.2015	163,660	163,660
21108022	Construction/Buildings	30.09.2015	5,759,570	5,759,570
<b>TOTAL CONSTRUCTION</b>			<b>7,925,828</b>	<b>7,925,828</b>
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	31.05.2015	42,133	42,133
21301001	Machinery	30.06.2015	45,057	45,057
21301001	Machinery	30.07.2015	45,057	45,057
<b>TOTAL MACHINERY</b>			<b>380,398</b>	<b>380,398</b>
21508001	Other Facilities	31.05.2015	423,281	423,281
21508001	Other Facilities	17.06.2015	82,167	82,167
21508001	Other Facilities	17.06.2015	43,932	43,932
21508001	Other Facilities	29.09.2015	304,078	304,078
21508001	Other Facilities	30.09.2015	5,111,080	5,111,080
<b>TOTAL OTHER FACILITIES</b>			<b>5,964,463</b>	<b>5,964,463</b>
201608001	Furniture	28.10.2014	32,762	32,762
201608001	Furniture	01.12.2014	49,030	49,030
<b>TOTAL FURNITURE</b>			<b>81,792</b>	<b>81,792</b>

Throughout the financial period 2015/2016 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	8,027	8,027	-
21108005	Constructions	20.11.2015	1,950	1,950	-
21108005	Constructions	24.12.2015	1,565	1,565	-
21108005	Constructions	24.12.2015	1,450	1,450	-

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	24.12.2015	1,499	1,499	-
21108005	Constructions	24.12.2015	8,027	8,027	-
21108005	Constructions	31.01.2016	1,950	1,950	-
21108008	Constructions	31.01.2016	2,370	2,370	-
<b>TOTAL CONSTRUCTIONS</b>			<b>26,837</b>	<b>26,837</b>	-
21301001	Machinery	31.01.2016	1,036	-	1,036
21301001	Machinery	31.01.2016	4,514	-	4,514
<b>TOTAL MACHINERY</b>			<b>5,550</b>	-	<b>5,550</b>
21508001	Other facilities	30.11.2015	5,271	5,271	-
21508001	Other facilities	01.12.2015	30,707	320	30,387
21508001	Other facilities	31.12.2015	2,409	2,409	-
21508001	Other facilities	31.01.2016	1,499	1,499	-
<b>TOTAL OTHER FACILITIES</b>			<b>39,886</b>	<b>9,499</b>	<b>30,387</b>
21608001	Furniture	02.01.2016	1,036	-	1,036
<b>TOTAL FURNITURE</b>			<b>1,036</b>	-	<b>1,036</b>
21708001	IT equipment	18.12.2015	5,024	-	5,024
21708001	IT equipment	18.12.2015	176	-	176
<b>TOTAL IT EQUIPMENT</b>			<b>5,200</b>	-	<b>5,200</b>

**Rupees**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	601,784	601,784	-
21108005	Constructions	20.11.2015	146,192	146,192	-
21108005	Constructions	24.12.2015	117,328	117,328	-
21108005	Constructions	24.12.2015	108,707	108,707	-
21108005	Constructions	24.12.2015	112,380	112,380	-
21108005	Constructions	24.12.2015	601,784	601,784	-
21108005	Constructions	31.01.2016	146,192	146,192	-
21108008	Constructions	31.01.2016	177,679	177,679	-
<b>TOTAL CONSTRUCTIONS</b>			<b>2,011,970</b>	<b>2,011,970</b>	-
21301001	Machinery	31.01.2016	77,669	-	77,669
21301001	Machinery	31.01.2016	338,415	-	338,415
<b>TOTAL MACHINERY</b>			<b>416,084</b>	-	<b>416,084</b>
21508001	Other facilities	30.11.2015	395,167	395,167	-
21508001	Other facilities	01.12.2015	2,302,104	23,990	2,278,113
21508001	Other facilities	31.12.2015	180,603	180,603	-
21508001	Other facilities	31.01.2016	112,380	112,380	-
<b>TOTAL OTHER FACILITIES</b>			<b>2,990,253</b>	<b>712,140</b>	<b>2,278,113</b>
21608001	Furniture	02.01.2016	77,669	-	77,669
<b>TOTAL FURNITURE</b>			<b>77,669</b>	-	<b>77,669</b>
21708001	IT equipment	18.12.2015	376,649	-	376,649
21708001	IT equipment	18.12.2015	13,195	-	13,195
<b>TOTAL IT EQUIPMENT</b>			<b>389,844</b>	-	<b>389,844</b>

Throughout the financial period 2016/2017 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT S.L.U.

Euros				
Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	11,606	11,606
21908009	Other Tangible Fixed Assets	13.04.2016	201	201
21908009	Other Tangible Fixed Assets	13.04.2016	140	140
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>11,947</b>	<b>11,947</b>
21301001	Machinery	10.10.2016	3,300	3,300
21301001	Machinery	31.10.2016	1,654	1,654
21301001	Machinery	31.10.2016	293	293
21301001	Machinery	31.12.2016	875	875
21301001	Machinery	01.01.2017	(1,036)	(1,036)
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
<b>TOTAL MACHINERY</b>			<b>6,043</b>	<b>6,043</b>
21408001	Other facilities	28.02.2017	7,975	7,975
<b>TOTAL OTHER FACILITIES</b>			<b>7,975</b>	<b>7,975</b>
21608001	Furniture	30.06.2016	22,155	22,155
21608001	Furniture	05.10.2016	18,080	18,080
21608001	Furniture	01.03.2017	1,241	1,241
<b>TOTAL FURNITURE</b>			<b>41,476</b>	<b>41,476</b>
21801001	Vehicles	24.05.2016	50,393	50,393
<b>TOTAL VEHICLES</b>			<b>50,393</b>	<b>50,393</b>

Rupees				
Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	803,832	803,832
21908009	Other Tangible Fixed Assets	13.04.2016	13,921	13,921
21908009	Other Tangible Fixed Assets	13.04.2016	9,696	9,696
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>827,449</b>	<b>827,449</b>
21301001	Machinery	10.10.2016	228,558	228,558
21301001	Machinery	31.10.2016	114,556	114,556
21301001	Machinery	31.10.2016	20,293	20,293
21301001	Machinery	31.12.2016	60,603	60,603
21301001	Machinery	01.01.2017	(71,753)	(71,753)
21301001	Machinery	07.02.2017	55,408	55,408
21301001	Machinery	07.02.2017	10,735	10,735
<b>TOTAL MACHINERY</b>			<b>418,400</b>	<b>418,400</b>
21408001	Other facilities	28.02.2017	552,349	552,349
<b>TOTAL OTHER FACILITIES</b>			<b>552,349</b>	<b>552,349</b>
21608001	Furniture	30.06.2016	1,534,455	1,534,455
21608001	Furniture	05.10.2016	1,252,221	1,252,221
21608001	Furniture	01.03.2017	85,952	85,952
<b>TOTAL FURNITURE</b>			<b>2,872,628</b>	<b>2,872,628</b>
21801001	Vehicles	24.05.2016	3,490,219	3,490,219
<b>TOTAL VEHICLES</b>			<b>3,490,219</b>	<b>3,490,219</b>

Throughout the financial period 2017/2018 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros									
Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018				
21108026	Construction/Buildings	31.03.2018	124,597	124,597	-				
21108028	Construction/Buildings	31.03.2018	140,397	140,397	-				
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>264,993</b>	<b>264,993</b>	-				
21301001	Machinery	01.07.2017	6,745	-	6,745				
21301001	Machinery	01.07.2017	5,416	-	5,416				
21301001	Machinery	10.08.2017	1,845	-	1,845				
21301001	Machinery	30.09.2017	2,500	-	2,500				
21301001	Machinery	30.09.2017	4,866	-	4,866				
21301001	Machinery	30.09.2017	9,200	-	9,200				
21301001	Machinery	31.03.2018	294	-	294				
<b>TOTAL MACHINERY</b>			<b>30,865</b>	-	<b>30,865</b>				
21508001	Other Facilities	30.04.2017	109	-	109				
21508001	Other Facilities	30.04.2017	225	-	225				
21508001	Other Facilities	30.04.2017	466	-	466				
21508001	Other Facilities	30.04.2017	1,209	-	1,209				
21508001	Other Facilities	01.07.2017	3,560	-	3,560				
21508001	Other Facilities	01.07.2017	1,500	-	1,500				
21508001	Other Facilities	01.07.2017	1,183	-	1,183				
21508001	Other Facilities	12.09.2017	1,627	-	1,627				
21508001	Other Facilities	30.09.2017	13,434	-	13,434				
21508001	Other Facilities	22.11.2017	3,863	-	3,863				
<b>TOTAL OTHER FACILITIES</b>			<b>27,176</b>	-	<b>27,176</b>				
21601002	Furniture	01.09.2017	230	-	230				
21601002	Furniture	11.09.2017	1,960	-	1,960				
21608001	Furniture	01.08.2017	513	-	513				
21608001	Furniture	10.08.2017	2,864	-	2,864				
21608001	Furniture	28.08.2017	505	-	505				
21608003	Furniture	31.03.2018	25,238	-	25,238				
21608004	Furniture	31.03.2018	38,551	-	38,551				
21608005	Furniture	31.03.2018	51,024	-	51,024				
<b>TOTAL FURNITURE</b>			<b>120,885</b>	-	<b>120,885</b>				
21708001	IT equipment	28.01.2018	2,741	-	2,741				
21708001	IT equipment	28.01.2018	2,741	-	2,741				
21708001	IT equipment	28.01.2018	2,741	-	2,741				
21708001	IT equipment	28.01.2018	1,371	-	1,371				
21708001	IT equipment	28.01.2018	1,371	-	1,371				
<b>TOTAL IT EQUIPMENT</b>			<b>10,966</b>	-	<b>10,966</b>				
21908001	Other tangible fixed assets	20.07.2017	108	-	108				
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>108</b>	-	<b>108</b>				

  

Rupees					
Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/Buildings	31.03.2018	10,049,994	10,049,994	-
21108028	Construction/Buildings	31.03.2018	11,324,422	11,324,422	-
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>21,374,335</b>	<b>21,374,335</b>	-
21301001	Machinery	01.07.2017	544,052	-	544,052
21301001	Machinery	01.07.2017	436,855	-	436,855
21301001	Machinery	10.08.2017	148,818	-	148,818
21301001	Machinery	30.09.2017	201,650	-	201,650
21301001	Machinery	30.09.2017	392,492	-	392,492
21301001	Machinery	30.09.2017	742,072	-	742,072
21301001	Machinery	31.03.2018	2,371,404	-	2,371,404
<b>TOTAL MACHINERY</b>			<b>2,489,571</b>	-	<b>2,489,571</b>

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21508001	Other Facilities	30.04.2017	879,194	-	879,194
21508001	Other Facilities	30.04.2017	181,485	-	181,485
21508001	Other Facilities	30.04.2017	3,758,756	-	3,758,756
21508001	Other Facilities	30.04.2017	97,518	-	97,518
21508001	Other Facilities	01.07.2017	287,150	-	287,150
21508001	Other Facilities	01.07.2017	120,990	-	120,990
21508001	Other Facilities	01.07.2017	95,421	-	95,421
21508001	Other Facilities	12.09.2017	131,234	-	131,234
21508001	Other Facilities	30.09.2017	1,083,586	-	1,083,586
21508001	Other Facilities	22.11.2017	311,590	-	311,590
<b>TOTAL OTHER FACILITIES</b>			<b>2,192,016</b>	-	<b>2,192,016</b>
21601002	Furniture	01.09.2017	185,518	-	185,518
21601002	Furniture	11.09.2017	158,094	-	158,094
21608001	Furniture	01.08.2017	4,137,858	-	4,137,858
21608001	Furniture	10.08.2017	231,010	-	231,010
21608001	Furniture	28.08.2017	407,333	-	407,333
21608003	Furniture	31.03.2018	2,035,697	-	2,035,697
21608004	Furniture	31.03.2018	3,109,524	-	3,109,524
21608005	Furniture	31.03.2018	4,115,596	-	4,115,596
<b>TOTAL FURNITURE</b>			<b>9,750,584</b>	-	<b>9,750,584</b>
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	110,585	-	110,585
21708001	IT equipment	28.01.2018	110,585	-	110,585
<b>TOTAL IT EQUIPMENT</b>			<b>884,518</b>	-	<b>884,518</b>
21908001	Other tangible fixed assets	20.07.2017	8,711	-	8,711
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>8,711</b>	-	<b>8,711</b>

The Company has carried out investments prior to the provision for the amount of 190,000 Euros (15,325,400 Rupees) all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

12.8. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes has been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

13. FOREIGN CURRENCY

The Exchange differences recognised for the financial periods 2016/17 and 2017/18 in the Profit and Loss Account, for creditor and debtor's amounts of 271 Euros (18,769 Rupees) and 349 Euros (28,150 Rupees) respectively, belongs to transactions settled during the Financial Period.

14. INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the cost of merchandise for the amounts of 98,622 Euros (6,830,560 Rupees) and 101,649 Euros (8,199,008 Rupees) during the financial periods 2016/17 and 2017/18, respectively. All purchases have been made in Spanish territory.

6.b) Social security: corresponds entirely to the Business contribution to Social Security for a total amount of 504,024 Euros (34,908,702 Rupees) and 543,104 Euros (43,806,769 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

7.a) External Services:

<u>Euros</u>	2017/18	2016/17
Leases and Charges	1,045	1,648
Repair and Maintenance	457,377	494,230
Independent Professional Services	319,999	361,362
Transport	40,426	25,569
Insurance	23,081	29,212
Bank Services and Similar	9,400	12,559
Publicity, Advertising and Public Relations	4,758	2,325
Supplies	551,683	567,011
Other Services	127,587	116,206
<b>Totals</b>	<b>1,535,355</b>	<b>1,610,122</b>

<u>Rupees</u>	2017/18	2016/17
Leases and Charges	84,311	114,129
Repair and Maintenance	36,892,005	34,230,402
Independent Professional Services	25,811,158	25,027,917
Transport	3,260,726	1,770,908
Insurance	1,861,712	2,023,210
Bank Services and Similar	758,198	869,817
Publicity, Advertising and Public Relations	383,740	161,016
Supplies	44,498,744	39,271,206
Other Services	10,291,131	8,048,415
<b>Totals</b>	<b>123,841,723</b>	<b>111,517,020</b>

7.c) Losses on impairment of and change in trade transactions:

<u>Euros</u>	2017/18	2016/17
Losses from bad debts	103,826	267,882
Provisions Other Trade Transactions (Note 15).	257,299	201,254
<b>Totals</b>	<b>361,125</b>	<b>469,135</b>

<u>Rupees</u>	2017/18	2016/17
Losses from bad debts	8,374,580	18,553,500
Provisions Other Trade Transactions (Note 15).	20,753,746	13,938,823
<b>Totals</b>	<b>29,128,326</b>	<b>32,492,323</b>

13. Other results: these correspond to the Profits & Losses that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently.

**15. PROVISIONS AND CONTINGENCIES**

15.1. Transactions during the financial periods 2016/17 and 2017/18 found in this heading have been the following:

Euros	Balance at 31.03.16			Balance at 31.03.17			Balance at 31.03.18	
	Acquisitions	Disposals		Acquisitions	Disposals			
Short-term provisions	121,064	201,254	(253,875)	68,443	257,299	(120,396)		205,347

Rupes	Balance at 31.03.16			Balance at 31.03.17			Balance at 31.03.18	
	Acquisitions	Disposals		Exchange rate	Acquisitions	Disposals		
Short-term provisions	8,384,893	13,938,852	(17,583,383)	4,740,361	780,249	20,753,746	(9,711,104)	16,563,253

They are all monthly provisions to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary.

15.2. A guarantee has been provided by one of the Group companies, to respond for a loan granted by a Finance Company, for the amount of 1,250,000 Euros (100,825,000 Rupees) (see Note 18.3).

**16. ENVIRONMENTAL INFORMATION**

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or deadlines of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

**17. EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR**

No events have occurred after dosing that could be considered significant and affect the financial period's accounts.

**18. TRANSACTIONS BETWEEN RELATED PARTIES**

18.1. Regarding the Managing Board and Key Company Staff

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director
- Mrs. Claudia Espla Marin, Finance Manager
- Mr. Roberto Picón Pampin, Operations Manager

Remuneration paid to managers and key personnel of the company, during the financial periods 2016/17, in their status as employees of the company, amounts to 197,000 Euros (13,644,220 Rupees) and 211,200 Euros (17,035,392 Rupees) in the financial period 2017/18.

18.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 of July 17, which amended Law 24/1988, of July 28, in which the Market Values and the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3. Transactions and Balances with Group companies:

Euros	2017/2018		2016/2017	
	Services received	Services rendered	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	194,640	2,390,368	170,264	2,490,190
Holiday Club Resort OY	-	1,703	-	3,999
<b>Totals</b>	<b>194,640</b>	<b>2,392,070</b>	<b>170,264</b>	<b>2,494,189</b>

Rupees	2017/2018		2016/2017	
	Services received	Services rendered	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	15,699,623	192,807,053	11,792,500	172,470,535
Holiday Club Resort OY	-	137,349	-	276,969
<b>Totals</b>	<b>15,699,623</b>	<b>192,944,402</b>	<b>11,792,500</b>	<b>172,747,503</b>

Transactions carried out between Group Companies have been performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2017/18 and 2016/17, both short-term and long-term, at the close of the Financial Periods are:

Euros	2017/2018		2016/2017	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	2,289,207	-	1,276,694	-
Holiday Club Canarias Investment, SL	516	883,587	516	808,466
Holiday Club Resorts OY	408	-	-	-
<b>Totals</b>	<b>2,290,131</b>	<b>883,587</b>	<b>1,277,210</b>	<b>808,466</b>

Rupees	2017/2018		2016/2017	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	184,647,436	-	88,423,811	-
Holiday Club Canarias Investment, SL	41,611	71,270,134	35,737	55,994,322
Holiday Club Resorts OY	32,894	-	-	-
<b>Totals</b>	<b>184,721,941</b>	<b>71,270,134</b>	<b>88,459,548</b>	<b>55,994,322</b>

The Company is backing to the Group Company Holiday Club Canarias Sales & Marketing, SLU to respond to a loan granted by a financial institution amounting to 500,000 Euros (40,330,000 Rupees). There is also a guarantee provided by the parent Group Company Holiday Club Canarias Investment, SLU and Holiday Club Canarias Sales and Marketing SLU to respond to a loan granted by a financial institution, amounting 750,000 Euros (60,495,000 Rupees) (see Notes 15.2)

**19. OTHER INFORMATION**

19.1. Number of Employees

The average number of persons employed by the Company during the 2016/17 and 2017/18 Financial Periods, distributed by professional categories, has been the following:

	Persons	
	2017/18	2016/17
Senior Managers	1.50	1.50
Administration and Middle Managers	8.49	9.29
Receptionists and Technical Staff	31.88	30.21
Housekeeping and others	48.03	43.63
<b>Totals</b>	<b>89.90</b>	<b>84.63</b>

The distribution by gender at the end of the financial periods 2016/17 and 2017/18 is the following:

	2017/18		2016/17	
	Men	Women	Men	Women
Senior Managers	2	-	2	-
Administration and Middle Managers	2	7	3	6
Receptionists and Technical Staff	27	6	27	4
Housekeeping and others	16	37	12	40
<b>Totals</b>	<b>47</b>	<b>50</b>	<b>44</b>	<b>50</b>

The distribution by disabled employees at the end of the financial periods 2016/17 and 2017/18 is the following:

	<u>2017/18</u>	<u>2016/17</u>
Senior Managers	-	-
Administration and Middle Managers	-	-
Receptionists and Technical Staff	-	-
Housekeeping and others	<u>1</u>	<u>2</u>
<b>Totals</b>	<u>1</u>	<u>2</u>

#### 19.2. Auditor's Fees

The fees for the audit of Annual Accounts for the Financial Periods 2016/17 and 2017/18 are as follows:

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
Fees charged for Account Auditing	<u>9,500</u>	9,500
Fees for other Services performed	<u>4,572</u>	4,500
<b>Totals</b>	<u>14,072</u>	14,000
<u>Rupees</u>	<u>2017/18</u>	<u>2016/17</u>
Fees charged for Account Auditing	<u>766,270</u>	657,970
Fees for other Services performed	<u>368,778</u>	311,670
<b>Totals</b>	<u>1,135,048</u>	969,640

#### 20. SEGMENT INFORMATION

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
Maintenance Fee	<u>4,838,699</u>	5,009,291
Other incomes	<u>293,228</u>	286,828
<b>Totals</b>	<u>5,131,927</u>	5,296,119

<u>Rupees</u>	<u>2017/18</u>	<u>2016/17</u>
Maintenance Fee	<u>390,289,448</u>	346,943,480
Other incomes	<u>23,651,745</u>	19,865,696
<b>Totals</b>	<u>413,941,194</u>	366,809,176

#### 21. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

<u>Euros</u>	<u>2017/18</u>	<u>2016/17</u>
	<u>Days</u>	<u>Days</u>
<b>Payment Ratio</b>	15	45
<b>Outstanding payment Ratio</b>	30	30
<b>Average period for payment to suppliers</b>	44	43
	<u>Euros/Rupees</u>	<u>Euros/Rupees</u>
<b>Total payments in the period</b>	1,760,896/142,033,887	1,815,656/125,752,335
<b>Total outstanding payments</b>	274,116/22,110,230	261,920/18,140,579

In Mogan, on April 16<sup>th</sup>, 2018



## **HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31<sup>ST</sup>, 2018**

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Submitted by the managers of the Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. to be considered by General Meeting of Shareholders.

### **1. BUSINESS DEVELOPMENT**

The total amount of the turnover for the society is 5,131,927 euros (413,941,232 Rupees).

In the current period, the result of the company has been positive for the amount of 232,734 Euros (18,772,325 Rupees)

### **2. COMPANY'S SITUATION**

Fix assets is the most relevant item in the balance sheet.

The operating cash flow of the company, the operating income plus depreciation, is positive.

### **3. OWN SHARES**

There are not own shares in the company.

### **4. AVERAGE PERIOD FOR PAYMENT**

The average period for payment to suppliers and creditors is 44 days.

Mogan, April 16th, 2018

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property is located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements. During the period under review, the Company has earned a revenue of Euro 20 (Rs. 1,613.20) and made profit of Euro 7,102.71 (Rs. 572,904.59).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Himos Gardens

**Riku Rauhala**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

### Opinion

We have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA

Authorised Public Accountant, KHT

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Other property income</b> .....	<b>20.00</b>	<b>1,613.20</b>	0.00	0.00
<b>Property management expenses</b>				
Administration .....	(329.74)	(26,596.83)	(818.98)	(56,722.55)
Property tax .....	(1,403.13)	(113,176.47)	(1,410.71)	(97,705.77)
<b>Total</b> .....	<u>(1,732.87)</u>	<u>(139,773.29)</u>	<u>(2,229.69)</u>	<u>(154,428.33)</u>
<b>Profit(loss)</b> .....	<b>(1,712.87)</b>	<b>(138,160.09)</b>	(2,229.69)	(154,428.33)
<b>Financial income and expenses</b>				
Interest income .....	10,591.26	854,291.03	10,959.08	759,025.88
<b>Total financial income and expenses</b> .....	<u>10,591.26</u>	<u>854,291.03</u>	<u>10,959.08</u>	<u>759,025.88</u>
<b>Profit before appropriations and taxes</b> .....	<u>8,878.39</u>	<u>716,130.94</u>	<u>8,729.39</u>	<u>604,597.55</u>
Income taxes .....	(1,775.68)	(143,226.35)	(1,763.92)	(122,169.10)
<b>Profit/loss for the financial year</b> .....	<u>7,102.71</u>	<u>572,904.59</u>	<u>6,965.47</u>	<u>482,428.45</u>

**BALANCE SHEET**

		Eur	Rs.	Eur	Rs.
	appendix	31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b> .....					
<b>NON-CURRENT ASSETS</b> .....					
<b>Tangible assets</b> .....	<b>1</b>				
Land areas.....		527,069.84	42,513,453.29	527,069.84	36,504,857.12
<b>Total tangible assets</b> .....		527,069.84	42,513,453.29	527,069.84	36,504,857.12
<b>TOTAL NON-CURRENT ASSETS</b> .....		527,069.84	42,513,453.29	527,069.84	36,504,857.12
<b>CURRENT ASSETS</b> .....					
<b>Short-term receivables</b> .....	<b>2</b>				
Loan receivables from group companies .....		548,198.07	44,217,656.33	541,625.35	37,512,971.74
Accrued income .....		333.20	26,875.91	0.00	0.00
<b>Total short-term receivables</b> .....		548,531.27	44,244,532.24	541,625.35	37,512,971.74
<b>Cash and cash equivalents</b> .....					
Cash at bank .....		188.20	15,180.21	733.79	50,822.30
<b>Total cash and cash equivalents</b> .....		188.20	15,180.21	733.79	50,822.30
<b>TOTAL CURRENT ASSETS</b> .....		548,719.47	44,259,712.45	542,359.14	37,563,794.04
<b>TOTAL ASSETS</b> .....		1,075,789.31	86,773,165.74	1,069,428.98	74,068,651.15
<b>LIABILITIES</b> .....					
<b>EQUITY</b> .....					
<b>Share capital</b> .....	<b>3</b>	2,500.00	201,650.00	2,500.00	173,150.00
<b>Building fund</b> .....		1,040,077.00	83,892,610.82	1,040,077.00	72,035,733.02
<b>Profit(loss) from previous years</b> .....		25,758.84	2,077,708.03	18,793.37	1,301,628.81
<b>Profit(loss) for the financial year</b> .....		7,102.71	572,904.59	6,965.47	482,428.45
<b>TOTAL EQUITY</b> .....		1,075,438.55	86,744,873.44	1,068,335.84	73,992,940.28
<b>BORROWED CAPITAL</b> .....					
<b>Short-term borrowed capital</b> .....	<b>4</b>				
Accruals and deferred income .....		350.76	28,292.30	1,093.14	75,710.88
<b>Total short-term borrowed capital</b> .....		350.76	28,292.30	1,093.14	75,710.88
<b>TOTAL LIABILITIES</b> .....		1,075,789.31	86,773,165.74	1,069,428.98	74,068,651.15

## NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

### NOTES TO THE BALANCE SHEET

#### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1. Tangible assets

	Eur		Rs.	
	Land areas	Land areas	Land areas	Land areas
Acquisition cost 1.4. ....	527,069.84	42,513,453.29		
<b>Acquisition cost 31.3. ....</b>	<b>527,069.84</b>	<b>42,513,453.29</b>		
<b>Book value 31.3. ....</b>	<b>527,069.84</b>	<b>42,513,453.29</b>		

#### CURRENT ASSETS

#### RECEIVABLES

##### 2. Short-term receivables

	Eur		Rs.	
	2018	2018	2017	2017
Loan receivables from group companies .....	548,198.07	44,217,656.33	541,625.35	37,512,971.74
Tax assets .....	333.20	26,875.91	0.00	0.00
<b>Total .....</b>	<b>548,531.27</b>	<b>44,244,532.24</b>	<b>541,625.35</b>	<b>37,512,971.74</b>

##### 3. LIABILITIES

	Eur		Rs.	
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year .....</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
Building fund in the beginning of the year .....	1,040,077.00	83,892,610.82	1,040,077.00	72,035,733.02
<b>Building fund in the end of the year .....</b>	<b>1,040,077.00</b>	<b>83,892,610.82</b>	<b>1,040,077.00</b>	<b>72,035,733.02</b>
Profit/loss from prev. financial period .....	25,758.84	2,077,708.03	18,793.37	1,301,628.81
Profit/loss for the financial year .....	7,102.71	572,904.59	6,965.47	482,428.45
<b>Total equity .....</b>	<b>1,075,438.55</b>	<b>86,744,873.44</b>	<b>1,068,335.84</b>	<b>73,992,940.28</b>

#### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share .....	50.00	2,500.00	50.00	2,500.00
<b>TOTAL .....</b>	<b>50.00</b>	<b>2,500.00</b>	<b>50.00</b>	<b>2,500.00</b>

#### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Rs.	No	Rs.	No	Rs.
1 vote/share .....	50.00	201,650.00	50.00	173,150.00
<b>Total .....</b>	<b>50.00</b>	<b>201,650.00</b>	<b>50.00</b>	<b>173,150.00</b>

#### 4. SHORT-TERM BORROWED CAPITAL

	Eur		Rs.	
	2018	2018	2017	2017
Accruals and deferred income .....	350.76	28,292.30	350.76	24,293.64
Tax liabilities .....	0.00	0.00	742.38	51,417.24
<b>Total .....</b>	<b>350.76</b>	<b>28,292.30</b>	<b>1,093.14</b>	<b>75,710.88</b>

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 7,102.71 (Rs 572,904.59). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

#### FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April, 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

#### AUDITOR'S NOTE

A report of the audit has been submitted today.

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period commencing from January 1<sup>st</sup> 2017 and ended on 31<sup>st</sup> of December, 2017.

### OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in Promotion and sales of Holiday Club Resorts in Finland and customer service on the Russian market under the basis of Agent Agreement with Holiday Club Resorts OY.

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

### FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of RUB 8,547 thousand (Rs. 9,625 thousand) and made net profit of RUB 77,809 thousand (Rs. 87,621 thousand).

*RUB amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.13 = 1 RUB which is the Bloomberg rate as on 31<sup>st</sup> March 2018*

Parent company Holiday Club Resorts Oy has signed a debt forgiveness agreement with the company to increase the net assets of the company. Total amount of debt converted to equity is Euros 1.3 million/RUB 89,421,930.

### DIVIDEND

No dividend was paid or proposed for the financial period under review.

### DIRECTORS

The directors shown below have held office during the financial period under review:

Irina Kuznetsova – General Manager (Director)

During the year under review, there is no change in the Composition of the Board of Directors.

### STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at December 31, 2017.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### ISSUE OF SHARES

The Company did not issued shares during the financial period under review.

### HOLDING COMPANY

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts OY (HCR) and in turn of Covington S.a.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### AUDITORS

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at December 31, 2017.

Audit Company SPS LLC.

### ACKNOWLEDGEMENTS

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

Signed on behalf of the Board of Directors  
of Holiday Club Resorts Rus LLC

**General Director**  
**Irina Kuznetsova**

Place: St-Petersburg, Russia  
Date: 12<sup>th</sup> March, 2018

## AUDIT REPORT

### To the Members of HOLIDAY CLUB RESORTS RUS, LLC

#### Opinion

We have audited the accompanying annual accounting (financial) statements of HOLIDAY CLUB RESORT RUS, Limited Liability Company (Main State Registration Number (OGRN) 5067847052301; ul. Bolshaya Konyushennaya 4-6-8, St. Petersburg, 191186) consisting of the balance sheet as at December 31, 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, as well as explanatory information to the 2017 balance sheet and financial statements.

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of HOLIDAY CLUB RESORT RUS, Limited Liability Company, as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting (financial) reporting standards applicable in the Russian Federation.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). In line with these Standards, our responsibility is delineated in the Auditors' Responsibility for the Audit of Annual Accounting (Financial) Statements paragraph of the present report. We are independent of the entity subject to the audit as required by rules on auditors' independence and the Auditors' Professional Code of Conduct. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Management's Responsibility for the Annual Accounting (Financial) Statements

The management of the audited entity is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with accounting (financial) standards established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounting (financial) statements, management bears responsibility for the assessment of the entity's ability to continue as a going concern, for the disclosure of information in connection with going concern, and for the preparation of the financial statements on a going concern basis, unless management intends to liquidate the audited entity or to cease trading, or has no realistic alternative but to do so.

#### Auditors' Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether the annual accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report stating our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit, carried out in compliance with ISA, always detects material misstatements when there is any. Misstatements may arise from fraudulent activities or error and are considered to be material when there is reasonable assurance that, taken individually or

collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit and, among other things:

- a) Identify and assess risks of material misstatements in the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures in response to such risks; obtain sufficient and appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraudulent activities may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or circumvention of internal control;
  - b) Obtain an understanding of the internal control system sufficient to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's system of internal controls;
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the auditee's management, as well as evaluating the overall financial statement presentation and disclosures;
  - d) Evaluate the appropriateness of management's use of the going concern assumption and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we determine that such estimation uncertainty exists, we must draw attention in our audit report to an adequate disclosure of such problem in the annual accounting (financial) statements or modify our opinion if such disclosure is inappropriate.
- Our conclusions are based on the audit evidence gathered prior to the date of our audit report. Future events or conditions, however may affect the entity's ability to continue as a going concern;
- e) Evaluate the overall presentation, structure and content of the accounting (financial) statements, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We have communicated with the management of the audited entity, among other matters, the scope and timing of the audit and material observations arising from the audit, including observations on the deficiencies of the system of internal controls identified during the audit.

Chief Executive Officer of the  
Audit Company SPS, LLC

I. Y. Kochinskaya

March 23, 2018



**BALANCE SHEET AS OF DECEMBER 31, 2017**

Company	<b>Holiday Club Resorts Rus LLC</b>
Taxpayer's ID number	<b>7801409574</b>
Line of business	<b>Rendering of intermediary services in purchasing, selling and renting of residential real estates</b>
Form of incorporation/Form of ownership	<b>Limited liability company/ ownership of a foreign entity</b>
Unit of measurement: thousand RUB	
Location (address)	<b>191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8</b>

Notes Item	Code	As of December 31, 2017 Thousand RUB	As of December 31, 2017 Thousand Rs	As of December 31, 2016 Thousand RUB	As of December 31, 2016 Thousand Rs
<b>ASSETS</b>					
<b>I. NON-CURRENT ASEETS</b>					
Intangible assets .....	1110	-	-	-	-
Results of research and development ..	1120	-	-	-	-
Intangible development assets.....	1130	-	-	-	-
Tangible development assets.....	1140	-	-	-	-
<b>Fixed assets</b> .....	1150	-	-	-	-
Income-bearing investments in tangible assets .....	1160	-	-	-	-
Financial investments.....	1170	-	-	-	-
Deferred tax assets .....	1180	21,567	24,287	18,796	21,166
Other non-current assets.....	1190	-	-	-	-
<b>Total section I</b> .....	1100	<u>21,567</u>	<u>24,287</u>	<u>18,796</u>	<u>21,166</u>
<b>II. CURRENT ASSETS</b>					
Inventories .....	1210	-	-	-	-
Value-added tax on acquired assets.....	1220	1	1	3	3
Receivables .....	1230	1,453	1,636	4,333	4,879
Financial investments (except for monetary equivalents) .....	1240	-	-	-	-
Cash and cash equivalents .....	1250	16,458	18,533	4,821	5,429
Other current assets .....	1260	52	59	51	57
<b>Total section II</b> .....	1200	<u>17,964</u>	<u>20,229</u>	<u>9,208</u>	<u>10,369</u>
<b>BALANCE</b> .....	1600	<u>39,531</u>	<u>44,516</u>	<u>28,004</u>	<u>31,535</u>

Notes Item	Code	As of December 31, 2017 Thousand RUB	As of December 31, 2017 Thousand Rs	As of December 31, 2016 Thousand RUB	As of December 31, 2016 Thousand Rs
<b>LIABILITIES</b>					
<b>III. EQUITY AND RESERVES</b>					
Authorized capital .....	1310	300	338	300	338
Treasury stock .....	1320	-	-	-	-
Non-current asset revaluation .....	1340	-	-	-	-
Capital surplus (without revaluation).....	1350	-	-	-	-
Reserve capital.....	1360	-	-	-	-
Retained earnings.....	1370	10,780	12,139	(67,029)	(75,481)
<b>Total section III .....</b>	<b>1300</b>	<b>11,080</b>	<b>12,477</b>	<b>(66,729)</b>	<b>(75,144)</b>
<b>IV. LONG-TERM LIABILITIES</b>					
Loans .....	1410	-	-	-	-
Deferred tax liabilities.....	1420	-	-	-	-
Estimated liabilities .....	1430	-	-	-	-
Other liabilities.....	1450	-	-	-	-
<b>Total section IV .....</b>	<b>1400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. SHORT-TERM LIABILITIES</b>					
Loans .....	1510	-	-	-	-
Payables .....	1520	27,472	30,936	94,000	105,853
Prepaid income.....	1530	-	-	-	-
Estimated liabilities .....	1540	979	1,102	733	825
Other liabilities .....	1550	-	-	-	-
<b>Total section V .....</b>	<b>1500</b>	<b>28,451</b>	<b>32,039</b>	<b>94,733</b>	<b>106,679</b>
<b>BALANCE .....</b>	<b>1700</b>	<b>39,531</b>	<b>44,516</b>	<b>28,004</b>	<b>31,535</b>

**Kuznetsova Irina Sergeevna**  
Director

March 12, 2018

## FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2017

Company	<b>Holiday Club Resorts Rus LLC</b>
Taxpayer's ID number	<b>7801409574</b>
Line of business	<b>Rendering of intermediary services in purchasing, selling and renting of residential real estates</b>
Form of incorporation/Form of ownership	<b>Limited liability company/ownership of a foreign entity</b>

Notes Item	Code	January - December 2017 Thousand RUB	January - December 2017 Thousand Rs	January - December 2016 Thousand RUB	January - December 2016 Thousand Rs
Revenue .....	2110	<b>8,547.00</b>	<b>9,624.78</b>	11,877.00	13,374.69
Cost of sales .....	2120	-	-	-	-
<b>Gross profit (loss) .....</b>	<b>2100</b>	<b>8,547.00</b>	<b>9,624.78</b>	<b>11,877.00</b>	<b>13,374.69</b>
Commercial expenses .....	2210	-	-	-	-
Administrative expenses .....	2220	<b>(16,802.00)</b>	<b>(18,920.73)</b>	(18,813.00)	(21,185.32)
<b>Sales profit (loss) .....</b>	<b>2200</b>	<b>(8,255.00)</b>	<b>(9,295.96)</b>	<b>(6,936.00)</b>	<b>(7,810.63)</b>
Income from participation in other organizations .....	2310	-	-	-	-
Interest receivable .....	2320	-	-	571.00	643.00
Interest payable .....	2330	-	-	-	-
Other income .....	2340	<b>105,997.00</b>	<b>119,363.22</b>	38,334.00	43,167.92
Other expenses .....	2350	<b>(22,704.00)</b>	<b>(25,566.97)</b>	(16,538.00)	(18,623.44)
<b>Profit (loss) before taxation .....</b>	<b>2300</b>	<b>75,038.00</b>	<b>84,500.29</b>	<b>15,431.00</b>	<b>17,376.85</b>
Current profit tax .....	2410	-	-	-	-
including permanent tax liabilities (assets) .....	2421	<b>17,817.00</b>	<b>20,063.72</b>	(185.00)	(208.33)
Change in deferred tax liabilities .....	2430	-	-	-	-
Change in deferred tax assets .....	2450	<b>2,771.00</b>	<b>3,120.42</b>	(3,271.00)	(3,683.47)
Other .....	2460	-	-	-	-
<b>Net profit (loss) .....</b>	<b>2400</b>	<b>77,809.00</b>	<b>87,620.71</b>	<b>12,160.00</b>	<b>13,693.38</b>
<b>FOR REFERENCE</b>					
Revaluation of non-current assets not included in net profit (loss) for the period...	2510	-	-	-	-
Result of other transactions not included in net profit (loss) for the period .....	2520	-	-	-	-
Comprehensive financial result for the period .....	2500	77,809	87,620.71	12,160	13,693.38
Basic earnings (loss) per common share...	2900	-	-	-	-
Diluted earnings (loss) per common share .....	2910	-	-	-	-

**Kuznetsova Irina Sergeyevna**  
Director

March 12, 2018

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period ended on March 31, 2018.

### OPERATIONS / STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in real estate agencies business.

The Company's Resort property located at Tampere, was fully operational.

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

### FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 788.69 (Rs. 63,615.74).

### DIVIDEND

No dividend was paid or proposed for the financial period under review.

### DIRECTORS

The directors shown below have held office during the financial period under review:

- 1) Tapio Anttila, CEO, Chair of the Board of Directors
- 2) Iiro Rossi, board member
- 3) Riku Rauhala, board member

During the period under review, there is no change in Composition of the Board of Directors.

### STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### ISSUE OF SHARES

The Company did not issued shares during the financial period under review.

### HOLDING COMPANY

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### ACKNOWLEDGEMENTS

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

Signed on behalf of the Board of Directors  
of Suomen Vapaa-aikakiinteistöt Oy

**Tapio Anttila**  
CEO, Chair of the Board of Directors

Place: Tampere  
Date: April 27<sup>th</sup>, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-Aikakiinteistöt Oy LKV

### Opinion

We have audited the financial statements of **Suomen Vapaa-Aikakiinteistöt Oy LKV** (business identity code 2306829-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**KPMG OY AB**

**ESA KAILIALA**  
Authorised Public Accountant, KHT

Place: Helsinki  
Dated: 27 April 2018

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### **Valuation and amortisation principles and methods**

Revenues and expenses are amortised on an accruals basis.

### **Valuation of non-current assets**

Tangible and intangible assets

The company has no non-current assets on its balance sheet.

### **Current assets**

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT**

		Eur	Rs	Eur	Rs
	appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.10.2016- 31.3.2017	1.10.2016- 31.3.2017
<b>TURNOVER</b>					
Other operating expenses .....	1	973.35	78,510.41	1,108.30	76,760.86
<b>Profit(loss) .....</b>		<b>(973.35)</b>	<b>(78,510.41)</b>	<b>(1,108.30)</b>	<b>(76,760.86)</b>
<b>Financial income and expenses</b>					
Interest income .....	2	1.18	95.18	12.37	856.75
Interest income from companies in the same Group .....		183.48	14,799.50	189.85	-
<b>Total financial income and expenses .....</b>		<b>184.66</b>	<b>14,894.68</b>	<b>202.22</b>	<b>14,005.76</b>
<b>Profit before appropriations and taxes .....</b>		<b>(788.69)</b>	<b>(63,615.74)</b>	<b>(906.08)</b>	<b>(62,755.10)</b>
<b>Profit/loss for the financial year .....</b>		<b>(788.69)</b>	<b>(63,615.74)</b>	<b>(906.08)</b>	<b>(62,755.10)</b>

**BALANCE SHEET**

		Eur	Rs	Eur	Rs
		31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Short-term receivables .....	3	9,858.54	795,189.84	10,067.01	697,241.11
<b>Total short-term receivables</b> .....		<b>9,858.54</b>	<b>795,189.84</b>	10,067.01	697,241.11
<b>Cash and cash equivalents</b>					
Cash at bank .....		9,373.52	756,068.12	9,253.74	640,914.03
<b>Total cash and cash equivalents</b> .....		<b>9,373.52</b>	<b>756,068.12</b>	9,253.74	640,914.03
<b>TOTAL CURRENT ASSETS</b> .....		<b>19,232.06</b>	<b>1,551,257.96</b>	19,320.75	1,338,155.15
<b>TOTAL ASSETS</b> .....		<b>19,232.06</b>	<b>1,551,257.96</b>	19,320.75	1,338,155.15
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital .....	4	2,500.00	201,650.00	2,500.00	173,150.00
Profit(loss) from previous years .....		16,820.75	1,356,761.70	17,726.83	1,227,760.25
Profit(loss) for the financial year .....		(788.69)	(63,615.74)	(906.08)	(62,755.10)
<b>TOTAL EQUITY</b> .....		<b>18,532.06</b>	<b>1,494,795.96</b>	19,320.75	1,338,155.15
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	5	700.00	56,462.00	0.00	0.00
<b>Total short-term borrowed capital</b> .....		<b>700.00</b>	<b>56,462.00</b>	0.00	0.00
<b>TOTAL LIABILITIES</b> .....		<b>19,232.06</b>	<b>1,551,257.96</b>	19,320.75	1,338,155.15



## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

### Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR 788.69 (Rs 63,615.74) be transferred to the profit and loss account and that no dividends be distributed.

### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

## NOTES TO THE PROFIT AND LOSS STATEMENT

### 1. OTHER OPERATING EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Other business expenses.....	973.35	78,510.41	1,108.30	76,760.86
<b>Total</b> .....	<b>973.35</b>	<b>78,510.41</b>	<b>1,108.30</b>	<b>76,760.86</b>

### 2. FINANCIAL INCOME AND EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Interest income from companies in the same Group.....	183.48	14,799.50	189.85	13,149.01
Other interest income.....	1.18	95.18	12.37	856.75
<b>Total</b> .....	<b>184.66</b>	<b>14,894.68</b>	<b>202.22</b>	<b>14,005.76</b>
<b>Total financial income and expenses</b> .....	<b>184.66</b>	<b>14,894.68</b>	<b>202.22</b>	<b>14,005.76</b>

## NOTES TO THE BALANCE SHEET

### ASSETS

#### CURRENT ASSETS RECEIVABLES

### 3. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Receivables from companies in the same Group.....	9,858.54	795,189.84	9,675.06	670,094.66
Accrued income.....	0.00	0.00	391.95	27,146.46
<b>Total</b> .....	<b>9,858.54</b>	<b>795,189.84</b>	<b>10,067.01</b>	<b>697,241.11</b>

### LIABILITIES

### 4. EQUITY

	Eur	Rs.	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Share capital 1.1.....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital 31.3</b> .....	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
Profit/loss from prev. financial period .....	16,820.75	1,356,761.70	17,726.83	1,227,760.25
Profit/loss for the financial year.....	(788.69)	(63,615.74)	(906.08)	(62,755.10)
<b>Total equity</b> .....	<b>18,532.06</b>	<b>1,494,795.96</b>	<b>19,320.75</b>	<b>1,338,155.15</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Accruals and deferred income .....	700.00	56,462.00	0.00	0.00
<b>Total</b> .....	<b>700.00</b>	<b>56,462.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit/loss from the previous financial year</b> .....	<b>16,820.75</b>	<b>1,356,761.70</b>	17,726.83	1,227,760.25
Profit/loss for the financial year.....	(788.69)	(63,615.74)	(906.08)	(62,755.10)
<b>Total</b> .....	<b>16,032.06</b>	<b>1,293,145.96</b>	16,820.75	1,165,005.15

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April 2018

**Tapio Anttila**  
CEO  
Chair of the Board of Directors

**Iiro Rossi**  
Board Member

**Riku Rauhala**  
Board Member

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April 2018

KPMG Oy Ab

**Esa Kailiala**  
KHT

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 23,532.90 (Rs. 1,898,163.71) and made profit of Euro 677,098.86 (Rs. 54,614,794.05).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

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

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

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Himoksen Tähti 2

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himoksen Tähti 2

### Opinion

We have audited the financial statements of Kiinteistö Oy Himoksen Tähti 2 (business identity code 2419604-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, 27<sup>th</sup> April, 2018

KPMG OY AB

**ESA KAILIALA**

Authorised Public Accountant, KHT

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

### Relevant events after the financial year

In the year 2018 Kiinteistö Oy Himoksen Tähti 2 will merged to the parent company Holiday Club Resorts Oy.

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>TURNOVER</b>				
Land lease income.....	23,532.90	1,898,163.71	19,264.01	1,334,225.33
<b>Total</b> .....	<u>23,532.90</u>	<u>1,898,163.71</u>	<u>19,264.01</u>	<u>1,334,225.33</u>
<b>Other property income</b>	806,171.28	65,025,775.44	70.00	4,848.20
<b>Property management expenses</b>				
Administration.....	(5,025.63)	(405,367.32)	(1,211.05)	(83,877.32)
Property tax .....	(3,242.17)	(261,513.43)	(4,322.86)	(299,401.28)
<b>Total</b> .....	<u>(8,267.80)</u>	<u>(666,880.75)</u>	<u>(5,533.91)</u>	<u>(383,278.61)</u>
<b>Profit(loss)</b> .....	821,436.38	66,257,058.41	13,800.10	955,794.93
<b>Financial income and expenses</b>				
Interest income.....	15,138.84	1,221,098.83	0.00	0.00
Interest charges.....	(3.00)	(241.98)	0.00	0.00
<b>Total financial income and expenses</b> .....	<u>15,135.84</u>	<u>1,220,856.85</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit before appropriations and taxes</b> .....	<u>836,572.22</u>	<u>67,477,915.27</u>	<u>13,800.10</u>	<u>955,794.93</u>
<b>Other direct taxes</b>				
Direct taxes .....	(159,473.36)	(12,863,121.22)	0.00	0.00
<b>Total</b> .....	<u>(159,473.36)</u>	<u>(12,863,121.22)</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit/loss for the financial year</b> .....	<u>677,098.86</u>	<u>54,614,794.05</u>	<u>13,800.10</u>	<u>955,794.93</u>

**BALANCE SHEET**

		Eur	Rs.	Eur	Rs.
	appendix	31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas.....		0.00	0.00	662,628.72	45,893,665.15
<b>Total tangible assets.....</b>		<b>0.00</b>	<b>0.00</b>	662,628.72	45,893,665.15
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>0.00</b>	<b>0.00</b>	662,628.72	45,893,665.15
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Loan receivables from group companies .....	<b>2</b>	1,483,938.84	119,694,506.83	0.00	0.00
Accrued income .....		0.00	0.00	0.00	0.00
<b>Total short-term receivables.....</b>		<b>1,483,938.84</b>	<b>119,694,506.83</b>	0.00	0.00
<b>Cash and cash equivalents</b>					
Cash at bank .....		36,109.42	2,912,585.82	21,376.58	1,480,541.93
<b>Total cash and cash equivalents .....</b>		<b>36,109.42</b>	<b>2,912,585.82</b>	21,376.58	1,480,541.93
<b>TOTAL CURRENT ASSETS .....</b>		<b>1,520,048.26</b>	<b>122,607,092.65</b>	21,376.58	1,480,541.93
<b>TOTAL ASSETS .....</b>		<b>1,520,048.26</b>	<b>122,607,092.65</b>	684,005.30	47,374,207.08
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital.....</b>	<b>3</b>	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
<b>Invested unrestricted equity fund.....</b>		<b>720,181.45</b>	<b>58,089,835.76</b>	720,181.45	49,879,767.23
<b>Profit(loss) from previous years.....</b>		<b>(39,205.41)</b>	<b>(3,162,308.37)</b>	(53,005.51)	(3,671,161.62)
<b>Profit(loss) for the financial year.....</b>		<b>677,098.86</b>	<b>54,614,794.05</b>	13,800.10	955,794.93
<b>TOTAL EQUITY .....</b>		<b>1,360,574.90</b>	<b>109,743,971.43</b>	683,476.04	47,337,550.53
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	<b>4</b>	159,473.36	12,863,121.22	1,080.69	74,848.59
<b>Total short-term borrowed capital .....</b>		<b>159,473.36</b>	<b>12,863,121.22</b>	1,080.69	74,848.59
<b>TOTAL LIABILITIES.....</b>		<b>1,520,048.26</b>	<b>122,607,092.65</b>	684,556.73	47,412,399.12

## NOTES TO THE FINANCIAL STATEMENTS

### NOTES TO THE BALANCE SHEET

#### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4.....	662,628.72	53,447,632.56
Deduction .....	(662,628.72)	(53,447,632.56)
<b>Acquisition cost 31.3.....</b>	<b>0.00</b>	<b>0.00</b>
<b>Book value 31.3.....</b>	<b>0.00</b>	<b>0.00</b>

##### 2 Short-term receivables

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Accrued income.....	0.00	0.00	551.43	38,192.04
<b>Total Short-term receivables.....</b>	<b>0.00</b>	<b>0.00</b>	<b>551.43</b>	<b>38,192.04</b>

#### LIABILITIES

##### 3 Equity

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Share capital in the beginning of the year.....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year.....</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
Invested unrestricted equity fund in the beginning of the year.....	720,181.45	58,089,835.76	720,181.45	49,879,767.23
<b>Invested unrestricted equity fund in the end of the year.....</b>	<b>720,181.45</b>	<b>58,089,835.76</b>	<b>720,181.45</b>	<b>49,879,767.23</b>
Profit/loss from prev. financial period.....	(39,205.41)	(3,162,308.37)	(53,005.51)	(3,671,161.62)
Profit/loss for the financial year.....	677,098.86	54,614,794.05	13,800.10	955,794.93
<b>Total equity.....</b>	<b>1,360,574.90</b>	<b>109,743,971.43</b>	<b>683,476.04</b>	<b>47,337,550.53</b>

##### 4 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Accruals and deferred income.....	159,473.36	12,863,121.22	1,080.69	74,848.59
<b>Total short-term borrowed capital.....</b>	<b>159,473.36</b>	<b>12,863,121.22</b>	<b>1,080.69</b>	<b>74,848.59</b>

#### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share.....	25	2,500.00	25	2,500.00
<b>Total.....</b>	<b>25</b>	<b>2,500.00</b>	<b>25</b>	<b>2,500.00</b>

	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share.....	25	201,650.00	25	173,150.00
<b>Total.....</b>	<b>25</b>	<b>201,650.00</b>	<b>25</b>	<b>173,150.00</b>



## NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 677,098.86 (Rs 54,614,794.05). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki April 27<sup>th</sup> 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27<sup>th</sup> 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

**Anne Oravainen**  
Board Member

**Eero Suomela**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 683.17 (Rs. 55,104.49).

### Dividend

No dividend was proposed for the financial period under review

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018

### Events Subsequent to Balance Sheet Date

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

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

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Vanha Ykköstii

**Riku Rauhala**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy VanhaYkköstii

### Opinion

We have audited the financial statements of Kiinteistö Oy VanhaYkköstii (business identity code 2425177-9) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**ESA KAILIALA**

Authorised Public Accountant, KHT

Place : Helsinki

Dated : 27 April 2018

KPMG OY AB

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(43.53)	(3,511.13)	(1,236.59)	(85,646.22)
Property tax .....	(636.64)	(51,351.38)	(636.64)	(44,093.69)
<b>Total .....</b>	<b>(680.17)</b>	<b>(54,862.51)</b>	<b>(1,873.23)</b>	<b>(129,739.91)</b>
<b>Profit(loss) .....</b>	<b>(680.17)</b>	<b>(54,862.51)</b>	<b>(1,873.23)</b>	<b>(129,739.91)</b>
<b>Financial income and expenses</b>				
Interest charges.....	(3.00)	(241.98)	(23.98)	(1,660.85)
<b>Total financial income and expenses .....</b>	<b>(3.00)</b>	<b>(241.98)</b>	<b>(23.98)</b>	<b>(1,660.85)</b>
<b>Profit before appropriations and taxes.....</b>	<b>(683.17)</b>	<b>(55,104.49)</b>	<b>(1,897.21)</b>	<b>(131,400.76)</b>
<b>Profit/loss for the financial year .....</b>	<b>(683.17)</b>	<b>(55,104.49)</b>	<b>(1,897.21)</b>	<b>(131,400.76)</b>

**BALANCE SHEET**

	appendix	Eur 31/03/18	Rs. 31/03/18	Eur 31/03/17	Rs. 31/03/17
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas.....		52,142.00	4,205,773.72	52,142.00	3,611,354.92
<b>Total tangible assets.....</b>		<b>52,142.00</b>	<b>4,205,773.72</b>	<b>52,142.00</b>	<b>3,611,354.92</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>52,142.00</b>	<b>4,205,773.72</b>	<b>52,142.00</b>	<b>3,611,354.92</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank.....		2,046.42	165,064.24	1,929.59	133,643.40
<b>Total cash and cash equivalents.....</b>		<b>2,046.42</b>	<b>165,064.24</b>	<b>1,929.59</b>	<b>133,643.40</b>
<b>TOTAL CURRENT ASSETS.....</b>		<b>2,046.42</b>	<b>165,064.24</b>	<b>1,929.59</b>	<b>133,643.40</b>
<b>TOTAL ASSETS.....</b>		<b>54,188.42</b>	<b>4,370,837.96</b>	<b>54,071.59</b>	<b>3,744,998.32</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital.....</b>	<b>2</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
<b>Invested unrestricted equity fund.....</b>		<b>60,762.15</b>	<b>4,901,075.02</b>	<b>59,962.15</b>	<b>4,152,978.51</b>
<b>Profit(loss) from previous years.....</b>		<b>(8,549.71)</b>	<b>(689,619.61)</b>	<b>(6,652.50)</b>	<b>(460,752.15)</b>
<b>Profit(loss) for the financial year.....</b>		<b>(683.17)</b>	<b>(55,104.49)</b>	<b>(1,897.21)</b>	<b>(131,400.76)</b>
<b>TOTAL EQUITY.....</b>		<b>54,029.27</b>	<b>4,358,000.92</b>	<b>53,912.44</b>	<b>3,733,975.59</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income.....	<b>3</b>	159.15	12,837.04	159.15	11,022.73
<b>Total short-term borrowed capital.....</b>		<b>159.15</b>	<b>12,837.04</b>	<b>159.15</b>	<b>11,022.73</b>
<b>TOTAL LIABILITIES.....</b>		<b>54,188.42</b>	<b>4,370,837.96</b>	<b>54,071.59</b>	<b>3,744,998.32</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4.....	52,142.00	4,205,773.72
<b>Acquisition cost 31.3.....</b>	<b>52,142.00</b>	<b>4,205,773.72</b>
<b>Book value 31.3.....</b>	<b>52,142.00</b>	<b>4,205,773.72</b>

## 2 LIABILITIES

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year.....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year.....</b>	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year.....	59,962.15	4,836,547.02	56,443.17	3,909,253.95
Additions.....	800.00	64,528.00	3,518.98	243,724.55
<b>Invested unrestricted equity fund in the end of the year.....</b>	<b>60,762.15</b>	<b>4,901,075.02</b>	59,962.15	4,152,978.51
Profit/loss from prev. financial period.....	(8,549.71)	(689,619.61)	(6,652.50)	(460,752.15)
Profit/loss for the financial year.....	(683.17)	(55,104.49)	(1,897.21)	(131,400.76)
<b>Total equity.....</b>	<b>54,029.27</b>	<b>4,358,000.92</b>	53,912.44	3,733,975.59

## 3 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Accruals and deferred income.....	159.15	12,837.04	159.15	11,022.73
<b>Total short-term borrowed capital.....</b>	<b>159.15</b>	<b>12,837.04</b>	159.15	11,022.73

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share.....	25.00	2,500.00	25.00	2,500.00
<b>Total.....</b>	<b>25.00</b>	<b>2,500.00</b>	25.00	2,500.00

	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share.....	25.00	201,650.00	25.00	173,150.00
<b>Total.....</b>	<b>25.00</b>	<b>201,650.00</b>	25.00	173,150.00

## NOTES TO THE FINANCIAL STATEMENTS

### OTHER NOTES

#### PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-294) encumbers the land lease agreement signed on 28 June 2011.

The lease term is 50 years.

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 683.17 (Rs 55,104.49). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki 27<sup>th</sup> April 2018

#### Riku Rauhala

Chair of the Board of Directors

#### Anne Oravainen

board member

#### Ilpo Antikainen

board member and CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

#### Esa Kailiala

Authorised Public Accountant



## DIRECTORS' REPORT

### Directors' Report

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,242.64 (Rs. 100,231.34).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila
- 4) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

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

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

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Katinnurkka

**Riku Rauhala**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

### Opinion

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018  
KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(1,138.38)	(91,821.73)	(1,141.72)	(79,075.53)
Property tax .....	(94.21)	(7,598.98)	(66.23)	(4,587.09)
<b>Total .....</b>	<u>(1,232.59)</u>	<u>(99,420.71)</u>	<u>(1,207.95)</u>	<u>(83,662.62)</u>
<b>Profit(loss) .....</b>	(1,232.59)	(99,420.71)	(1,207.95)	(83,662.62)
<b>Financial income and expenses</b>				
Interest charges.....	(10.05)	(810.63)	0.00	0.00
<b>Total financial income and expenses .....</b>	<u>(10.05)</u>	<u>(810.63)</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit before appropriations and taxes .....</b>	<u>(1,242.64)</u>	<u>(100,231.34)</u>	<u>(1,207.95)</u>	<u>(83,662.62)</u>
<b>Profit/loss for the financial year .....</b>	<u>(1,242.64)</u>	<u>(100,231.34)</u>	<u>(1,207.95)</u>	<u>(83,662.62)</u>

**BALANCE SHEET**

	appendix	Eur 31/03/18	Rs. 31/03/18	Eur 31/03/17	Rs. 31/03/17
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	1				
Land areas.....		307,229.00	24,781,091.14	307,229.00	21,278,680.54
<b>Total tangible assets.....</b>		<b>307,229.00</b>	<b>24,781,091.14</b>	<b>307,229.00</b>	<b>21,278,680.54</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>307,229.00</b>	<b>24,781,091.14</b>	<b>307,229.00</b>	<b>21,278,680.54</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		1,422.30	114,722.72	1,466.92	101,598.88
<b>Total cash and cash equivalents .....</b>		<b>1,422.30</b>	<b>114,722.72</b>	<b>1,466.92</b>	<b>101,598.88</b>
<b>TOTAL CURRENT ASSETS .....</b>		<b>1,422.30</b>	<b>114,722.72</b>	<b>1,466.92</b>	<b>101,598.88</b>
<b>TOTAL ASSETS .....</b>		<b>308,651.30</b>	<b>24,895,813.86</b>	<b>308,695.92</b>	<b>21,380,279.42</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund.....		317,741.01	25,628,989.87	316,541.01	21,923,630.35
Profit(loss) from previous years.....		(10,369.12)	(836,373.22)	(9,161.17)	(634,502.63)
Profit(loss) for the financial year.....		(1,242.64)	(100,231.34)	(1,207.95)	(83,662.62)
<b>TOTAL EQUITY .....</b>		<b>308,629.25</b>	<b>24,894,035.31</b>	<b>308,671.89</b>	<b>21,378,615.10</b>
<b>Short-term borrowed capital</b>					
Other current liabilities .....	3	22.05	1,778.55	24.03	1,664.32
<b>Total short-term borrowed capital .....</b>		<b>22.05</b>	<b>1,778.55</b>	<b>24.03</b>	<b>1,664.32</b>
<b>TOTAL LIABILITIES.....</b>		<b>308,651.30</b>	<b>24,895,813.86</b>	<b>308,695.92</b>	<b>21,380,279.42</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTES TO THE BALANCE SHEET

#### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4. ....	307,229.00	24,781,091.14
<b>Acquisition cost 31.3.</b> .....	307,229.00	24,781,091.14
<b>Book value 31.3.</b> .....	307,229.00	24,781,091.14

##### 2 LIABILITIES

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b> .....	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year .....	316,541.01	25,532,197.87	316,041.01	21,889,000.35
Additions .....	1,200.00	96,792.00	500.00	34,630.00
<b>Invested unrestricted equity fund in the end of the year</b> .....	317,741.01	25,628,989.87	316,541.01	21,923,630.35
Profit/loss from prev. financial period .....	(10,369.12)	(836,373.22)	(9,161.17)	(634,502.63)
Profit/loss for the financial year .....	(1,242.64)	(100,231.34)	(1,207.95)	(83,662.62)
<b>Total equity</b> .....	308,629.25	24,894,035.31	308,671.89	21,378,615.10

<b>3 Borrowed capital</b>	2018	2018	2017	2017
Accruals and deferred income .....	22.05	1,778.55	135.00	9,350.10
<b>Total borrowed capital</b> .....	22.05	1,778.55	135.00	9,350.10

#### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share .....	25.00	2,500.00	25.00	2,500.00
<b>Total</b> .....	25.00	2,500.00	25.00	2,500.00

	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share .....	25.00	201,650.00	25.00	173,150.00
<b>Total</b> .....	25.00	201,650.00	25.00	173,150.00

## NOTES TO THE FINANCIAL STATEMENTS

### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,242.64 (Rs 100,231.34). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki 27<sup>th</sup> April 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
board member

**Anne Oravainen**  
board member

**Iipo Antikainen**  
CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 241,48 (Rs. 19,477.78).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila
- 4) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the

opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Tenetinlahti

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018



## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

### Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018  
KPMG OY AB

**ESA KAILIALA**  
*Authorised Public Accountant, KHT*

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration .....	(116.96)	(9,433.99)	(1,128.77)	(78,178.61)
Property tax .....	(124.52)	(10,043.78)	(124.51)	(8,623.56)
<b>Total</b> .....	<u>(241.48)</u>	<u>(19,477.78)</u>	<u>(1,253.28)</u>	<u>(86,802.17)</u>
<b>Profit(loss)</b>	<u>(241.48)</u>	<u>(19,477.78)</u>	<u>(1,253.28)</u>	<u>(86,802.17)</u>
<b>Financial income and expenses</b>				
Interest income .....	0.00	0.00	0.00	0.00
Interest charges .....	0.00	0.00	(8.17)	(565.85)
<b>Total financial income and expenses</b> .....	<u>0.00</u>	<u>0.00</u>	<u>(8.17)</u>	<u>(565.85)</u>
<b>Profit before appropriations and taxes</b> .....	<u>(241.48)</u>	<u>(19,477.78)</u>	<u>(1,261.45)</u>	<u>(87,368.03)</u>
<b>Profit/loss for the financial year</b> .....	<u>(241.48)</u>	<u>(19,477.78)</u>	<u>(1,261.45)</u>	<u>(87,368.03)</u>

**BALANCE SHEET**

	appendix	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas .....		108,666.66	8,765,052.80	108,666.66	7,526,252.87
<b>Total tangible assets</b> .....		<u>108,666.66</u>	<u>8,765,052.80</u>	<u>108,666.66</u>	<u>7,526,252.87</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>108,666.66</u>	<u>8,765,052.80</u>	<u>108,666.66</u>	<u>7,526,252.87</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		1,538.17	124,068.79	1,479.64	102,479.87
<b>Total cash and cash equivalents</b> .....		<u>1,538.17</u>	<u>124,068.79</u>	<u>1,479.64</u>	<u>102,479.87</u>
<b>TOTAL CURRENT ASSETS</b> .....		<u>1,538.17</u>	<u>124,068.79</u>	<u>1,479.64</u>	<u>102,479.87</u>
<b>TOTAL ASSETS</b> .....		<u>110,204.83</u>	<u>8,889,121.59</u>	<u>110,146.30</u>	<u>7,628,732.74</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital .....	<b>2</b>	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund .....		115,712.28	9,333,352.50	115,412.28	7,993,454.51
Profit(loss) from previous years .....		(7,797.09)	(628,913.28)	(6,535.64)	(452,658.43)
Profit(loss) for the financial year .....		(241.48)	(19,477.78)	(1,261.45)	(87,368.03)
<b>TOTAL EQUITY</b> .....		<u>110,173.71</u>	<u>8,886,611.45</u>	<u>110,115.19</u>	<u>7,626,578.06</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	<b>3</b>	31.12	2,510.14	31.11	2,154.68
<b>Total short-term borrowed capital</b> .....		<u>31.12</u>	<u>2,510.14</u>	<u>31.11</u>	<u>2,154.68</u>
<b>TOTAL LIABILITIES</b> .....		<u>110,204.83</u>	<u>8,889,121.59</u>	<u>110,146.30</u>	<u>7,628,732.74</u>

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1. Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4. ....	108,666.66	8,765,052.80
Acquisition cost 31.3. ....	108,666.66	8,765,052.80
<b>Book value 31.3. ....</b>	<b>108,666.66</b>	<b>8,765,052.80</b>

## 2. Liabilities

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
<b>EQUITY</b>				
Share capital in the beginning of the year .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year .....</b>	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year .....	115,412.28	9,309,154.50	113,674.11	7,873,068.86
Additions .....	300.00	24,198.00	1,738.17	120,385.65
<b>Invested unrestricted equity fund in the end of the year .....</b>	<b>115,712.28</b>	<b>9,333,352.50</b>	115,412.28	7,993,454.51
Profit/loss from prev. financial period 1.10. ....	(7,797.09)	(628,913.28)	(6,535.64)	(452,658.43)
Profit/loss for the financial year .....	(241.48)	(19,477.78)	(1,261.45)	(87,368.03)
<b>Total equity .....</b>	<b>110,173.71</b>	<b>8,886,611.45</b>	110,115.19	7,626,578.06

## 3. Short-term borrowed capital

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
Accruals and deferred income .....	31.12	2,510.14	31.11	2,154.68
<b>Total short-term borrowed capital.....</b>	<b>31.12</b>	<b>2,510.14</b>	31.11	2,509.33

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share.....	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	25.00	2,500.00
	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share.....	25.00	201,650.00	25.00	173,150.00
<b>Total</b>	<b>25.00</b>	<b>201,650.00</b>	25.00	173,150.00

## NOTES TO THE BALANCE SHEET

### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 241.48 (Rs 19,477.78). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki 27<sup>th</sup> April, 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

**Ilpo Antikainen**  
CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Sotkamo, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 16,777.80 (Rs. 1,353,297.35) and made loss of Euro 1,405.98 (Rs. 113,406.35).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Tapio Anttila
- 2) Anne Oravainen
- 3) Riku Rauhala
- 4) Ilpo Antikainen

During the period under review, there is no change in the composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Mällösnieni

**Tapio Anttila**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemi

### Opinion

We have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

**ESA KAILIALA**

Authorised Public Accountant, KHT



## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>TURNOVER</b>				
Considerations.....	16,777.80	1,353,297.35	3,802.63	263,370.15
<b>Total</b> .....	<b>16,777.80</b>	<b>1,353,297.35</b>	<b>3,802.63</b>	<b>263,370.15</b>
<b>Property management expenses</b>				
Administration.....	(386.69)	(31,190.42)	(2,180.00)	(150,986.80)
Operation and maintenance .....	(27.80)	(2,242.35)	0.00	0.00
Water and sewage .....	(1,480.44)	(119,412.29)	0.00	0.00
Electricity.....	(12,175.10)	(982,043.57)	0.00	0.00
Indemnity insurance .....	(256.48)	(20,687.68)	(248.91)	(17,239.51)
Rents.....	(1,003.05)	(80,906.01)	(833.38)	(57,719.90)
Property tax .....	(909.21)	(73,336.88)	(216.50)	(14,994.79)
Repairs.....	(3,820.04)	(308,124.43)	(573.87)	(39,746.24)
<b>Total</b> .....	<b>(20,058.81)</b>	<b>(1,617,943.61)</b>	<b>(4,052.66)</b>	<b>(280,687.23)</b>
<b>Profit(loss)</b> .....	<b>(3,281.01)</b>	<b>(264,646.27)</b>	<b>(250.03)</b>	<b>(17,317.08)</b>
<b>Financial income and expenses</b>				
Interest income.....	1,875.03	151,239.92	2,004.16	138,808.12
Interest charges.....	0.00	0.00	(3.00)	(207.78)
<b>Total financial income and expenses</b> .....	<b>1,875.03</b>	<b>151,239.92</b>	<b>2,001.16</b>	<b>138,600.34</b>
<b>Profit before appropriations and taxes</b> .....	<b>(1,405.98)</b>	<b>(113,406.35)</b>	<b>1,751.13</b>	<b>121,283.26</b>
<b>Profit/loss for the financial year</b> .....	<b>(1,405.98)</b>	<b>(113,406.35)</b>	<b>1,751.13</b>	<b>121,283.26</b>

**BALANCE SHEET**

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Buildings and structures .....		200,000.00	16,132,000.00	200,000.00	13,852,000.00
Machines and equipment .....		5,000.00	403,300.00	5,000.00	346,300.00
<b>Total tangible assets</b> .....		<u>205,000.00</u>	<u>16,535,300.00</u>	<u>205,000.00</u>	<u>14,198,300.00</u>
<b>TOTAL NON-CURRENT ASSETS</b> .....		<u>205,000.00</u>	<u>16,535,300.00</u>	<u>205,000.00</u>	<u>14,198,300.00</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	<b>2</b>				
Accounts receivable .....		5,592.60	451,099.12	3,802.63	263,370.15
Receivables from companies in the same Group.....		88,320.13	7,123,901.69	94,543.59	6,548,089.04
Accrued income .....		758.97	61,218.52	749.97	51,942.92
<b>Total short-term receivables</b> .....		<u>94,671.70</u>	<u>7,636,219.32</u>	<u>99,096.19</u>	<u>6,863,402.12</u>
<b>Cash and cash equivalents</b>					
Cash at bank .....		3,645.57	294,051.68	35,795.25	2,479,179.02
<b>Total cash and cash equivalents</b> .....		<u>3,645.57</u>	<u>294,051.68</u>	<u>35,795.25</u>	<u>2,479,179.02</u>
<b>TOTAL CURRENT ASSETS</b> .....		<u>98,317.27</u>	<u>7,930,271.00</u>	<u>134,891.44</u>	<u>9,342,581.13</u>
<b>TOTAL ASSETS</b> .....		<u>303,317.27</u>	<u>24,465,571.00</u>	<u>339,891.44</u>	<u>23,540,881.13</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b> .....	<b>3</b>	9,000.00	725,940.00	9,000.00	623,340.00
<b>Building fund</b> .....		836,372.70	67,461,821.98	836,372.70	57,927,173.20
<b>Profit(loss) from previous years</b> .....		(543,981.26)	(43,877,528.43)	(545,732.39)	(37,797,425.33)
<b>Profit(loss) for the financial year</b> .....		(1,405.98)	(113,406.35)	1,751.13	121,283.26
<b>TOTAL EQUITY</b> .....		<u>299,985.46</u>	<u>24,196,827.20</u>	<u>301,391.44</u>	<u>20,874,371.13</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>4</b>				
Trade payables .....		1,012.05	81,631.95	1,000.00	69,260.00
Accruals and deferred income .....		2,319.76	187,111.84	37,500.00	2,597,250.00
<b>Total short-term borrowed capital</b> .....		<u>3,331.81</u>	<u>268,743.79</u>	<u>38,500.00</u>	<u>2,666,510.00</u>
<b>TOTAL LIABILITIES</b> .....		<u>303,317.27</u>	<u>24,465,571.00</u>	<u>339,891.44</u>	<u>23,540,881.13</u>

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1. Tangible Assets

Eur	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4. ....	200,000.00	5,000.00	205,000.00
Additions .....	0.00	0.00	0.00
<b>Acquisition cost 31.3. ....</b>	<b>200,000.00</b>	<b>5,000.00</b>	<b>205,000.00</b>
Accumulated depreciation 1.4. ....	0.00	0.00	0.00
Depreciation for the financial year .....	0.00	0.00	0.00
Impairments .....	0.00	0.00	0.00
<b>Book value 31.3. ....</b>	<b>200,000.00</b>	<b>5,000.00</b>	<b>205,000.00</b>

  

Rs	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4. ....	16,132,000.00	403,300.00	16,535,300.00
Additions .....	0.00	0.00	0.00
<b>Acquisition cost 31.3. ....</b>	<b>16,132,000.00</b>	<b>403,300.00</b>	<b>16,535,300.00</b>
Accumulated depreciation 1.4. ....	0.00	0.00	0.00
Depreciation for the financial year .....	0.00	0.00	0.00
Impairments .....	0.00	0.00	0.00
<b>Book value 31.3. ....</b>	<b>16,132,000.00</b>	<b>403,300.00</b>	<b>16,535,300.00</b>

#### CURRENT ASSETS

#### RECEIVABLES

##### 2. SHORT-TERM RECEIVABLES

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Accounts receivable .....	5,592.60	451,099.12	3,802.63	263,370.15
Receivables from companies in the same Group.....	88,320.13	7,123,901.69	94,543.59	6,548,089.04
Other accrued income.....	758.97	61,218.52	749.97	51,942.92
<b>TOTAL .....</b>	<b>94,671.70</b>	<b>7,636,219.32</b>	<b>99,096.19</b>	<b>6,863,402.12</b>

##### 3. LIABILITIES

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
<b>EQUITY</b>				
Share capital in the beginning of the year.....	9,000.00	725,940.00	9,000.00	623,340.00
<b>Share capital in the end of the year .....</b>	<b>9,000.00</b>	<b>725,940.00</b>	<b>9,000.00</b>	<b>623,340.00</b>
Building fund in the beginning of the year.....	836,372.70	67,461,821.98	836,372.70	57,927,173.20
<b>Building fund in the end of the year .....</b>	<b>836,372.70</b>	<b>67,461,821.98</b>	<b>836,372.70</b>	<b>57,927,173.20</b>
Profit/loss from prev. financial period .....	(543,981.26)	(43,877,528.43)	(545,732.39)	(37,797,425.33)
Profit/loss for the financial year.....	(1,405.98)	(113,406.35)	1,751.13	121,283.26
<b>Total equity.....</b>	<b>299,985.46</b>	<b>24,196,827.20</b>	<b>301,391.44</b>	<b>20,874,371.13</b>

## NOTES TO THE FINANCIAL STATEMENTS

The company has no distributable assets

### 4. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
Trade payables .....	1,012.05	81,631.95	1,000.00	69,260.00
Accruals and deferred income.....	2,319.76	187,111.84	37,500.00	2,597,250.00
<b>Total borrowed capital.....</b>	<b>3,331.81</b>	<b>268,743.79</b>	<b>38,500.00</b>	<b>2,666,510.00</b>

### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share	45.00	9,000.00	45.00	9,000.00
<b>Total .....</b>	<b>45.00</b>	<b>9,000.00</b>	<b>45.00</b>	<b>9,000.00</b>

  

	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share	45.00	725,940.00	45.00	623,340.00
<b>Total .....</b>	<b>45.00</b>	<b>725,940.00</b>	<b>45.00</b>	<b>623,340.00</b>

### OTHER NOTES

#### PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-394) encumbers the land lease agreement signed on 20 October 2015.

The lease term is 50 years.

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,405.98 (Rs 113,406.35). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April, 2018

**Tapio Anttila**  
Chair of the Board of Directors

**Riku Rauhala**  
Board Member

**Anne Oravainen**  
Board Member

**Ilpo Antikainen**  
CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,906.01 (Rs. 153,738.77).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Rauhalla Ranta 1

**Riku Rauhala**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 1

### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 1 (business identity code 2145035-0) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB  
ESA KAILIALA  
*Authorised Public Accountant, KHT*

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.



## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(181.64)	(14,651.08)	(1,274.80)	(88,292.65)
Outdoor area management .....	(1,488.00)	(120,022.08)	0.00	0.00
Property tax .....	(233.37)	(18,823.62)	(291.69)	(20,202.45)
<b>Total .....</b>	<b>(1,903.01)</b>	<b>(153,496.79)</b>	<b>(1,566.49)</b>	<b>(108,495.10)</b>
<b>Profit(loss).....</b>	<b>(1,903.01)</b>	<b>(153,496.79)</b>	<b>(1,566.49)</b>	<b>(108,495.10)</b>
<b>Financial income and expenses</b>				
Interest income.....	0.00	0.00	0.00	0.00
Interest charges.....	(3.00)	(241.98)	(39.83)	(2,758.63)
<b>Total financial income and expenses .....</b>	<b>(3.00)</b>	<b>(241.98)</b>	<b>(39.83)</b>	<b>(2,758.63)</b>
<b>Profit before appropriations and taxes.....</b>	<b>(1,906.01)</b>	<b>(153,738.77)</b>	<b>(1,606.32)</b>	<b>(111,253.72)</b>
<b>Profit/loss for the financial year .....</b>	<b>(1,906.01)</b>	<b>(153,738.77)</b>	<b>(1,606.32)</b>	<b>(111,253.72)</b>

**BALANCE SHEET**

		Eur	Rs.	Eur	Rs.
		31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas.....	1	124,800.00	10,066,368.00	124,800.00	8,643,648.00
<b>Total tangible assets.....</b>		<b>124,800.00</b>	<b>10,066,368.00</b>	<b>124,800.00</b>	<b>8,643,648.00</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>124,800.00</b>	<b>10,066,368.00</b>	<b>124,800.00</b>	<b>8,643,648.00</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		2,206.26	177,956.93	3,112.27	215,555.82
<b>Total cash and cash equivalents .....</b>		<b>2,206.26</b>	<b>177,956.93</b>	<b>3,112.27</b>	<b>215,555.82</b>
<b>TOTAL CURRENT ASSETS .....</b>		<b>2,206.26</b>	<b>177,956.93</b>	<b>3,112.27</b>	<b>215,555.82</b>
<b>TOTAL ASSETS .....</b>		<b>127,006.26</b>	<b>10,244,324.93</b>	<b>127,912.27</b>	<b>8,859,203.82</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Building fund .....		124,800.00	10,066,368.00	124,800.00	8,643,648.00
Invested unrestricted equity fund.....		13,636.76	1,099,941.06	12,636.76	875,222.00
Profit(loss) from previous years.....		(12,082.81)	(974,599.45)	(10,476.49)	(725,601.70)
Profit(loss) for the financial year.....		(1,906.01)	(153,738.77)	(1,606.32)	(111,253.72)
<b>TOTAL EQUITY .....</b>		<b>126,947.94</b>	<b>10,239,620.84</b>	<b>127,853.95</b>	<b>8,855,164.58</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	3	58.32	4,704.09	58.32	4,039.24
<b>Total short-term borrowed capital .....</b>		<b>58.32</b>	<b>4,704.09</b>	<b>58.32</b>	<b>4,039.24</b>
<b>TOTAL LIABILITIES.....</b>		<b>127,006.26</b>	<b>10,244,324.93</b>	<b>127,912.27</b>	<b>8,859,203.82</b>

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4.	124,800.00	10,066,368.00
<b>Acquisition cost 31.3.</b>	<b>124,800.00</b>	<b>10,066,368.00</b>
<b>Book value 31.3.</b>	<b>124,800.00</b>	<b>10,066,368.00</b>

## 2 LIABILITIES

	Eur	Rs.	Eur	Rs.
<b>EQUITY</b>	<b>2018</b>	<b>2018</b>	2017	2017
Share capital in the beginning of the year	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Building fund in the beginning of the year	124,800.00	10,066,368.00	124,800.00	8,643,648.00
<b>Building fund in the end of the year</b>	<b>124,800.00</b>	<b>10,066,368.00</b>	124,800.00	8,643,648.00
Invested unrestricted equity fund in the beginning of the year	12,636.76	1,019,281.06	7,777.97	538,702.20
Additions	1,000.00	80,660.00	4,858.79	336,519.80
<b>Invested unrestricted equity fund in the end of the year</b>	<b>13,636.76</b>	<b>1,099,941.06</b>	12,636.76	875,222.00
Profit/loss from prev. financial period	(12,082.81)	(974,599.45)	(10,476.49)	(725,601.70)
Profit/loss for the financial year	(1,906.01)	(153,738.77)	(1,606.32)	(111,253.72)
<b>Total equity</b>	<b>126,947.94</b>	<b>10,239,620.84</b>	127,853.95	8,855,164.58

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
	No.	Eur	No.	Eur
Eur				
1 vote/share	25,00	2,500.00	25,00	2,500.00
<b>Total</b>	<b>25,00</b>	<b>2,500.00</b>	25,00	2,500.00

	2018		2017	
	No.	Eur	No.	Eur
Rs				
1 vote/share	25,00	201,650.00	25,00	173,150.00
<b>Total</b>	<b>25,00</b>	<b>201,650.00</b>	25,00	173,150.00

## 3 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Accruals and deferred income	58.32	4,704.09	58.32	4,039.24
<b>Total short-term borrowed capital</b>	<b>58.32</b>	<b>4,704.09</b>	58.32	4,039.24

## Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,906.01 (Rs 153,738.77). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS  
DATE AND SIGNATURES

Helsinki April 27<sup>th</sup>, 2018

**Riku Rauhala**  
Chair of the Board of Director

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, April 27<sup>th</sup> 2018

KPMG OY AB

\_\_\_\_\_  
**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 2,785.36 (Rs. 224,667.14).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Rauhan Ranta 2

**Riku Rauhala**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 2

### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 2 (business identity code 2145034-2) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

**SA KAILIALA**  
*Authorised Public Accountant, KHT*

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(181.64)	(14,651.08)	(1,286.75)	(89,120.31)
Outdoor area management .....	(2,219.10)	(178,992.61)	0.00	0.00
Property tax .....	(381.62)	(30,781.47)	(381.62)	(26,431.00)
<b>Total .....</b>	<b>(2 782,36)</b>	<b>(224,425.16)</b>	<b>(1,668.37)</b>	<b>(115,551.31)</b>
<b>Profit(loss).....</b>	<b>(2,782,36)</b>	<b>(224,425.16)</b>	<b>(1,668.37)</b>	<b>(115,551.31)</b>
<b>Financial income and expenses</b>				
Interest income.....	0.00	0.00	0.00	0.00
Interest charges.....	(3.00)	(241.98)	(3.00)	(207.78)
<b>Total financial income and expenses .....</b>	<b>(3.00)</b>	<b>(241.98)</b>	<b>(3.00)</b>	<b>(207.78)</b>
<b>Profit before appropriations and taxes .....</b>	<b>(2,785.36)</b>	<b>(224,667.14)</b>	<b>(1,671.37)</b>	<b>(115,759.09)</b>
<b>Profit/loss for the financial year.....</b>	<b>(2,785.36)</b>	<b>(224,667.14)</b>	<b>(1,671.37)</b>	<b>(115,759.09)</b>

**BALANCE SHEET**

		Eur	Rs	Eur	Rs
		31.03.2018	31.03.2018	31.03.2017	31.03.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas.....	1	202,800.00	16,357,848.00	202,800.00	14,045,928.00
<b>Total tangible assets.....</b>		<b>202,800.00</b>	<b>16,357,848.00</b>	<b>202,800.00</b>	<b>14,045,928.00</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>202,800.00</b>	<b>16,357,848.00</b>	<b>202,800.00</b>	<b>14,045,928.00</b>
<b>CURRENT ASSETS</b>					
<b>Cash and cash equivalents</b>					
Cash at bank.....		3,774.35	304,439.07	3,859.71	267,323.51
<b>Total cash and cash equivalents.....</b>		<b>3,774.35</b>	<b>304,439.07</b>	<b>3,859.71</b>	<b>267,323.51</b>
<b>TOTAL CURRENT ASSETS.....</b>		<b>3,774.35</b>	<b>304,439.07</b>	<b>3,859.71</b>	<b>267,323.51</b>
<b>TOTAL ASSETS.....</b>		<b>206,574.35</b>	<b>16,662,287.07</b>	<b>206,659.71</b>	<b>14,313,251.51</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Building fund.....		202,800.00	16,357,848.00	202,800.00	14,045,928.00
Invested unrestricted equity fund.....		32,555.11	2,625,895.17	29,855.11	2,067,764.92
Profit(loss) from previous years.....		(28,590.80)	(2,306,133.93)	(26,919.43)	(1,864,439.72)
Profit(loss) for the financial year.....		(2,785.36)	(224,667.14)	(1,671.37)	(115,759.09)
<b>TOTAL EQUITY.....</b>		<b>206,478.95</b>	<b>16,654,592.11</b>	<b>206,564.31</b>	<b>14,306,644.11</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital.....</b>					
Accruals and deferred income.....	3	95.40	7,694.96	95.40	6,607.40
<b>Total short-term borrowed capital.....</b>		<b>95.40</b>	<b>7,694.96</b>	<b>95.40</b>	<b>6,607.40</b>
<b>TOTAL LIABILITIES.....</b>		<b>206,574.35</b>	<b>16,662,287.07</b>	<b>206,659.71</b>	<b>14,313,251.51</b>

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.



## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.	202,800.00	16,357,848.00
<b>Acquisition cost 31.3.</b>	<b>202,800.00</b>	<b>16,357,848.00</b>
<b>Book value 31.3.</b>	<b>202,800.00</b>	<b>16,357,848.00</b>

## 2 LIABILITIES

	Eur	Rs	Eur	Rs
<b>EQUITY</b>	<b>2018</b>	<b>2018</b>	2017	2017
Share capital in the beginning of the year	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Building fund in the beginning on the year	202,800.00	16,357,848.00	202,800.00	14,045,928.00
<b>Building fund in the end of the year</b>	<b>202,800.00</b>	<b>16,357,848.00</b>	202,800.00	14,045,928.00
Invested unrestricted equity fund in the beginning of the year	29,855.11	2,408,113.17	28,355.11	1,963,874.92
Additions	2,700.00	217,782.00	1,500.00	103,890.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>32,555.11</b>	<b>2,625,895.17</b>	29,855.11	2,067,764.92
Profit/loss from prev. financial period	(28,590.80)	(2,306,133.93)	(26,919.43)	(1,864,439.72)
Profit/loss for the financial year	(2,785.36)	(224,667.14)	(1,671.37)	(115,759.09)
<b>Total equity</b>	<b>206,478.95</b>	<b>16,654,592.11</b>	206,564.31	14,306,644.11

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	25.00	2,500.00

	2018		2017	
Rs.	No.	Rs	No.	Rs
1 vote/share	25,00	201,650,00	25,00	173,150,00
<b>Total</b>	<b>25,00</b>	<b>201,650,00</b>	25,00	173,150,00

## 3 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	31.03.2018	31.03.2018	31.03.2017	31.03.2017
Accruals and deferred income	95.40	7,694.96	95.40	6,607.40
<b>Total short-term borrowed capital</b>	<b>95.40</b>	<b>7,694.96</b>	95.40	6,607.40

## Notes to the financial statements compliant with the Limited Liability Companies Act.

## Board of Directors' proposal for profit distribution

Loss for the financial year EUR 2,785.36 (Rs 224,667.14). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS  
DATE AND SIGNATURES

Helsinki, April 27<sup>th</sup> 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, April 27<sup>th</sup> 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 2,423.82 (Rs.195,505.32).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Tiurunniemi

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tiurunniemi

### Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2535232-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**ESA KAILIALA**  
*Authorised Public Accountant, KHT*

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration .....	(126.38)	(10,193.81)	(1,140.85)	(79,015.27)
Property tax.....	(2,293.63)	(185,004.20)	(2,335.54)	(161,759.50)
<b>Total.....</b>	<b>(2,420.01)</b>	<b>(195,198.01)</b>	<b>(3,476.39)</b>	<b>(240,774.77)</b>
<b>Profit(loss) .....</b>	<b>(2,420.01)</b>	<b>(195,198.01)</b>	<b>(3,476.39)</b>	<b>(240,774.77)</b>
<b>Financial income and expenses</b>				
Interest charges .....	(3.81)	(307.31)	(3.00)	(207.78)
<b>Total financial income and expenses .....</b>	<b>(3.81)</b>	<b>(307.31)</b>	<b>(3.00)</b>	<b>(207.78)</b>
<b>Profit before appropriations and taxes .....</b>	<b>(2,423.82)</b>	<b>(195,505.32)</b>	<b>(3,479.39)</b>	<b>(240,982.55)</b>
<b>Profit/loss for the financial year .....</b>	<b>(2,423.82)</b>	<b>(195,505.32)</b>	<b>(3,479.39)</b>	<b>(240,982.55)</b>

**BALANCE SHEET**

		Eur	Rs	Eur	Rs
	appendix	31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas.....	1	360,000.00	29,037,600.00	360,000.00	24,933,600.00
<b>Total tangible assets.....</b>		<b>360,000.00</b>	<b>29,037,600.00</b>	<b>360,000.00</b>	<b>24,933,600.00</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>360,000.00</b>	<b>29,037,600.00</b>	<b>360,000.00</b>	<b>24,933,600.00</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank.....		3,063.43	247,096.26	3,099.61	214,678.99
<b>Total cash and cash equivalents.....</b>		<b>3,063.43</b>	<b>247,096.26</b>	<b>3,099.61</b>	<b>214,678.99</b>
<b>TOTAL CURRENT ASSETS.....</b>		<b>3,063.43</b>	<b>247,096.26</b>	<b>3,099.61</b>	<b>214,678.99</b>
<b>TOTAL ASSETS.....</b>		<b>363,063.43</b>	<b>29,284,696.26</b>	<b>363,099.61</b>	<b>25,148,278.99</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund.....		977,588.63	78,852,298.90	975,188.63	67,541,564.51
Profit(loss) from previous years.....		(615,165.50)	(49,619,249.23)	(611,686.11)	(42,365,379.98)
Profit(loss) for the financial year.....		(2,423.82)	(195,505.32)	(3,479.39)	(240,982.55)
<b>TOTAL EQUITY.....</b>		<b>362,499.31</b>	<b>29,239,194.34</b>	<b>362,523.13</b>	<b>25,108,351.98</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income.....	3	564.12	45,501.92	576.48	39,927.00
<b>Total short-term borrowed capital.....</b>		<b>564.12</b>	<b>45,501.92</b>	<b>576.48</b>	<b>39,927.00</b>
<b>TOTAL LIABILITIES.....</b>		<b>363,063.43</b>	<b>29,284,696.26</b>	<b>363,099.61</b>	<b>25,148,278.99</b>

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4 .....	937,229.00	75,596,891.14
Accrued deductions.....	(577,229.00)	(46,559,291.14)
<b>Acquisition cost 31.3.....</b>	<b>360,000.00</b>	<b>29,037,600.00</b>
<b>Book value 31.3.....</b>	<b>360,000.00</b>	<b>29,037,600.00</b>

## LIABILITIES

## 2 Equity

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Share capital in the beginning of the year.....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year .....</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
Invested unrestricted equity fund in the beginning of the year.....	975,188.63	78,658,714.90	973,088.63	67,396,118.51
Additions.....	2,400.00	193,584.00	2,100.00	145,446.00
<b>Invested unrestricted equity fund in the end of the year .....</b>	<b>977,588.63</b>	<b>78,852,298.90</b>	<b>975,188.63</b>	<b>67,541,564.51</b>
Profit/loss from prev. financial period.....	(615,165.50)	(49,619,249.23)	(611,686.11)	(42,365,379.98)
Profit/loss for the financial year	(2,423.82)	(195,505.32)	(3,479.39)	(240,982.55)
<b>Total equity.....</b>	<b>362,499.31</b>	<b>29,239,194.34</b>	<b>362,523.13</b>	<b>25,108,351.98</b>

## 3 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
Accruals and deferred income.....	564.12	45,501.92	576.48	39,927.00
<b>Total short-term borrowed capital .....</b>	<b>564.12</b>	<b>45,501.92</b>	<b>576.48</b>	<b>39,927.00</b>

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share .....	2,500.00	2,500.00	2,500.00	2,500.00
<b>Total .....</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>

  

	2018		2017	
Rs.	No.	Rs	No.	Rs
1 vote/share .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Total .....</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>

## Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 2,423.82 (Rs.195,505.32). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

## FINANCIAL STATEMENTS

## DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April 2018

**Riku Rauhala**

Chair of the Board of Directors

**Tapio Anttila**

Board Member

**Anne Oravainen**

Board Member

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, 27<sup>th</sup> April, 2018

KPMG OY AB

**Esa Kailiala**

Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other real estate.

The Company's Resort Property located at Tampere, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Eur 952,192.39 (Rs. 76,803,838.13) and made profit of Eur 46,848.48 (Rs. 3,778,798.40).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Iiro Rossi, Chair of the Board of Directors
- 2) Marko Hiltunen, CEO, board member
- 3) Riku Rauhala, board member

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Rauhan Liikekiinteistöt 1

**Iiro Rossi**

Chair of the Board Directors

Place: Tampere  
Date: April 27<sup>th</sup>, 2018



## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan liikekiinteistöt 1

### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan liikekiinteistöt 1 (business identity code 2384842-6) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

## PROFIT AND LOSS STATEMENT

	appendix	Eur		Rs	
		1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>TURNOVER</b>	<b>1</b>	<b>952,192.39</b>	<b>76,803,838.18</b>	680,528.07	47,133,374.13
<b>Other operating income</b>		<b>94.50</b>	<b>7,622.37</b>	0.00	0.00
External expenses	<b>2</b>	<b>862.57</b>			
Depreciation and impairments .....	<b>3</b>	<b>389,134.65</b>	<b>31,387,600.87</b>	389,134.64	26,951,465.17
Other operating expenses .....	<b>4</b>	<b>323,960.50</b>	<b>26,130,653.93</b>	352,836.07	24,437,426.21
<b>Total</b> .....		<b>713,957.72</b>	<b>57,587,829.70</b>	(61,442.64)	(4,255,517.25)
<b>Profit(loss)</b> .....		<b>238,329.17</b>	<b>19,223,630.85</b>	(61,442.64)	(4,255,517.25)
<b>Financial income and expenses</b>	<b>5</b>				
Interest income.....		<b>3.55</b>	<b>286.34</b>	0.13	9.00
Interest charges.....		<b>(191,484.24)</b>	<b>(15,445,118.80)</b>	(206,858.85)	(14,327,043.95)
<b>Total financial income and expenses</b> .....		<b>(191,480.69)</b>	<b>(15,444,832.46)</b>	(206,858.72)	(14,327,034.95)
		<b>46,848.48</b>	<b>3,778,798.40</b>	(268,301.36)	(18,582,552.19)
<b>Profit before appropriations and taxes</b> .....		<b>46,848.48</b>	<b>3,778,798.40</b>	(268,301.36)	(18,582,552.19)
Change in depreciation difference .....	<b>6</b>	<b>0.00</b>	<b>0.00</b>	2,750.72	190,514.87
<b>Profit/loss for the financial year</b> .....		<b>46,848.48</b>	<b>3,778,798.40</b>	(271,052.08)	(18,773,067.06)

**BALANCE SHEET**

		Eur	Rs	Eur	Rs
	appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>7</b>	9,283,020.44	748,768,428.69	9,672,155.09	669,893,461.53
<b>Investments</b>					
Other receivables .....	<b>8</b>	93,603.26	7,550,038.95	93,603.26	6,482,961.79
<b>Total tangible assets</b> .....		<u>9,376,623.70</u>	<u>756,318,467.64</u>	<u>9,765,758.35</u>	<u>676,376,423.32</u>
<b>TOTAL NON-CURRENT ASSETS</b>		9,376,623.70	756,318,467.64	9,765,758.35	676,376,423.32
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Short-term receivables .....	<b>9</b>	417,338.95	33,662,559.71	16,472.41	1,140,879.12
<b>Total short-term receivables</b> .....		417,338.95	33,662,559.71	16,472.41	1,140,879.12
<b>Cash and cash equivalents</b>					
Cash at bank .....		63,329.67	5,108,171.18	113,140.14	7,836,086.10
<b>Total cash and cash equivalents</b> .....		<u>480,668.62</u>	<u>38,770,730.89</u>	<u>113,140.14</u>	<u>7,836,086.10</u>
<b>TOTAL CURRENT ASSETS</b> .....		<u>480,668.62</u>	<u>38,770,730.89</u>	<u>129,612.55</u>	<u>8,976,965.21</u>
<b>TOTAL ASSETS</b> .....		<u>9,857,292.32</u>	<u>795,089,198.53</u>	<u>9,895,370.90</u>	<u>685,353,388.53</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b> .....	<b>10</b>	2,500.00	201,650.00	2,500.00	173,150.00
<b>Building fund</b> .....		4,873,919.95	393,130,383.17	4,873,919.95	337,567,695.74
<b>Profit(loss) from previous years</b> .....		(3,194,133.49)	(257,638,807.30)	(2,923,081.41)	(202,452,618.46)
<b>Profit(loss) for the financial year</b> .....		46,848.48	3,778,798.40	(271,052.08)	(18,773,067.06)
<b>TOTAL EQUITY</b> .....		<u>1,729,134.94</u>	<u>139,472,024.26</u>	<u>1,682,286.46</u>	<u>116,515,160.22</u>
<b>ACCUMULATED APPROPRIATIONS</b> .....					
Accumulated depreciation difference .....	<b>11</b>	28,307.87	2,283,312.79	28,307.87	1,960,603.08
<b>BORROWED CAPITAL</b>					
Long-term borrowed capital.....	<b>12</b>	4,500,818.40	363,036,012.14	5,150,818.40	356,745,682.38
Short-term borrowed capital .....	<b>13</b>	3,599,031.11	290,297,849.33	3,033,958.17	210,131,942.85
<b>TOTAL BORROWED CAPITAL</b> .....		<u>8,099,849.51</u>	<u>653,333,861.48</u>	<u>8,184,776.57</u>	<u>566,877,625.24</u>
<b>TOTAL LIABILITIES</b> .....		<u>9,857,292.32</u>	<u>795,089,198.53</u>	<u>9,895,370.90</u>	<u>685,353,388.53</u>

## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.  
Hitsaajankatu 22, 00810 Helsinki

### ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

#### Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	20-30 yrs
- machines and equipment	5-10 yrs
- other tangible assets	30 yrs

#### Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

#### Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 46,848.48 (Rs 3,778,798.40) be transferred to the profit and loss account and that no dividends be distributed.

#### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

## NOTES TO THE PROFIT AND LOSS STATEMENT

### 1. TURNOVER BY SECTOR

Breakdown by sector	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Rent revenues	936,791.18	75,561,576.58	662,270.97	45,868,887.38
Service revenues	15,401.21	1,242,261.60	18,257.10	1,264,486.75
Other revenues	94.50	7,622.37	0.00	0.00
<b>TOTAL</b>	<b>952,286.89</b>	<b>76,811,460.55</b>	<b>680,528.07</b>	<b>47,133,374.13</b>

### 2. MATERIALS AND SERVICES

	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Outsourced services	862.57	69,574.90	0	0.00
<b>TOTAL</b>	<b>862.57</b>	<b>69,574.90</b>	<b>0</b>	<b>0.00</b>

### 3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Store and warehouse buildings	314,372.01	25,357,246.33	314,372.01	21,773,405.41
Building elements	43,535.52	3,511,575.04	43,535.52	3,015,270.12
Machines and equipment	21,627.12	1,744,443.50	21,627.11	1,497,893.64
Other tangible assets	5,500.00	443,630.00	5,500.00	380,930.00
Civil defence shelters	4,100.00	330,706.00	4,100.00	283,966.00
<b>Total</b>	<b>389,134.65</b>	<b>31,387,600.87</b>	<b>389,134.64</b>	<b>26,951,465.17</b>

### 4. OTHER OPERATING EXPENSES

	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Machine and equipment rents	65.00	5,242.90	0.00	0.00
Operating and maintenance expenses	13,103.64	1,056,939.60	18,945.78	1,312,184.72
Property management expenses	263,432.53	21,248,467.87	250,566.07	17,354,206.01
Other business expenses	47,359.33	3,820,003.56	83,324.22	5,771,035.48
<b>Total</b>	<b>323,960.50</b>	<b>26,130,653.93</b>	<b>352,836.07</b>	<b>24,437,426.21</b>

### 5. FINANCIAL INCOME AND EXPENSES

	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Other interest income	3.55	286.34	0.13	9.00
<b>Total</b>	<b>3.55</b>	<b>286.34</b>	<b>0.13</b>	<b>9.00</b>
Interest expenses to companies in the same Group	64,250.82	5,182,471.14	63,021.37	4,364,860.09
Other interest expenses	127,233.42	10,262,647.66	143,837.48	9,962,183.86
<b>Total interest expenses</b>	<b>191,484.24</b>	<b>15,445,118.80</b>	<b>206,858.85</b>	<b>14,327,043.95</b>
<b>Total financial income and expenses</b>	<b>(191,480.69)</b>	<b>(15,444,832.46)</b>	<b>(206,858.72)</b>	<b>(14,327,034.95)</b>

### 6. APPROPRIATIONS

	Eur		Rs	
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Retail and warehouse buildings	0.00	0.00	2,391.90	165,662.99
Building elements	15,003.29	1,210,165.37	15,325.65	1,061,454.52
Machines and equipment	(15,003.29)	(1,210,165.37)	(14,966.83)	(1,036,602.65)
Other tangible assets	0.00	0.00	0.00	0.00
Civil defence shelters	0.00	0.00	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>2,750.72</b>	<b>190,514.87</b>

## NOTES TO THE BALANCE SHEET

## CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 7 TANGIBLE ASSETS

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
<b>Acquisition cost 31.3.</b>	<b>329,375.58</b>	<b>13,031,876.36</b>	<b>111,741.31</b>	<b>165,000.00</b>	<b>13,637,993.25</b>

Accumulated depreciation and impairments	0.00	(3,865,832.16)	(79,381.00)	(20,625.00)	(3,965,838.16)
Depreciation for the financial year	0.00	(362,007.53)	(21,627.12)	(5,500.00)	(389,134.65)
Accumulated depreciation	0.00	(4,227,839.69)	(101,008.12)	(26,125.00)	(4,354,972.81)

3/31/2018

<b>Book value 31.3.2018</b>	<b>329,375.58</b>	<b>8,804,036.67</b>	<b>10,733.19</b>	<b>138,875.00</b>	<b>9,283,020.44</b>
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Rs	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	26,567,434.28	1,051,151,147.20	9,013,054.06	13,308,900.00	1,100,040,535.55
<b>Acquisition cost 31.3.</b>	<b>26,567,434.28</b>	<b>1,051,151,147.20</b>	<b>9,013,054.06</b>	<b>13,308,900.00</b>	<b>1,100,040,535.55</b>

Accumulated depreciation and impairments	0.00	(311,818,022.03)	(6,402,871.46)	(1,663,612.50)	(319,884,505.99)
Depreciation for the financial year	0.00	(29,199,527.37)	(1,744,443.50)	(443,630.00)	(31,387,600.87)
Accumulated depreciation	0.00	(341,017,549.40)	(8,147,314.96)	(2,107,242.50)	(351,272,106.85)

3/31/2018

<b>Book value 31.3.2018</b>	<b>26,567,434.28</b>	<b>710,133,597.80</b>	<b>865,739.11</b>	<b>11,201,657.50</b>	<b>748,768,428.69</b>
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## 8 OTHER RECEIVABLES

	Eur	Rs	Eur	Rs
	Other receivables	Other receivables	Other receivables	Other receivables
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Acquisition cost 1.4	93,603.26	7,550,038.952	93,603.26	6,482,961.788
<b>Acquisition cost 31.3.2018</b>	<b>93,603.26</b>	<b>7,550,038.952</b>	<b>93,603.26</b>	<b>6,482,961.788</b>
<b>Book value 31.3.2018</b>	<b>93,603.26</b>	<b>7,550,038.952</b>	<b>93,603.26</b>	<b>6,482,961.788</b>

## 9. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Receivables from companies in the same Group	398,783.70	32,165,893.24	222.39	15,402.73
Accounts receivable	0.00	0.00	30.09	2,084.03
Accrued income	18,555.25	1,496,666.47	16,219.93	1,123,392.35
<b>Total</b>	<b>417,338.95</b>	<b>33,662,559.71</b>	<b>16,472.41</b>	<b>1,140,879.12</b>

## LIABILITIES

## 10. EQUITY

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
Share capital 1.1.	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital 31.3.</b>	<b>2,500.00</b>	<b>201,650.00</b>	<b>2,500.00</b>	<b>173,150.00</b>
Building fund 1.4	4,873,919.95	393,130,383.17	4,873,919.95	337,567,695.74
<b>Building fund 31.3.</b>	<b>4,873,919.95</b>	<b>393,130,383.17</b>	<b>4,873,919.95</b>	<b>337,567,695.74</b>
Profit/loss from prev. financial period 1.4.	(3,194,133.49)	(257,638,807.30)	(2,923,081.41)	(202,452,618.46)
Profit/loss for the financial year	46,848.48	3,778,798.40	(271,052.08)	(18,773,067.06)
<b>Total equity</b>	<b>1,729,134.94</b>	<b>139,472,024.26</b>	<b>1,682,286.46</b>	<b>116,515,160.22</b>

## CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Profit/loss from prev. financial period 1.1.	(3,194,133.49)	(257,638,807.30)	(2,923,081.41)	(202,452,618.46)
Profit/loss from prev. financial period 1.1.	(3,194,133.49)	(257,638,807.30)	(2,923,081.41)	(202,452,618.46)
<b>Profit/loss for the financial year</b>	<b>46,848.48</b>	<b>3,778,798.40</b>	<b>(271,052.08)</b>	<b>(18,773,067.06)</b>
<b>Total</b>	<b>(3,147,285.01)</b>	<b>(253,860,008.91)</b>	<b>(3,194,133.49)</b>	<b>(221,225,685.52)</b>

## 11. ACCUMULATED APPROPRIATIONS

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Depreciation difference retail and warehouse buildings	26,364.54	2,126,563.80	26,364.54	1,826,008.04
Depreciation difference on building elements	71,732.83	5,785,970.07	56,729.54	3,929,087.94
Depreciation difference on machines and equipment	(69,789.50)	(5,629,221.07)	(54,786.21)	(3,794,492.90)
<b>Total accumulated depreciation difference</b>	<b>28,307.87</b>	<b>2,283,312.79</b>	<b>28,307.87</b>	<b>1,960,603.08</b>

**12. LONG-TERM BORROWED CAPITAL**

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Loans from financial institutions	4,500,000.00	362,970,000.00	5,150,000.00	356,689,000.00
Security deposits received	818.40	66,012.14	818.40	56,682.38
<b>Total long-term borrowed capital</b>	<b>4,500,818.40</b>	<b>363,036,012.14</b>	<b>5,150,818.40</b>	<b>356,745,682.38</b>

**LIABILITIES MATURING IN MORE THAN FIVE YEARS**

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Loans from financial institutions	500,000.00	40,330,000.00	3,950,000.00	273,577,000.00
<b>Total long-term borrowed capital</b>	<b>500,000.00</b>	<b>40,330,000.00</b>	<b>3,950,000.00</b>	<b>273,577,000.00</b>

**13. SHORT-TERM BORROWED CAPITAL**

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.03.2017	31.03.2017
Loans from financial institutions	650,000.00	52,429,000.00	300,000.00	20,778,000.00
Trade payables	2,033.27	164,003.56	13,750.63	952,368.63
Liabilities for companies in the same Group	2,803,715.93	226,147,726.91	2,660,785.73	184,286,019.66
Other liabilities	81,675.16	6,587,918.41	6,805.31	471,335.77
Accruals and deferred income	61,606.75	4,969,200.46	52,616.50	3,644,218.79
<b>Total short-term borrowed capital</b>	<b>3,599,031.11</b>	<b>290,297,849.33</b>	<b>3,033,958.17</b>	<b>210,131,942.85</b>

**ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME**

	Eur	Rs	Eur	Rs
Accrued interest expense	30,161.98	2,432,865.31	33,836.05	2,343,484.82
Reserve for missing purchase invoices	31,444.77	2,536,335.15	18,780.45	1,300,733.97
<b>Total</b>	<b>61,606.75</b>	<b>4,969,200.46</b>	<b>52,616.50</b>	<b>3,644,218.79</b>

**GUARANTEES GIVEN****LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE**

	Eur	Rs	Eur	Rs
	31.3.2018	31.3.2018	31.3.2017	31.3.2017
Loans from financial institutions	5,150,000.00	415,399,000.00	5,450,000.00	377,467,000.00
<b>Total</b>	<b>5,150,000.00</b>	<b>415,399,000.00</b>	<b>5,450,000.00</b>	<b>377,467,000.00</b>
Mortgages	10,000,000.00	806,600,000.00	10,000,000.00	692,600,000.00
<b>Total</b>	<b>10,000,000.00</b>	<b>806,600,000.00</b>	<b>10,000,000.00</b>	<b>692,600,000.00</b>

**OTHER NOTES**

The company is obligated to audit VAT deductions made on its property investments every year for 10 years after completion of the investment, to the extent that the value added taxable use of the property decreases during the period under review.

The maximum liability is EUR 1,763,839.54 (Rs 142,271,297.30) as of 31 March 2018.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 46,848.48 (Rs 3,778,798.40). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS****DATE AND SIGNATURES**

Helsinki, 27<sup>th</sup> April 2018

**Iiro Rossi**  
Chair of the Board of Directors

**Marko Hiltunen**  
CEO  
Board Member

**Riku Rauhala**  
Board Member

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April 2018

KPMG OY AB

**Esa Kailiala**

KHT

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in retail sale in self-service stores.

The Company's Resort Property located at Tampere, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 360,970.44 (Rs. 29,115,875.69) and made profit of Euro 24,718.61 (Rs. 1,993,803.08).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Iiro Rossi, Chair of the Board of Directors
- 2) Marko Hiltunen, board member
- 3) Jussi Valtola, board member

During the period under review, there is no change in the composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Supermarket Capri Oy

**Iiro Rossi**

Chair of the Board of Directors

Place: Tampere  
Date: April 27<sup>th</sup>, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

### Opinion

We have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence

the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

**ESA KAILIALA**

Authorised Public Accountant, KHT



## PROFIT AND LOSS STATEMENT

	appendix	Eur		Rs	
		1.4.2017-31.3.2018		1.4.2016-31.3.2017	
<b>TURNOVER</b> .....		<b>360,970.44</b>	<b>29,115,875.69</b>	398,621.96	27,608,556.95
<b>Other operating income</b> .....		<b>131,654.04</b>	<b>10,619,214.87</b>	3,934.90	272,531.17
<b>Materials and services</b>					
Purchases during the financial year.....		<b>(265,465.93)</b>	<b>(21,412,481.91)</b>	(292,869.96)	(20,284,173.43)
Change in inventory .....		<b>(2,854.75)</b>	<b>(230,264.14)</b>	(1,852.10)	(128,276.45)
External services .....	1	<b>(50,590.80)</b>	<b>(4,080,653.93)</b>	(33,723.27)	(2,335,673.68)
		<b>(318,911.48)</b>	<b>(25,723,399.98)</b>	(328,445.33)	(22,748,123.56)
<b>Personnel expenses</b>					
<b>Salaries and fees</b> .....	2	<b>(39,649.37)</b>	<b>(3,198,118.18)</b>	(51,666.77)	(3,578,440.49)
<b>Social security costs</b>					
Pension expenses .....		<b>(7,473.21)</b>	<b>(602,789.12)</b>	(9,077.52)	(628,709.04)
Other social security costs.....		<b>(449.95)</b>	<b>(36,292.97)</b>	(3,553.18)	(246,093.25)
		<b>(47,572.53)</b>	<b>(3,837,200.27)</b>	(64,297.47)	(4,453,242.77)
<b>Depreciation and impairments</b> .....					
Planned depreciation .....	3	<b>(42,423.17)</b>	<b>(3,421,852.89)</b>	(43,217.84)	(2,993,267.60)
<b>Other operating expenses</b> .....					
Other operating expenses .....	4	<b>(58,730.59)</b>	<b>(4,737,209.39)</b>	(75,227.36)	(5,210,246.95)
		<b>(101,153.76)</b>	<b>(8,159,062.28)</b>	(118,445.20)	(8,203,514.55)
<b>Profit(loss)</b> .....		<b>24,986.71</b>	<b>2,015,428.03</b>	(108,631.14)	(7,523,792.76)
<b>Financial income and expenses</b> .....					
Interest income.....	5	<b>0.88</b>	<b>70.98</b>	6.78	469.58
Interest charges.....					
for companies in the same Group		<b>(36.81)</b>	<b>(2,969.09)</b>	(725.97)	(50,280.68)
for others .....		<b>(232.17)</b>	<b>(18,726.83)</b>	(129.25)	(8,951.86)
<b>Total financial income and expenses</b> .....		<b>(268.10)</b>	<b>(21,624.95)</b>	(848.44)	(58,762.95)
<b>Profit before appropriations and taxes</b> ....		<b>24,718.61</b>	<b>1,993,803.08</b>	(109,479.58)	(7,582,555.71)
Change in depreciation difference .....		<b>0.00</b>	<b>0.00</b>	109,482.00	7,582,723.32
<b>Profit/loss for the financial year</b> .....		<b>24,718.61</b>	<b>1,993,803.08</b>	(109,479.58)	(7,582,555.71)

## BALANCE SHEET

		Eur	Rs	Eur	Rs
	appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Intangible assets</b>	6				
Other capitalised long-term expenditures....		5,267.63	424,887.04	9,249.09	640,591.97
<b>Tangible assets</b> .....	7				
Machines and equipment .....		11,008.27	887,927.06	49,239.98	3,410,361.01
Other tangible assets .....		385.00	31,054.10	595.00	41,209.70
<b>Investments</b>					
Shares and participations .....		1,000.00	80,660.00	1,000.00	69,260.00
<b>Total tangible assets</b> .....		12,393.27	999,641.16	50,834.98	3,520,830.71
<b>TOTAL NON-CURRENT ASSETS</b> .....		12,393.27	999,641.16	50,834.98	3,520,830.71
<b>CURRENT ASSETS</b> .....		17,660.90	1,424,528.19	60,084.07	4,161,422.69
<b>Current assets</b>					
Materials and supplies .....		10,656.79	859,576.68	13,511.54	935,809.26
<b>Short-term receivables</b> .....	8				
Accounts receivable .....		1,305.50	105,301.63	1,305.50	90,418.93
Receivables from companies in the same Group .....		158,842.74	12,812,255.41	44,776.84	3,101,243.94
Other receivables .....		4,322.92	348,686.73	2,050.24	141,999.62
Accrued income .....		6,143.27	495,516.16	15,869.60	1,099,128.50
<b>Total short-term receivables</b> .....		170,614.43	13,761,759.92	64,002.18	4,432,790.99
<b>Cash and cash equivalents</b> .....					
Cash at bank .....		19,812.16	1,598,048.83	9,657.43	668,873.60
<b>Total cash and cash equivalents</b> .....		19,812.16	1,598,048.83	9,657.43	668,873.60
<b>TOTAL CURRENT ASSETS</b> .....		201,083.38	16,219,385.43	87,171.15	6,037,473.85
<b>TOTAL ASSETS</b> .....		218,744.28	17,643,913.62	147,255.22	10,198,896.54

		Eur	Rs	Eur	Rs
	appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>LIABILITIES</b>					
<b>EQUITY</b>	9				
Share capital		100,000.00	8,066,000.00	100,000.00	6,926,000.00
Invested unrestricted equity fund.....		1,023,860.96	82,584,625.03	1,023,860.96	70,912,610.09
Profit(loss) from previous years.....		(1,007,105.33)	(81,233,115.92)	(1,007,107.75)	(69,752,282.77)
Profit(loss) for the financial year.....		24,718.61	1,993,803.08	2.42	167.61
<b>TOTAL EQUITY</b> .....		<u>141,474.24</u>	<u>9,798,505.86</u>	<u>116,755.63</u>	<u>8,086,494.93</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b> .....	10				
Trade payables .....		11,549.23	931,560.89	3,809.73	263,861.90
Liabilities for companies in the same Group....		8,441.45	680,887.36	7,548.62	522,817.42
Other liabilities .....		41,721.70	3,365,272.32	1,426.72	98,814.63
Accruals and deferred income .....	11	15,557.66	1,254,880.86	17,714.52	1,226,907.66
		<u>77,270.04</u>	<u>6,232,601.43</u>	<u>30,499.59</u>	<u>2,112,401.60</u>
<b>TOTAL BORROWED CAPITAL</b> .....		77,270.04	6,232,601.43	30,499.59	2,112,401.60
<b>TOTAL LIABILITIES</b> .....		218,744.28	17,643,913.62	147,255.22	10,198,896.54

## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

### ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

#### Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	15-25yrs
- machines and equipment	3-5yrs
- other tangible assets	5yrs

#### Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

#### Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 24,718.61 (Rs 1,993,803.08) be transferred to the profit and loss account and that no dividends be distributed.

#### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

## NOTES TO THE PROFIT AND LOSS STATEMENT

### 1. MATERIALS AND SERVICES

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Outsourced services ...	50,590.80	4,080,653.93	33,723.27	2,335,673.68

#### Other personnel expenses

<b>TOTAL</b> .....	<b>50,590.80</b>	<b>4,080,653.93</b>	<b>33,723.27</b>	<b>2,335,673.68</b>
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### 2. PERSONNEL

	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Average number		
Officers.....	1	1
Employees.....	0	1
<b>TOTAL</b>	<b>1</b>	<b>2</b>

### 3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Other capitalised long-term expenditures .....	(3,981.46)	(321,144.56)	(3,981.47)	(275,756.61)
Machines and equipment...	(38,231.71)	(3,083,769.73)	(39,026.37)	(2,702,966.39)
Other tangible assets .....	(210.00)	(16,938.60)	(210.00)	(14,544.60)
<b>TOTAL</b> .....	<b>(42,423.17)</b>	<b>(3,421,852.89)</b>	<b>(43,217.84)</b>	<b>(2,993,267.60)</b>

### 4. OTHER OPERATING EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Marketing expenses .....	(944.82)	(76,209.18)	(6,193.90)	(428,989.51)
Operating and maintenance expenses .....	(5,976.20)	(482,040.29)	(3,846.76)	(266,426.60)
Rents .....	(30,724.58)	(2,478,244.62)	(32,513.16)	(2,251,861.46)
Other expenses .....	(21,084.99)	(1,700,715.29)	(32,673.54)	(2,262,969.38)
<b>TOTAL</b>	<b>(58,730.59)</b>	<b>(4,737,209.39)</b>	<b>(75,227.36)</b>	<b>(5,210,246.95)</b>

### 5. FINANCIAL INCOME AND EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Other interest income.....	0.88	70.9808	6.78	469.5828
<b>TOTAL</b> .....	<b>0.88</b>	<b>70.9808</b>	<b>6.78</b>	<b>469.5828</b>
Interest expenses to companies in the same Group .....	(36.81)	(2,969.09)	(725.97)	(50,280.68)
Other interest expenses.....	(232.17)	(18,726.83)	(129.25)	(8,951.86)
<b>Total interest expenses</b> .....	<b>(268.98)</b>	<b>(21,695.93)</b>	<b>(855.22)</b>	<b>(59,232.54)</b>
<b>Total financial income and expenses</b> .....	<b>(268.10)</b>	<b>(21,624.95)</b>	<b>(848.44)</b>	<b>(58,762.95)</b>

## NOTES TO THE BALANCE SHEET

### CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

### 6. INTANGIBLE ASSETS

Eur	Other capitalised long-term expenditures	Total
Acquisition cost at the start of the financial year .....	19,694.43	19,694.43
<b>Acquisition cost 31.3.</b> .....	<b>19,694.43</b>	<b>19,694.43</b>
Accumulated planned depreciation at the start of the financial year .....	(10,445.34)	(10,445.34)
Depreciation for the financial year .....	(3,981.46)	(3,981.46)
Accumulated planned depreciation at the start of the financial year .....	(14,426.80)	(14,426.80)
<b>Book value 31.3.2018</b> .....	<b>5,267.63</b>	<b>5,267.63</b>

	Other capitalised long-term expenditures	Total
<b>Rs</b>		
Acquisition cost at the start of the financial year .....	1,588,552.72	1,588,552.72
<b>Acquisition cost 31.3.</b> .....	<u>1,588,552.72</u>	<u>1,588,552.72</u>
Accumulated planned depreciation at the start of the financial year .....	(842,521.12)	(842,521.12)
Depreciation for the financial year .....	(321,144.56)	(321,144.56)
Accumulated planned depreciation at the start of the financial year .....	(1,163,665.69)	(1,163,665.69)
<b>Book value 31.3.2016</b> .....	<u>424,887.04</u>	<u>424,887.04</u>

## 7. TANGIBLE ASSETS

	Machines and equipment	Other tangible assets	Total
<b>Eur</b>			<b>31.3.2016</b>
Acquisition cost at the start of the financial year .....	204,809.76	1,618.56	206,428.32
<b>Acquisition cost 31.3.</b> .....	<u>204,809.76</u>	<u>1,618.56</u>	<u>206,428.32</u>
Accumulated planned depreciation at the start of the financial year .....	(155,569.78)	(1,023.56)	(156,593.34)
Depreciation for the financial year .....	(38,231.71)	(210.00)	(38,441.71)
Accumulated planned depreciation at the start of the financial year .....	(193,801.49)	(1,233.56)	(195,035.05)
<b>Book value 31.3.2017</b> .....	<u>11,008.27</u>	<u>385.00</u>	<u>11,393.27</u>

	Machines and equipment	Other tangible assets	Total
<b>Rs</b>			
Acquisition cost at the start of the financial year .....	16,519,955.24	130,553.05	16,650,508.29
<b>Acquisition cost 31.3.</b> .....	<u>16,519,955.24</u>	<u>130,553.05</u>	<u>16,650,508.29</u>
Accumulated planned depreciation at the start of the financial year .....	(12,548,258.45)	(82,560.35)	(12,630,818.80)
Depreciation for the financial year .....	(3,083,769.73)	(16,938.60)	(3,100,708.33)
Accumulated planned depreciation at the start of the financial year .....	(15,632,028.18)	(99,498.95)	(15,731,527.13)
<b>Book value 31.3.2017</b> .....	<u>887,927.06</u>	<u>31,054.10</u>	<u>918,981.16</u>

## 8. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
<b>Short-term receivables</b>	<b>31.3.2018</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2017</b>
Receivables from companies in the same Group .....	158,842.74	12,812,255.41	44,776.84	3,101,243.94
Accounts receivable .....	1,305.50	105,301.63	1,305.50	90,418.93
Other receivables .....	4,322.92	348,686.73	2,050.24	141,999.62
Accrued income .....	6,143.27	495,516.16	15,869.60	1,099,128.50
<b>TOTAL</b>	<u>170,614.43</u>	<u>13,761,759.92</u>	<u>64,002.18</u>	<u>4,432,790.99</u>

## LIABILITIES

9. EQUITY	Eur	Rs	Eur	Rs
	<b>31.3.2018</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2017</b>
Share capital 1.1. ....	100,000.00	8,066,000.00	100,000.00	6,926,000.00
<b>Share capital 31.3.</b> .....	<u>100,000.00</u>	<u>8,066,000.00</u>	<u>100,000.00</u>	<u>6,926,000.00</u>
Invested unrestricted equity fund 1.1.2015 .....	1,023,860.96	82,584,625.03	1,023,860.96	70,912,610.09
Additions .....	0.00			
<b>Invested unrestricted equity fund 31.3.</b> .....	<u>1,023,860.96</u>	<u>82,584,625.03</u>	<u>1,023,860.96</u>	<u>70,912,610.09</u>
Profit/loss from prev. financial period 1.10. ....	(1,007,105.33)	(81,233,115.92)	(1,007,107.75)	(69,752,282.77)
Profit/loss for the financial year .....	24,718.61	1,993,803.08	2.42	167.61
<b>Total equity</b> .....	<u>141,474.24</u>	<u>11,411,312.20</u>	<u>116,755.63</u>	<u>8,086,494.93</u>

The company has no distributable assets

## 10 SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	<b>31.3.2018</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2017</b>
<b>Liabilities for companies in the same Group</b>				
Trade payables .....	8,404.64	677,918.26	7548.62	522,817.42
Other liabilities .....	10,000.00	806,600.00	0	0.00
Accruals and deferred income ...	36.81	2,969.09	0	0.00
<b>Total short-term borrowed capital</b> .....	<u>18,441.45</u>	<u>1,487,487.36</u>	<u>7,548.62</u>	<u>522,817.42</u>
	<b>Eur</b>	<b>Rs.</b>	<b>Eur</b>	<b>Rs.</b>
<b>Liabilities for others</b>	<b>31.3.2018</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2017</b>
Trade payables .....	11,549.23	931,560.89	3809.73	263,861.90
Other liabilities .....	31,721.70	2,558,672.32	1426.72	98,814.63
Accruals and deferred income ...	15,557.66	1,254,880.86	17714.52	1,226,907.66
<b>Total short-term borrowed capital</b> .....	<u>58,828.59</u>	<u>4,745,114.07</u>	<u>22,950.97</u>	<u>1,589,584.18</u>

## 11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur	Rs	Eur	Rs
	<b>31.3.2018</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.3.2017</b>
Salaries and holiday pay ... employer pension contribution .....	10,397.10	838,630.09	10,237.59	709,055.48
Other .....	657.50	53,033.95	3,156.93	218,648.97
<b>Total</b> .....	<u>4,503.06</u>	<u>363,216.82</u>	<u>4,320</u>	<u>299,203.20</u>
<b>Total</b> .....	<u>15,557.66</u>	<u>1,254,880.86</u>	<u>17,714.52</u>	<u>1,226,907.66</u>

Notes to the financial statements compliant with the Limited Liability Companies Act.

### Board of Directors' proposal for profit distribution.

Profit for the financial year EUR 24,718.61 (Rs 1,993,803.08). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

## FINANCIAL STATEMENTS

### DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April 2018

**Iiro Rossi**  
Chair of the Board of Directors

**Marko Hiltunen**  
Board Member

**Jussi Valtola**  
Board Member

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April 2018

KPMG OY AB

**Esa Kailiala**  
KHT

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 629.21 (Rs. 50,752.08).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Iiro Rossi
- 3) Anne Oravainen

During the period under review, Riku Rauhala appointed as the Chairperson of the Company with effect from June 28, 2017.

During the period under review, there is no change in the composition of Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Kylpyläntorni 1

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpyläntorni 1

### Opinion

We have audited the financial statements of Kiinteistö Oy Kylpyläntorni 1 (business identity code 2498932-7) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

## PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(448.86)	(36,205.05)	(1,432.78)	(99,234.34)
Property tax .....	(180.35)	(14,547.03)	(178.22)	(12,343.52)
<b>Total .....</b>	<u>(629.21)</u>	<u>(50,752.08)</u>	<u>(1,611.00)</u>	<u>(111,577.86)</u>
<b>Profit(loss) .....</b>	(629.21)	(50,752.08)	(1,611.00)	(111,577.86)
<b>Financial income and expenses</b>				
Interest charges.....	0.00	0.00	(8.19)	(567.24)
<b>Total financial income and expenses .....</b>	<u>0.00</u>	<u>0.00</u>	<u>(8.19)</u>	<u>(567.24)</u>
<b>Profit before appropriations and taxes .....</b>	<u>(629.21)</u>	<u>(50,752.08)</u>	<u>(1,619.19)</u>	<u>(112,145.10)</u>
<b>Profit/loss for the financial year .....</b>	<u>(629.21)</u>	<u>(50,752.08)</u>	<u>(1,619.19)</u>	<u>(112,145.10)</u>



**BALANCE SHEET**

		Eur	Rs.	Eur	Rs.
		31.3.2018	31.3.2018	31.3.2017	31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas.....	1	250,566.00	20,210,653.56	250,566.00	17,354,201.16
<b>Total tangible assets.....</b>		<u>250,566.00</u>	<u>20,210,653.56</u>	<u>250,566.00</u>	<u>17,354,201.16</u>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<u>250,566.00</u>	<u>20,210,653.56</u>	<u>250,566.00</u>	<u>17,354,201.16</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		1,736.71	140,083.03	1,865.92	129,233.62
<b>Total cash and cash equivalents .....</b>		<u>1,736.71</u>	<u>140,083.03</u>	<u>1,865.92</u>	<u>129,233.62</u>
<b>TOTAL CURRENT ASSETS .....</b>		<u>1,736.71</u>	<u>140,083.03</u>	<u>1,865.92</u>	<u>129,233.62</u>
<b>TOTAL ASSETS .....</b>		<u>252,302.71</u>	<u>20,350,736.59</u>	<u>252,431.92</u>	<u>17,483,434.78</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund.....		256,605.79	20,697,823.02	256,105.79	17,737,887.02
Profit(loss) from previous years.....		(6,218.93)	(501,618.89)	(4,599.74)	(318,577.99)
Profit(loss) for the financial year.....		(629.21)	(50,752.08)	(1,619.19)	(112,145.10)
<b>TOTAL EQUITY .....</b>		<u>252,257.65</u>	<u>20,347,102.05</u>	<u>252,386.86</u>	<u>17,480,313.92</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	3	45.06	3,634.54	45.06	3,120.86
<b>Total short-term borrowed capital .....</b>		<u>45.06</u>	<u>3,634.54</u>	<u>45.06</u>	<u>3,120.86</u>
<b>TOTAL LIABILITIES.....</b>		<u>252,302.71</u>	<u>20,350,736.59</u>	<u>252,431.92</u>	<u>17,483,434.78</u>

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

### Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1. TANGIBLE ASSETS

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4. ....	250,566.00	20,210,653.56
<b>Acquisition cost 31.3.</b> .....	<u>250,566.00</u>	<u>20,210,653.56</u>
<b>Book value 31.3.</b> .....	<u><b>250,566.00</b></u>	<u><b>20,210,653.56</b></u>

## 2. LIABILITIES

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b> .....	<u>2,500.00</u>	<u>201,650.00</u>	<u>2,500.00</u>	<u>173,150.00</u>
Invested unrestricted equity fund in the beginning of the year .....	256,105.79	20,657,493.02	253,632.60	17,566,593.88
Lisäykset .....	500.00	40,330.00	2,473.19	171,293.14
<b>Invested unrestricted equity fund in the end of the year</b> .....	<u>256,605.79</u>	<u>20,697,823.02</u>	<u>256,105.79</u>	<u>17,737,887.02</u>
Profit/loss from prev. financial period .....	(6,218.93)	(501,618.89)	(4,599.74)	(318,577.99)
Profit/loss for the financial year .....	(629.21)	(50,752.08)	(1,619.19)	(112,145.10)
<b>TOTAL EQUITY</b> .....	<u><b>252,257.65</b></u>	<u><b>20,347,102.05</b></u>	<u><b>252,386.86</b></u>	<u><b>17,480,313.92</b></u>

## 3. BORROWED CAPITAL

	Eur	Rs.	Eur	Rs.
	2018	2018	2017	2017
Accruals and deferred income .....	45.06	3,634.54	45.06	3,120.86
<b>Total borrowed capital</b> .....	<u><b>45.06</b></u>	<u><b>3,634.54</b></u>	<u><b>45.06</b></u>	<u><b>3,120.86</b></u>

## BREAKDOWN OF SHARE CAPITAL

	2018	Eur	2017	Eur
	No.	Eur	No.	Eur
1 vote/share .....	100.00	2,500.00	100.00	2,500.00
<b>TOTAL</b> .....	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>

  

	2018	Rs.	2017	Rs.
	No.	Rs.	No.	Rs.
1 vote/share .....	100.00	201,650.00	100.00	173,150.00
<b>TOTAL</b> .....	<u><b>100.00</b></u>	<u><b>201,650.00</b></u>	<u><b>100.00</b></u>	<u><b>173,150.00</b></u>

**OTHER NOTES****PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

In the deed dated 29 October 2013, Kiinteistö Oy Kylpyläntorni 1 is obligated to refrain from selling or otherwise transferring undeveloped lots to any party other than those given advance approval by the City based on a written application submitted to it.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 629.21 (Rs 50,752.08). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS****DATE AND SIGNATURES**

Helsinki 27<sup>th</sup> April 2018

**Riku Rauhala**

Chair of the Board of Director

**Iiro Rossi**

Board Member

**Anne Oravainen**

Board Member

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April 2018

KPMG OY AB

**Esa Kailiala**

Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,477.78 (Rs.119,197.73).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila
- 4) Mikko Litmanen

During the period under review, there is no change in the composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Spa Lofts 2

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2

### Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
	1.4.2017 -31.3.2018	1.4.2017 -31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(126.38)	(10,193.81)	(1,132.76)	(78,454.96)
Outdoor area management .....	(1,215.20)	(98,018.03)	0.00	0.00
Property tax .....	(136.20)	(10,985.89)	(136.20)	(9,433.21)
<b>Total .....</b>	<u>(1,477.78)</u>	<u>(119,197.73)</u>	<u>(1,268.96)</u>	<u>(87,888.17)</u>
<b>Profit(loss) .....</b>	<u>(1,477.78)</u>	<u>(119,197.73)</u>	<u>(1,268.96)</u>	<u>(87,888.17)</u>
<b>Profit before appropriations and taxes.....</b>	<u>(1,477.78)</u>	<u>(119,197.73)</u>	<u>(1,268.96)</u>	<u>(87,888.17)</u>
<b>Profit/loss for the financial year .....</b>	<u>(1,477.78)</u>	<u>(119,197.73)</u>	<u>(1,268.96)</u>	<u>(87,888.17)</u>



**BALANCE SHEET**

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas.....		<u>142,350.28</u>	<u>11,481,973.58</u>	<u>142,350.28</u>	<u>9,859,180.39</u>
<b>Total tangible assets.....</b>		<u>142,350.28</u>	<u>11,481,973.58</u>	<u>142,350.28</u>	<u>9,859,180.39</u>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<u>142,350.28</u>	<u>11,481,973.58</u>	<u>142,350.28</u>	<u>9,859,180.39</u>
<b>CURRENT ASSETS</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		<u>1,600.15</u>	<u>129,068.10</u>	<u>2,677.93</u>	<u>185,473.43</u>
<b>Total cash and cash equivalents .....</b>		<u>1,600.15</u>	<u>129,068.10</u>	<u>2,677.93</u>	<u>185,473.43</u>
<b>TOTAL CURRENT ASSETS .....</b>		<u>1,600.15</u>	<u>129,068.10</u>	<u>2,677.93</u>	<u>185,473.43</u>
<b>TOTAL ASSETS .....</b>		<u>143,950.43</u>	<u>11,611,041.68</u>	<u>145,028.21</u>	<u>10,044,653.82</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	<b>2</b>	2,500.00	201,650.00	2,500.00	173,150.00
Building fund .....		139,130.28	11,222,248.38	139,130.28	9,636,163.19
Invested unrestricted equity fund.....		8,291.29	668,775.45	7,891.29	546,550.75
Profit(loss) from previous years.....		(4,527.41)	(365,180.89)	(3,258.45)	(225,680.25)
Profit(loss) for the financial year.....		(1,477.78)	(119,197.73)	(1,268.96)	(87,888.17)
<b>TOTAL EQUITY .....</b>		<u>143,916.38</u>	<u>11,608,295.21</u>	<u>144,994.16</u>	<u>10,042,295.52</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>3</b>				
Accruals and deferred income .....		<u>34.05</u>	<u>2,746.47</u>	<u>34.05</u>	<u>2,358.30</u>
<b>Total short-term borrowed capital .....</b>		<u>34.05</u>	<u>2,746.47</u>	<u>34.05</u>	<u>2,358.30</u>
<b>TOTAL LIABILITIES.....</b>		<u>143,950.43</u>	<u>11,611,041.68</u>	<u>145,028.21</u>	<u>10,044,653.82</u>

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

#### 1 TANGIBLE ASSETS

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4. ....	142,350.28	11,481,973.58
<b>Acquisition cost 31.3.</b> .....	<u>142,350.28</u>	<u>11,481,973.58</u>
<b>Book value 31.3.</b> .....	<u><b>142,350.28</b></u>	<u><b>11,481,973.58</b></u>

#### 2 LIABILITIES

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year .....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b> .....	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Building fund in the beginning of the year .....	139,130.28	11,222,248.38	139,130.28	9,636,163.19
<b>Building fund in the end of the year</b> .....	<b>139,130.28</b>	<b>11,222,248.38</b>	139,130.28	9,636,163.19
Invested unrestricted equity fund in the beginning of the year .....	7,891.29	636,511.45	6,291.29	435,734.75
Additions .....	400.00	32,264.00	1,600.00	110,816.00
<b>Invested unrestricted equity fund in the end of the year</b> .....	<b>8,291.29</b>	<b>668,775.45</b>	7,891.29	546,550.75
Profit/loss from prev. financial period .....	(4,527.41)	(365,180.89)	(3,258.45)	(225,680.25)
Profit/loss for the financial year .....	(1,477.78)	(119,197.73)	(1,268.96)	(87,888.17)
<b>Total equity</b> .....	<u><b>143,916.38</b></u>	<u><b>11,608,295.21</b></u>	<u>144,994.16</u>	<u>10,042,295.52</u>

#### 3 SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
Accruals and deferred income .....	34.05	2,746.47	34.05	2,358.30
<b>Total short-term borrowed capital</b> .....	<u><b>34.05</b></u>	<u><b>2,746.47</b></u>	<u>34.05</u>	<u>2,358.30</u>

#### BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share .....	100.00	2,500.00	100.00	2,500.00
<b>Total</b> .....	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>	<u>100.00</u>	<u>2,500.00</u>

	2018		2017	
Rs	No.	Rs	No.	Rs
1 vote/share .....	100.00	201,650.00	100.00	173,150.00
<b>Total</b> .....	<u><b>100.00</b></u>	<u><b>201,650.00</b></u>	<u>100.00</u>	<u>173,150.00</u>

**OTHER NOTES**

**Easements**

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on 31 October 2014. Spa Lofts 2 is entitled to build rescue services access to the Saimaan Action Park Oy lot.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,477.78 (Rs 119,197.73). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS**

**DATE AND SIGNATURES**

Helsinki 27<sup>th</sup> April, 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

**Mikko Litmanen**  
CEO

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,719.49 (Rs. 138,694.06).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila
- 4) Mikko Litmanen

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Spa Lofts 3

**Riku Rauhala**  
Chair of the Board of Directors

Place: Tampere  
Date: 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

### Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters, Hitsajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>Property management expenses</b>				
Administration.....	(135.80)	(10,953.63)	(1,180.92)	(81,790.52)
Outdoor area management .....	(1,215.20)	(98,018.03)	0.00	0.00
Property tax .....	(365.49)	(29,480.42)	(365.48)	(25,313.14)
<b>Total .....</b>	<u>(1,716.49)</u>	<u>(138,452.08)</u>	<u>(1,546.40)</u>	<u>(107,103.66)</u>
<b>Profit(loss) .....</b>	<b>(1,716.49)</b>	<b>(138,452.08)</b>	<b>(1,546.40)</b>	<b>(107,103.66)</b>
<b>Financial income and expenses</b>				
Interest charges.....	(3.00)	(241.98)	(3.00)	(207.78)
<b>Total financial income and expenses .....</b>	<u>(3.00)</u>	<u>(241.98)</u>	<u>(3.00)</u>	<u>(207.78)</u>
<b>Profit before appropriations and taxes.....</b>	<u>(1,719.49)</u>	<u>(138,694.06)</u>	<u>(1,549.40)</u>	<u>(107,311.44)</u>
<b>Profit/loss for the financial year .....</b>	<u>(1,719.49)</u>	<u>(138,694.06)</u>	<u>(1,549.40)</u>	<u>(107,311.44)</u>

**BALANCE SHEET**

	appendix	Eur 31.03.2018	Rs 31.03.2018	Eur 31.03.2017	Rs 31.03.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	1				
Land areas.....		140,090.60	11,299,707.80	140,090.60	9,702,674.96
<b>Total tangible assets.....</b>		<u>140,090.60</u>	<u>11,299,707.80</u>	<u>140,090.60</u>	<u>9,702,674.96</u>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<u>140,090.60</u>	<u>11,299,707.80</u>	<u>140,090.60</u>	<u>9,702,674.96</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank .....		1,747.61	140,962.22	2,867.09	198,574.65
<b>Total cash and cash equivalents .....</b>		<u>1,747.61</u>	<u>140,962.22</u>	<u>2,867.09</u>	<u>198,574.65</u>
<b>TOTAL CURRENT ASSETS .....</b>		<u>1,747.61</u>	<u>140,962.22</u>	<u>2,867.09</u>	<u>198,574.65</u>
<b>TOTAL ASSETS .....</b>		<u>141,838.21</u>	<u>11,440,670.02</u>	<u>142,957.69</u>	<u>9,901,249.61</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital.....	2	2,500.00	201,650.00	2,500.00	173,150.00
Building fund.....		137,110.60	11,059,341.00	137,110.60	9,496,280.16
Invested unrestricted equity fund.....		8,941.89	721,252.85	8,341.89	577,759.30
Profit(loss) from previous years.....		(5,086.15)	(410,248.86)	(3,536.75)	(244,955.31)
Profit(loss) for the financial year.....		(1,719.49)	(138,694.06)	(1,549.40)	(107,311.44)
<b>TOTAL EQUITY .....</b>		<u>141,746.85</u>	<u>11,433,300.92</u>	<u>142,866.34</u>	<u>9,894,922.71</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income .....	3	91.36	7,369.10	91.35	6,326.90
<b>Total short-term borrowed capital .....</b>		<u>91.36</u>	<u>7,369.10</u>	<u>91.35</u>	<u>6,326.90</u>
<b>TOTAL LIABILITIES.....</b>		<u>141,838.21</u>	<u>11,440,670.02</u>	<u>142,957.69</u>	<u>9,901,249.61</u>



## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4. ....	140,090.60	11,299,707.80
<b>Acquisition cost 31.3.</b> .....	<u>140,090.60</u>	<u>11,299,707.80</u>
<b>Book value 31.3.</b> .....	<u><b>140,090.60</b></u>	<u><b>11,299,707.80</b></u>

## 2 LIABILITIES

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
<b>EQUITY</b>				
Share capital in the beginning of the year.....	2,500.00	201,650.00	2,500.00	173,150.00
<b>Share capital in the end of the year</b> .....	<b>2,500.00</b>	<b>201,650.00</b>	2,500.00	173,150.00
Building fund in the beginning of the year.....	137,110.60	11,059,341.00	137,110.60	9,496,280.16
<b>Building fund in the end of the year</b> .....	<b>137,110.60</b>	<b>11,059,341.00</b>	137,110.60	9,496,280.16
Invested unrestricted equity fund in the beginning of the year.....	8,341.89	672,856.85	6,241.89	432,313.30
Additions.....	600.00	48,396.00	2,100.00	145,446.00
<b>Invested unrestricted equity fund in the end of the year</b> .....	<b>8,941.89</b>	<b>721,252.85</b>	8,341.89	577,759.30
Profit/loss from prev. financial period.....	(5,086.15)	(410,248.86)	(3,536.75)	(244,955.31)
Profit/loss for the financial year.....	(1,719.49)	(138,694.06)	(1,549.40)	(107,311.44)
<b>Total equity</b> .....	<u><b>141,746.85</b></u>	<u><b>11,433,300.92</b></u>	<u>142,866.34</u>	<u>9,894,922.71</u>

## 3 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	2018	2018	2017	2017
Accruals and deferred income.....	91.36	7,369.10	91.35	6,326.90
<b>Total borrowed capital</b> .....	<u><b>91.36</b></u>	<u><b>7,369.10</b></u>	<u>91.35</u>	<u>6,326.90</u>

## BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share	100.00	2,500.00	100.00	2,500.00
<b>Total</b> .....	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>	<u>100.00</u>	<u>2,500.00</u>

	2018		2017	
Rs	No.	Rs.	No.	Rs.
1 vote/share	100.00	201,650.00	100.00	173,150.00
<b>Total</b> .....	<u><b>100.00</b></u>	<u><b>201,650.00</b></u>	<u>100.00</u>	<u>173,150.00</u>

**OTHER NOTES****Easements**

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Spa Lofts 2 is entitled to build five parking spaces and rescue services access.

**Mortgages**

Real property owned by the company has been mortgaged as collateral for liabilities set under an agreement signed by Holiday Club Resorts Oy.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,719.49 (Rs 138,694.06). The Board of Directors proposes to the Annual General Meeting that that the loss be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS****DATE AND SIGNATURES**

Helsinki, 27<sup>th</sup> April, 2018

**Riku Rauhala**  
Chair of the Board of Directors

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

**Mikko Litmanen**  
CEO

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 27<sup>th</sup> April, 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Kuusamo, was fully operational.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 11,628.00 (Rs. 937,914.48) and made profit of Euro 2,510.38 (Rs. 202,487.25).

### Dividend

No dividend was proposed for the financial period under review.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Riku Rauhala
- 2) Anne Oravainen
- 3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion

of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Kiinteistö Oy Kuusamon Pulkajärvi 1

**Tapio Anttila**  
Chair of the Board of Directors

Place : Tampere  
Date : 27<sup>th</sup> April, 2018

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkejärvi 1

### Opinion

We have audited the financial statements of Kiinteistö Oy KuusamonPulkkejärvi 1 (business identity code 0780839-5) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, 27<sup>th</sup> April, 2018

KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

## PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
appendix	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
<b>TURNOVER</b>				
Rent income .....	11,628.00	937,914.48	12,528.00	867,689.28
<b>Total</b> .....	<u>11,628.00</u>	<u>937,914.48</u>	<u>12,528.00</u>	<u>867,689.28</u>
<b>Depreciation</b>				
	1			
Buildings and structures .....	(3,890.28)	(313,789.98)	(4,142.29)	(286,895.01)
<b>Total</b> .....	<u>(3,890.28)</u>	<u>(313,789.98)</u>	<u>(4,142.29)</u>	<u>(286,895.01)</u>
<b>Property management expenses</b>				
Administration .....	(250.07)	(20,170.65)	(1,208.87)	(83,726.34)
Outdoor area management .....	0.00	0.00	(357.00)	(24,725.82)
Water and sewage .....	7.20	580.75	13.88	961.33
Electricity .....	(2,019.89)	(162,924.33)	(1,064.89)	(73,754.28)
Indemnity insurance .....	(80.23)	(6,471.35)	0.00	0.00
Property tax .....	(276.67)	(22,316.20)	(284.38)	(19,696.16)
Repairs .....	0.00	0.00	(936.95)	(64,893.16)
Other expenses .....	0.00	0.00	0.00	0.00
<b>Total</b> .....	<u>(2,619.66)</u>	<u>(211,301.78)</u>	<u>(3,838.21)</u>	<u>(265,834.42)</u>
<b>Profit(loss)</b> .....	5,118.06	412,822.72	4,547.50	314,959.85
<b>Financial income and expenses</b>				
Interest charges .....	(1,980.08)	(159,713.25)	(2,222.34)	(153,919.27)
<b>Total financial income and expenses</b> .....	<u>(1,980.08)</u>	<u>(159,713.25)</u>	<u>(2,222.34)</u>	<u>(153,919.27)</u>
<b>Profit before appropriations and taxes</b> .....	<u>3,137.98</u>	<u>253,109.47</u>	<u>2,325.16</u>	<u>161,040.58</u>
<b>Other direct taxes</b>				
Direct taxes .....	(627.60)	(50,622.22)	(901.69)	(62,451.05)
<b>Total</b> .....	<u>(627.60)</u>	<u>(50,622.22)</u>	<u>(901.69)</u>	<u>(62,451.05)</u>
<b>Profit/loss for the financial year</b> .....	<u>2,510.38</u>	<u>202,487.25</u>	<u>1,423.47</u>	<u>98,589.53</u>

## BALANCE SHEET

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>2</b>				
Land areas.....		248,581.74	20,050,603.15	248,581.74	17,216,771.31
Buildings and structures .....		93,367.24	7,531,001.58	97,257.52	6,736,055.84
<b>Total tangible assets.....</b>		<b>341,948.98</b>	<b>27,581,604.73</b>	<b>345,839.26</b>	<b>23,952,827.15</b>
<b>TOTAL NON-CURRENT ASSETS.....</b>		<b>341,948.98</b>	<b>27,581,604.73</b>	<b>345,839.26</b>	<b>23,952,827.15</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	<b>3</b>				
Accrued income .....		784.80	63,301.97	0.00	0.00
<b>Total short-term receivables.....</b>		<b>784.80</b>	<b>63,301.97</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and cash equivalents</b>					
Cash at bank .....		13,065.37	1,053,852.74	13,047.04	903,637.99
<b>Total cash and cash equivalents .....</b>		<b>13,065.37</b>	<b>1,053,852.74</b>	<b>13,047.04</b>	<b>903,637.99</b>
<b>TOTAL CURRENT ASSETS .....</b>		<b>13,850.17</b>	<b>1,117,154.71</b>	<b>13,047.04</b>	<b>903,637.99</b>
<b>TOTAL ASSETS .....</b>		<b>355,799.15</b>	<b>28,698,759.44</b>	<b>358,886.30</b>	<b>24,856,465.14</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital.....</b>	<b>4</b>	<b>2,522.81</b>	<b>203,489.85</b>	<b>2,522.81</b>	<b>174,729.82</b>
<b>Building fund .....</b>		<b>82,860.58</b>	<b>6,683,534.38</b>	<b>82,860.58</b>	<b>5,738,923.77</b>
<b>Other equity .....</b>		<b>170,766.78</b>	<b>13,774,048.47</b>	<b>170,766.78</b>	<b>11,827,307.18</b>
<b>Profit(loss) from previous years.....</b>		<b>18,697.89</b>	<b>1,508,171.81</b>	<b>17,274.42</b>	<b>1,196,426.33</b>
<b>Profit(loss) for the financial year.....</b>		<b>2,510.38</b>	<b>202,487.25</b>	<b>1,423.47</b>	<b>98,589.53</b>
<b>TOTAL EQUITY .....</b>		<b>277,358.44</b>	<b>22,371,731.77</b>	<b>274,848.06</b>	<b>19,035,976.64</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>5</b>				
Other loans group companies.....		77,913.12	6,284,472.26	83,933.04	5,813,202.35
Accruals and deferred income .....		527.59	42,555.41	105.20	7,286.15
<b>Total short-term borrowed capital .....</b>		<b>78,440.71</b>	<b>6,327,027.67</b>	<b>84,038.24</b>	<b>5,820,488.50</b>
<b>TOTAL LIABILITIES.....</b>		<b>355,799.15</b>	<b>28,698,759.44</b>	<b>358,886.30</b>	<b>24,856,465.14</b>

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

4% of the buildings were written off during the financial year.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66= FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

## NOTES TO THE PROFIT AND LOSS STATEMENT

## 1 Depreciation and impairments

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Buildings and structures .....	<b>3,890.28</b>	<b>313,789.98</b>	4,142.29	286,895.01
<b>Total .....</b>	<b>3,890.28</b>	<b>313,789.98</b>	4,142.29	286,895.01

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 2 Tangible assets

Eur	Land areas	Buildings and structures	Total
Acquisition cost 1.4. ....	248,581.74	121,796.28	370,378.02
Additions .....	0.00	0.00	0.00
<b>Acquisition cost 31.3. ....</b>	<b>248,581.74</b>	<b>121,796.28</b>	<b>370,378.02</b>
Accumulated depreciation 1.4. ....	0.00	24,538.76	24,538.76
Depreciation for the financial year .....	0.00	3,890.28	3,890.28
<b>Book value 31.3. ....</b>	<b>248,581.74</b>	<b>93,367.24</b>	<b>341,948.98</b>

Rs	Land areas	Buildings and structures	Total
Acquisition cost 1.4. ....	20,050,603.15	9,824,087.94	29,874,691.09
Additions .....	0.00	0.00	0.00
<b>Acquisition cost 31.3. ....</b>	<b>20,050,603.15</b>	<b>9,824,087.94</b>	<b>29,874,691.09</b>
Accumulated depreciation 1.4. ....	0.00	1,979,296.38	1,979,296.38
Depreciation for the financial year .....	0.00	313,789.98	313,789.98
<b>Book value 31.3. ....</b>	<b>20,050,603.15</b>	<b>7,531,001.58</b>	<b>27,581,604.73</b>

## CURRENT ASSETS

## RECEIVABLES

## 3 Short-term receivables

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Tax assets	<b>784.80</b>	<b>63,301.97</b>	0.00	0.00
<b>Total</b>	<b>784.80</b>	<b>63,301.97</b>	0.00	0.00

## LIABILITIES

## 4 Equity

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Share capital in the beginning of the year .....	<b>2,522.81</b>	<b>203,489.85</b>	2,522.81	174,729.82
<b>Share capital in the end of the year .....</b>	<b>2,522.81</b>	<b>203,489.85</b>	2,522.81	174,729.82
Building fund in the beginning of the year .....	<b>82,860.58</b>	<b>6,683,534.38</b>	82,860.58	5,738,923.77
<b>Building fund in the end of the year .....</b>	<b>82,860.58</b>	<b>6,683,534.38</b>	82,860.58	5,738,923.77
Other restricted equity in the beginning of the year .....	<b>170,766.78</b>	<b>13,774,048.47</b>	170,766.78	11,827,307.18
<b>Other restricted equity in the end of the year .....</b>	<b>170,766.78</b>	<b>13,774,048.47</b>	170,766.78	11,827,307.18
Profit/loss from prev. financial period .....	<b>18,697.89</b>	<b>1,508,171.81</b>	17,274.42	1,196,426.33

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Profit/loss for the financial year .....	<b>2,510.38</b>	<b>202,487.25</b>	1,423.47	98,589.53
<b>Total equity .....</b>	<b>277,358.44</b>	<b>22,371,731.77</b>	274,848.06	19,035,976.64

## 5 Short-term borrowed capital

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Other loans group companies .....	<b>77,913.12</b>	<b>6,284,472.26</b>	83,933.04	5,813,202.35
Accruals and deferred income .....	<b>527.59</b>	<b>42,555.41</b>	69.66	4,824.65
Tax liabilities .....	<b>0.00</b>	<b>0.00</b>	35.54	2,461.50
<b>Total borrowed capital .....</b>	<b>78,440.71</b>	<b>6,327,027.67</b>	84,038.24	5,820,488.50

## BREAKDOWN OF SHARE CAPITAL

Eur	2018		2017	
	No.	Eur	No.	Eur
1 vote/share .....	<b>30.00</b>	<b>2,522.81</b>	30.00	2,522.81
<b>Total .....</b>	<b>30.00</b>	<b>2,522.81</b>	30.00	2,522.81

Rs	2018		2017	
	No.	Rs	No.	Rs
1 vote/share .....	<b>30.00</b>	<b>203,489.85</b>	30.00	174,729.82
<b>Total .....</b>	<b>30.00</b>	<b>203,489.85</b>	30.00	174,729.82

## Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,510.38 (Rs 202,487.25). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

## FINANCIAL STATEMENTS

## DATE AND SIGNATURES

Helsinki, 27<sup>th</sup> April, 2018

**Tapio Anttila**  
Chair of the Board of Directors

**Riku Rauhala**  
CEO/Board Member

**Anne Oravainen**  
Board Member

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, 27<sup>th</sup> April 2018

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant



## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of The Company's Affairs

The Company is primarily engaged in hotel operating business with associated spa, indoor pools gym and restaurants.

The Company's Resort property located at Åre, was fully operational.

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 136,646,143 (Rs.1,059,007,608) and made loss of SEK -3,283,513 (Rs. -25,447,226).

### Dividend

No dividend was proposed for the financial year ended March 31, 2018.

### Directors

As on date of this report, the following are the Directors of your Company:

- 1) Mats Svensson
- 2) Marko Hiltunen
- 3) Iiro Rossi
- 4) Pernilla Gravenfors

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results

of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company continued to be a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Holiday Club Sport and Spahotels AB

<b>Mats Svensson</b>	<b>Marko Hiltunen</b>	<b>Iiro Rossi</b>	<b>Pernilla Gravenfors</b>
Director	Director	Director	Director

Place : Åre  
Date : April 24, 2018

## AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity 559032-5733

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sport and Spa Hotels AB as of 31 March 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sport and Spa Hotels AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are

controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about

this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 24 April 2018

**Öhrlings PricewaterhouseCoopers AB**

**Magnus Olsson**

Authorized Public Accountant

## ADMINISTRATION REPORT

All amounts are stated in Swedish Krona (SEK) and Indian Rupie (INR).

The exchange rate of INR 7.90 = SEK 1 wich is the Bloomberg rate as on 31<sup>st</sup> March, 2018 (PY: 7.26)

### Operations

The Company conducts hotel operations with associated spa, indoor pools, gym and restaurants.

The company has its registered office in the municipality of Åre.

### Multi-year review

	2017/18 kSEK	2016/17 kINR	2016/17 kSEK	2016/17 kINR
Net sales .....	133,942	1,058,142	109,961	868,692
Profit/loss after financial items .....	(3,284)	(25,944)	(10,901)	(86,118)
Equity/assets ratio .....	5.90	5.90	12.00	10.70

\*Definitions of Equity/assets ratio, see notes

### Owners and structure

	Share of voting rights	Participating interest
Holiday Club Sweden AB	51%	51%
Aktiv Travel Management i Åre AB	41.5%	41.5%
Pernilla Gravenfors	7.5%	7.5%

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

### Changes in equity

	Share Capital	Share Premium Reserve	Net profit/loss for the year	Total non- restricted equity
Opening amount, comparison year according to adopted balance sheet	1.000 kSEK 7.900 kINR	12.000 kSEK 94.800 kINR	1.753 kSEK 13.850 kINR	13.753 kSEK 108.650 kINR
Adjusted amount at opening of comparison year	1.000 kSEK 7.900 kINR	12.000 kSEK 94.800 kINR	1.753 kSEK 13.850 kINR	13.753 kSEK 108.650 kINR
Appropriation of profits as resolved by the AGM		1.753 kSEK 13.850 kINR	(1.753) kSEK (13.850) kINR	0
Loss for the year			(8.559) kSEK (67.620) kINR	(8.559) kSEK (67.620) kINR
Adjustment due to change of Accounting policies K2 -> K3			814 kSEK 6,431 kINR	814 kSEK 6,431 kINR
Fixed tangible asset - See note 1				
Adjusted amounts at opening of year	1.000 kSEK 7.900 kINR	13.753 kSEK 108.650 kINR	(7.745) kSEK (61.190) kINR	6.008 kSEK 47.460 kINR
Transfer of the above adjusted results		814 kSEK 6,430 kINR	(814) kSEK (6,431) kINR	0
Appropriation of profits as resolved by the AGM		(8.559) kSEK (67.620) kINR	8.559 kSEK 67.620 kINR	0

	Share Capital	Share Premium Reserve	Net profit/loss for the year	Total non-restricted equity
Loss for the year			(3.284) kSEK (25.940) kINR	(3.284) kSEK (25.940) kINR
Closing amounts	1.000 kSEK 7.900 kINR	6.008 kSEK 47.460 kINR	(3.284) kSEK (25.940) kINR	2.724 kSEK 21.520 kINR

**Proposed appropriation of profits**

The following profits are at the disposal of the Annual General Meeting:

	SEK	INR
Profit/loss brought forward.....	(5,992,052)	(47,337,211)
Share premium reserve.....	12,000,000	94,800,000
Profit/Loss for the year.....	(3,283,513)	(25,939,753)
	<u>2,724,435</u>	<u>21,523,037</u>

The Board of Directors proposes that the available profits be appropriated as follows:

Transferred forward.....	<u>2,724,435</u>	<u>21,523,037</u>
	<u>2,724,435</u>	<u>21,523,037</u>

As regards the company's results and position, please refer to the following income statement and balance sheets and associated notes.

## INCOME STATEMENT

		01 April 2017 – 31 Mar 2018	01 April 2017 – 31 Mar 2018	01 April 2016 – 31 Mar 2017	01 April 2016 – 31 Mar 2017
		SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>					
Net sales .....	2, 3	133,941,905	1,058,141,050	109,961,454	868,695,487
Other operating income .....		2,704,238	21,363,480	6,040,982	47,723,758
		<u>136,646,143</u>	<u>1,079,504,530</u>	<u>116,002,436</u>	<u>916,419,244</u>
<b>Operating expenses</b>					
Raw materials and consumables.....	3	(16,481,155)	(130,201,125)	(13,846,112)	(109,384,285)
Other external expenses .....	3, 4, 5	(79,574,557)	(628,639,000)	(77,233,974)	(610,148,395)
Personnel costs .....	6	(36,321,565)	(286,940,364)	(31,664,537)	(250,149,842)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets.....		(6,017,466)	(47,537,981)	(3,775,450)	(29,826,055)
		<u>(138,394,743)</u>	<u>(1,093,318,470)</u>	<u>(126,520,073)</u>	<u>(999,508,577)</u>
<b>Operating profit/loss .....</b>		<b>(1,748,600)</b>	<b>(13,813,940)</b>	<b>(10,517,637)</b>	<b>(83,089,332)</b>
<b>Financial items</b>					
Interest and similar expenses .....		(1,147,571)	(9,065,811)	(368,994)	(2,915,053)
Interest and similar expenses to group companies ..		(387,342)	(3,060,002)	(14,301)	(112,978)
		<u>(1,534,913)</u>	<u>(12,125,813)</u>	<u>(383,295)</u>	<u>(3,028,031)</u>
<b>Profit loss after financial items .....</b>		<b>(3,283,513)</b>	<b>(25,939,753)</b>	<b>(10,900,932)</b>	<b>(86,117,363)</b>
<b>Appropriations</b>					
Changes in tax allocation reserves.....		0	0	3,155,564	24,928,956
		<u>0</u>	<u>0</u>	<u>3,155,564</u>	<u>24,928,956</u>
<b>Profit/Loss before tax .....</b>		<b>(3,283,513)</b>	<b>(25,939,753)</b>	<b>(7,745,368)</b>	<b>(61,188,407)</b>
<b>Profit/Loss for the year.....</b>		<b>(3,283,513)</b>	<b>(25,447,226)</b>	<b>(7,745,368)</b>	<b>(56,231,372)</b>

**BALANCE SHEET**

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
<i>Intangible fixed assets</i>					
Goodwill .....	7	3,348,918	26,456,452	4,604,778	36,377,746
Computer program .....	8	112,243	886,720	148,159	1,170,456
		<u>3,461,161</u>	<u>27,343,172</u>	<u>4,752,937</u>	<u>37,548,202</u>
<i>Property, plant and equipment</i>					
Leasehold improvement cost .....	9	2,208,329	17,445,799	2,333,333	18,433,331
Equipment, tools, fixtures and fittings .....	10	40,640,787	321,062,217	15,057,039	118,950,608
Work in progress .....	11	0	0	25,546,449	201,816,947
		<u>42,849,116</u>	<u>338,508,016</u>	<u>42,936,821</u>	<u>339,200,886</u>
<b>Total non-current assets .....</b>		<u><b>46,310,277</b></u>	<u><b>365,851,188</b></u>	<u><b>47,689,758</b></u>	<u><b>376,749,088</b></u>
<b>Current assets</b>					
<i>Inventories etc.</i>					
Raw materials and consumables .....		875,467	6,916,189	805,935	6,366,887
Finished goods and goods for resale .....		467,939	3,696,718	288,719	2,280,880
		<u>1,343,406</u>	<u>10,612,907</u>	<u>1,094,654</u>	<u>8,647,767</u>
<i>Current receivables</i>					
Trade receivables .....		8,774,789	69,320,833	5,340,129	42,187,019
Receivables from Group companies .....		0	0	12,400	97,960
Tax receivables .....		716,038	5,656,700	0	0
Other receivables .....		2,285,938	18,058,910	475,626	3,757,445
Prepaid expenses and accrued income .....	12	3,698,713	29,219,833	3,447,269	27,233,425
		<u>15,475,478</u>	<u>122,256,276</u>	<u>9,275,424</u>	<u>73,275,850</u>
<i>Cash and bank balances</i>					
Cash and bank balances .....		291,195	2,300,441	456,101	3,603,198
		<u>291,195</u>	<u>2,300,441</u>	<u>456,101</u>	<u>3,603,198</u>
<b>Total current assets .....</b>		<u><b>17,110,079</b></u>	<u><b>135,169,624</b></u>	<u><b>10,826,179</b></u>	<u><b>85,526,814</b></u>
<b>TOTAL ASSETS .....</b>		<u><b>63,420,356</b></u>	<u><b>501,020,812</b></u>	<u><b>58,515,937</b></u>	<u><b>462,275,902</b></u>

**BALANCE SHEET**

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 1,000,000 shares.....	13	1,000,000	7,900,000	1,000,000	7,900,000
		<u>1,000,000</u>	<u>7,900,000</u>	<u>1,000,000</u>	<u>7,900,000</u>
<i>Non-restricted equity</i>					
Share premium reserve.....		12,000,000	94,800,000	12,000,000	94,800,000
Profit/loss brought forward.....		(5,992,052)	(47,337,211)	1,753,318	13,851,212
Profit/Loss for the year.....		(3,283,513)	(25,939,753)	(7,745,369)	(61,188,415)
		<u>2,724,435</u>	<u>21,523,037</u>	<u>6,007,949</u>	<u>47,462,797</u>
<b>Total equity</b> .....		<u>3,724,435</u>	<u>29,423,037</u>	<u>7,007,949</u>	<u>55,362,797</u>
<b>Non-current liabilities</b>					
Other liabilities to credit .....	14	10,000,000	79,000,000	12,188,000	96,285,200
<b>Total non-current liabilities</b> .....		<u>10,000,000</u>	<u>79,000,000</u>	<u>12,188,000</u>	<u>96,285,200</u>
<b>Current liabilities</b>					
Check account.....		2,840,397	22,439,136	2,384,374	18,836,555
Other liabilities to credit.....		4,188,000	33,085,200	4,008,000	31,663,200
Trade creditors.....		13,757,947	108,687,781	16,310,398	128,852,144
Liabilities to Group companies .....		13,524,456	106,843,202	1,985,954	15,689,037
Tax liabilities .....		0	0	155,296	1,226,838
Other liabilities .....		4,673,458	36,920,318	4,138,738	32,696,030
Accrued expenses and deferred income .....	15	10,711,663	84,622,138	10,337,228	81,664,101
<b>Total current liabilities</b> .....		<u>49,695,921</u>	<u>392,597,776</u>	<u>39,319,988</u>	<u>310,627,905</u>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<u>63,420,356</u>	<u>501,020,812</u>	<u>58,515,937</u>	<u>462,275,902</u>



**CASH FLOW STATEMENT**

	Note	01 April 2017 – 31 Mar 2018	01 April 2017 – 31 Mar 2018	01 April 2016 – 31 Mar 2017	01 April 2016 – 31 Mar 2017
<b>Operating activities</b>					
Operating profit/loss .....		(1,748,600)	(13,813,940)	(10,517,637)	(83,089,332)
Adjustments for non-cash items, etc. ....		6,017,466	47,537,981	3,775,450	29,826,055
Interest paid .....		(1,147,531)	(9,065,495)	(368,994)	(2,915,053)
Income tax paid .....		(871,334)	(6,883,539)	(252,174)	(1,992,175)
<b>Cash flow from operating activities before changes in working capital .....</b>		<b>2,250,001</b>	<b>17,775,008</b>	<b>(7,363,355)</b>	<b>(58,170,505 )</b>
<b>Cash flow from changes in working capital</b>					
Decrease(+)/increase(-) in inventories/work in progress .....		(248,752)	(1,965,141)	16,899	133,502
Decrease(+)/increase(-) in accounts receivable.....		(3,434,660)	(27,133,814)	(1,015,092)	(8,019,227)
Decrease(+)/increase(-) in receivables .....		(2,049,356)	(16,189,912)	337,425	2,665,658
Decrease(-)/increase(+) in accounts payable.....		(2,552,451)	(20,164,363)	8,292,788	65,513,025
Decrease(-)/increase(+) in current liabilities .....		1,365,178	10,784,906	6,951,484	54,916,724
<b>Cash flow from operating activities .....</b>		<b>(4,670,040)</b>	<b>(36,893,316)</b>	<b>7,220,149</b>	<b>57,039,177</b>
<b>Investing activities</b>					
Acquisition of other intangible assets.....	8	0	0	(179,545)	(1,418,406)
Acquisition of equipment, tools, fixtures and fittings..	10	(4,637,986)	(36,640,089)	(26,495,878)	(209,317,436)
<b>Cash flow from investing activities .....</b>		<b>4,637,986</b>	<b>(36,640,089)</b>	<b>(26,675,423)</b>	<b>(210,735,842)</b>
<b>Financing activities</b>					
Long-term loans raised .....		2,000,000	15,800,000	7,196,000	56,848,400
Change in current financial liabilities .....		11,151,120	88,093,848	738,722	5,835,904
Amortisation payments on long-term loans .....		(4,008,000)	(31,663,200)	(2,400,000)	(18,960,000)
<b>Cash flow from financing activities .....</b>		<b>9,143,120</b>	<b>72,230,648</b>	<b>5,534,722</b>	<b>43,724,304</b>
<b>Change in cash and cash equivalents.....</b>		<b>(164,906)</b>	<b>(1,302,757)</b>	<b>(13,920,552)</b>	<b>(109,972,361)</b>
Cash and cash equivalents at beginning of year ...		456,101	3,603,198	14,376,654	113,575,567
<b>Cash and cash equivalents at year-end .....</b>		<b>291,195</b>	<b>2,300,441</b>	<b>456,101</b>	<b>3,603,206</b>

## NOTES

### Note 1 Accounting and Valuation Principles

The annual report has been prepared for the first time in accordance with the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

The transition to K3 has not caused any changed accounting principles.

On transition to K3, adjustments have been made to the previous year's income statement and balance sheet. Items that have been adjusted are personnel costs and work in progress. Adjustments have meant that personnel costs have decreased by SEK 813,657 and that tangible assets have increased by the corresponding amount. Thus, the year-to-date earnings and thus the year's adjusted earnings have changed positively by SEK 813,657. This adjustment has been made as a result of a new assessment of the time worked with the new concept

#### Receivables

Receivables have been taken up to the amounts that they are expected to accrue.

#### Other assets, provisions and liabilities

Other assets, provisions and liabilities have been valued at cost unless otherwise stated below.

#### Revenue recognition

Revenue is reported at the fair value of what has been received or will be obtained. The company therefore reports the income at nominal value (invoice amount) if the remuneration is received in cash immediately upon delivery. Deductions are made for rebates.

#### Tangible fixed assets

Property, plant and equipment are reported at cost less accumulated amortization and any write-downs. Assets are

depreciated on a straight-line basis over the estimated useful life of the assets. The useful life period is reviewed on each balance sheet date. The following depreciable lives are applied:

	Years
Equipment, tools, fixtures and fittings	5-20
Leashold improvements costs	20

#### Intangible fixed assets

Intangible fixed assets are reported at acquisition value less accumulated amortization and any write-downs. Assets are depreciated on a straight-line basis over the estimated useful life of the assets. The useful life period is reviewed on each balance sheet date. Ongoing projects are not written off without impairment tests annually. The following depreciable lives are applied:

	Years
Goodwill	5
Computer program	5

#### Leasing

All leases are expensed on a straight-line basis throughout the lease term.

#### Inventories

Inventories are valued at the lower of acquisition value, calculated according to first-in-first-out, and net realizable value. Net realizable value has been calculated at the sale value less deduction for estimated sales cost, taking account of incursions.

#### Taxes

Current tax is income tax for the current fiscal year relating to the taxable profit for the year and the portion of previous taxable income tax which has not yet been reported.

Current tax is valued at the probable amount according to the tax rates and tax rules applicable on the balance sheet date.

## Supplementary disclosures

### Note 2 Net sales

	SEK 2017/2018	INR 2017/2018	SEK 2016/2017	INR 2016/2017
<b>Net sales divided by segment</b>				
Hotel.....	133,941,905	1,058,141,050	109,961,454	868,695,487
	<u>133,941,905</u>	<u>1,058,141,050</u>	<u>109,961,454</u>	<u>868,695,487</u>

### Note 3 Purchases and sales within the Group

	SEK 2017/2018	INR 2017/2018	SEK 2016/2017	INR 2016/2017
Share of sales relating to group companies.....	1.6%	1.6%	1.1%	1.1%
Proportion of purchases relating to group companies...	0%	0%	0.3%	0.3%

**Note 4 Costs regarding leasing agreements**

	SEK	INR	SEK	INR
	2017/2018	2017/2018	2016/2017	2016/2017
During the financial year leasing costs have been.....	39,408,966	311,330,831	38,340,281	302,888,220
Future leasing costs which are not terminable are due with the following intervals				
Within 1 year.....	39,138,419	309,193,510	39,408,967	311,330,839
Between 2 to 5 years .....	154,653,456	1,221,762,302	154,653,456	1,221,762,302
Later then 5 years.....	54,607,958	431,402,868	93,154,751	735,922,533
	<u>248,399,833</u>	<u>1,962,358,681</u>	<u>287,217,174</u>	<u>2,269,015,675</u>

**Note 5 Remuneration to auditors**

	SEK	INR	SEK	INR
	2017/2018	2017/2018	2016/2017	2016/2017
<b>PWC</b>				
Audit assignments.....	150,000	1,185,000	140,900	1,113,110
Other services.....	198,876	1,571,120	624,525	4,933,748
	<u>348,876</u>	<u>2,756,120</u>	<u>765,425</u>	<u>6,046,858</u>

Audit assignments refer to the auditor's work for the statutory audit and audit activities of various types of quality assurance services. Other services are those that are not included in audit assignments, accounting services or tax advice.

**Note 6 Personnel**

	SEK	INR	SEK	INR
	2017/2018	2017/2018	2016/2017	2016/2017
<b>Average number of employees</b>				
The average number of employees is based on the company paid attendance hours related to normal working hours				
Total average number of employees.....	76.00			65.00
Women.....	46.00			40.00
Men.....	30.00			25.00

**Salaries, benefits, etc.**

Salaries, benefits, social security costs and pension costs have been paid as follows:

**Board and CEO:**

Salaries and benefits.....	1,126,600	8,900,140	1,049,000	8,287,100
Pension Costs.....	224,607	1,774,395	1,268,816	10,023,646
	<u>1,351,207</u>	<u>10,674,535</u>	<u>2,317,816</u>	<u>18,310,746</u>

**Other employees:**

Salaries and benefits.....	25,838,015	204,120,319	22,361,167	176,653,219
Pension Costs.....	955,773	7,550,607	953,894	7,535,763
	<u>26,793,788</u>	<u>211,670,925</u>	<u>23,315,061</u>	<u>184,188,982</u>
Sum Board, CEO and others.....	<u>28,144,995</u>	<u>222,345,461</u>	<u>25,632,877</u>	<u>202,499,728</u>

**Note 7 Goodwill**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition .....	6,279,243	49,606,020	6,279,243	49,606,020
Closing cost of acquisition.....	6,279,243	49,606,020	6,279,243	49,606,020
Opening depreciation.....	(1,674,465)	(13,228,274)	(418,616)	(3,307,066)
Depreciation for the year.....	(1,255,860)	(9,921,294)	(1,255,849)	(9,921,207)
Closing depreciation.....	(2,930,325)	(23,149,568)	(1,674,465)	(13,228,274)
Carrying amount.....	3,348,918	26,456,452	4,604,778	36,377,746

**Note 8 Computer program**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition .....	179,545	1,418,406	0	0
Purchase .....	0	0	179,545	1,418,406
Closing cost of acquisition.....	179,545	1,418,406	179,545	1,418,406
Opening depreciation.....	(31,386)	(247,949)	0	0
Depreciation for the year.....	(35,916)	(283,736)	(31,386)	(247,949)
Closing depreciation.....	(67,302)	(531,686)	(31,386)	(247,949)
Carrying amount.....	112,243	886,720	148,159	1,170,456

**Note 9 Leasehold improvement cost**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition .....	2,500,000	19,750,000	2,500,000	19,750,000
Closing cost of acquisition.....	2,500,000	19,750,000	(166,667)	(1,316,669)
Opening depreciation.....	(166,667)	(1,316,669)	2,333,333	18,433,331
Depreciation for the year.....	(125,004)	(987,532)	(125,000)	(987,500)
Closing depreciation.....	(291,671)	(2,304,201)	(166,667)	(1,316,669)
Carrying amount.....	2,208,329	17,445,799	2,333,333	18,433,331

**Note 10 Equipment, tools, fixtures and fittings**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition .....	18,073,320	142,779,228	17,170,413	135,646,263
Purchase .....	4,637,974	36,639,995	1,117,642	8,829,372
Sales / scrapping.....	0	0	(214,735)	(1,696,407)
Reclassifications .....	25,546,449	201,816,947	0	0
Closing cost of acquisition.....	48,257,743	381,236,170	18,073,320	142,779,228
Opening depreciation.....	(3,016,281)	(23,828,620)	(699,588)	(5,526,745)
Sales/scrapping .....	0	0	214,735	1,696,407

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Depreciation for the year.....	(4,600,675)	(36,345,333)	(2,531,428)	(19,998,281)
Closing depreciation.....	(7,616,956)	(60,173,952)	(3,016,281)	(23,828,620)
Carrying amount.....	40,640,787	321,062,217	15,057,039	118,950,608

**Note 11 Work in progress**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition.....	25,546,449	201,816,947	0	0
Purchase.....	0	0	25,546,449	201,816,947
Reclassifications.....	(25,546,449)	(201,816,947)	0	0
Closing cost of acquisition.....	0	0	25,546,449	201,816,947
Carrying amount.....	0	0	25,546,449	201,816,947

**Note 12 Prepaid expenses and accrued income**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Rental cost.....	3,212,233	25,376,641	3,153,349	24,911,457
Others.....	486,480	3,843,192	293,920	2,321,968
	3,698,713	29,219,833	3,447,269	27,233,425

**Note 13 Information about share capital**

	Number of shares	Value per share
Number of shares / value at the beginning of year.....	1,000,000	1.00
Number of shares / value at year end.....	1,000,000	1.00

**Note 14 Non-current liabilities**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Liabilities to credit.....	10,000,000	79,000,000	12,188,000	96,285,200
Payments due after 5 years.....	0	0	0	0

**Note 15 Accrued expenses and deferred income**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Personnel costs.....	7,640,262	60,358,070	6,888,410	54,418,439
Others.....	3,071,401	24,264,068	3,448,818	27,245,662
	10,711,663	84,622,138	10,337,228	81,664,101

**Note 16 Adjustments not included in the cash flow**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Depreciation.....	6,017,466	46,635,362	3,775,450	27,409,767
	<u>6,017,466</u>	<u>46,635,362</u>	<u>3,775,450</u>	<u>27,409,767</u>

**Note 17 Proposed appropriation of profits**

The following profits are at the disposal of the Annual General Meeting:

	SEK	INR
	31-03-2018	31-03-2018
Profit/loss brought forward.....	(5,992,052)	(47,337,211)
Share premium reserve.....	12,000,000	94,800,000
Profit/Loss for the year.....	(3,283,513)	(25,939,753)
	<u>2,724,435</u>	<u>21,523,037</u>

The Board of Directors proposes that the available profits be appropriated as follows:

Transferred forward.....	2,724,435	21,523,037
	<u>2,724,435</u>	<u>21,523,037</u>

**Note 18 Pledged assets and contingent liabilities**

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Floating charges.....	19,000,000	150,100,000	15,000,000	118,500,000
Total pledged assets.....	<u>19,000,000</u>	<u>150,100,000</u>	<u>15,000,000</u>	<u>118,500,000</u>

**Debts for the pledged assets**

Check account.....	2,840,397	22,439,136	2,384,374	18,836,555
Other liabilities to credit.....	14,188,000	112,085,200	16,196,000	127,948,400

**Note 19 Definitions of key performance indicators**

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Signed on behalf of the Board of Directors  
of Holiday Club Sport and Spahotels AB

**Mats Svensson**  
Director

**Marko Hiltunen**  
Director

**Iiro Rossi**  
Director

**Pernilla Gravenfors**  
Director

Place : Åre  
Date : April 24, 2018

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 0 (Rs. 0).

No dividend was proposed for the financial year ended March 31, 2018.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Tapio Anttila
- 2) Anne Oravainen
- 3) Riku Rauhala

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Åre Villa 1 AB

Tapio Anttila  
Director

Anne Oravainen  
Director

Riku Rauhala  
Director

Place: Åre  
Date: 24<sup>th</sup> April, 2018

## AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 1 AB, corporate identity number 556996-2177

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 1 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 1 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 1 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 1 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.



*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall, 24 April 2018

Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## INCOME STATEMENT

	Note	1 April 2017 – 31 Mar 2018	1 April 2017 – 31 Mar 2018	1 April 2016 – 31 Mar 2017	1 April 2016 – 31 Mar 2017
		SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>	2				
Net sales .....		0	0	0	0
<b>Total operating income, changes in inventory, etc.</b>		0	0	0	0
<b>Operating expenses</b>					
Raw materials and consumables.....		0	0	0	0
Other external expenses .....		0	0	0	0
<b>Total operating expenses</b> .....		0	0	0	0
<b>Operating profit/loss</b> .....		0	0	0	0
<b>Profit/Loss after financial items</b> .....		0	0	0	0
<b>Profit/Loss before tax</b> .....		0	0	0	0
<b>Profit/Loss for the year</b> .....		0	0	0	0

**BALANCE SHEET**

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
<b>Assets</b>					
<b>Current assets</b>					
<i>Current receivables</i>					
Receivables from Group companies .....		0	0	0	0
<i>Total current receivables</i> .....		0	0	0	0
<i>Cash and bank balances</i>					
Cash and bank balances .....		220,675	1,743,333	220,675	1,602,101
<i>Total cash and bank balances</i> .....		220,675	1,743,333	220,675	1,602,101
<b>Total current assets</b> .....		220,675	1,743,333	220,675	1,602,101
<b>Total assets</b> .....		220,675	1,743,333	220,675	1,602,101
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 50,000 shares .....		50,000	395,000	50,000	363,000
<i>Total restricted equity</i> .....		50,000	395,000	50,000	395,000
<i>Non-restricted equity</i>					
Retained earnings .....		0	0	0	0
Profit/Loss for the year .....		0	0	0	0
<i>Total non-restricted equity</i> .....		0	0	0	0
<b>Total equity</b> .....		50,000	395,000	50,000	395,000
<b>Current liabilities</b>					
Liabilities to Group companies .....		155,675	1,229,833	155,675	1,130,201
Accrued expenses and deferred income .....		15,000	118,500	15,000	108,900
<b>Total current liabilities</b> .....		170,675	1,348,333	170,675	1,348,333
<b>Total equity and liabilities</b> .....		220,675	1,743,333	220,675	1,743,333

## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

#### *Definitions of key performance indicators*

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24<sup>th</sup> April, 2018.

Åre 24<sup>th</sup> April, 2018

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**Tapio Anttila**

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**Anne Oravainen**

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**Riku Rauhala**

Our auditor's report has been submitted 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**

Authorized Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 0 (INR 0).

No dividend was proposed for the financial year ended March 31, 2018.

### Directors

The Directors shown below have held office during the financial period under review:

- 1) Tapio Anttila
- 2) Anne Oravainen
- 3) Riku Rauhala

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results

of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Åre Villa 2 AB

Tapio Anttila  
Director

Anne Oravainen  
Director

Riku Rauhala  
Director

Place: Åre  
Date: 24<sup>th</sup> April, 2018

## AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 2 AB, corporate identity number 556996-2250

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 2 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 2 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 2 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 2 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The Company began operations in 2015. The Company conducts the sale of shares in tenant-owner apartments. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 which is the Bloomberg rate as on 31<sup>st</sup> March 2018.

### Multi-year review

	2017/18	2017/18	2016/17	2016/17
	kSEK	kINR	kSEK	kINR
Net sales .....	0	0	0	0
Profit/loss after financial items .....	0	0	0	0
Equity/assets ratio .....	76.9 %	76.9 %	76.9 %	76.9 %

### Proposed appropriation of profits

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit/Loss for the year .....	0	0
<b>Total</b> .....	<u>0</u>	<u>0</u>

### Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50000SEK 395000INR	0	0	50000SEK 395000INR
Appropriation of profits as resolved by the AGM				
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	<u>50000SEK</u> <u>395000INR</u>	<u>0</u>	<u>0</u>	<u>50000SEK</u> <u>395000INR</u>



## INCOME STATEMENT

Note	1 April 2017	1 April 2017	1 April 2016	1 April 2016
	– 31 Mar 2018	– 31 Mar 2018	– 31 Mar 2017	– 31 Mar 2017
	SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>				
Net sales .....	0	0	0	0
<b>Total operating income, changes in inventory, etc.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>				
Raw materials and consumables.....	0	0	0	0
Other external expenses .....	0	0	0	0
<b>Total operating expenses.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating profit/loss.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss after financial items .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss before tax .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss for the year.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**BALANCE SHEET**

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
<b>Assets</b>					
<b>Current assets</b>					
<i>Current receivables</i>					
Receivables from Group companies .....		16,525	130,548	16,525	119,972
<i>Total current receivables</i> .....		16,525	130,548	16,525	119,972
<i>Cash and bank balances</i>					
Cash and bank balances .....		48,475	382,953	48,475	351,929
<i>Total cash and bank balances</i> .....		48,475	382,953	48,475	351,929
<b>Total current assets</b> .....		65,000	513,500	65,000	471,900
<b>Total assets</b> .....		65,000	513,500	65,000	471,900
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 50,000 shares .....		50,000	395,000	50,000	363,000
<i>Total restricted equity</i> .....		50,000	395,000	50,000	363,000
<i>Non-restricted equity</i>					
Retained earnings .....		0	0	0	0
Profit/Loss for the year .....		0	0	0	0
<i>Total non-restricted equity</i> .....		0	0	0	0
<b>Total equity</b> .....		50,000	395,000	50,000	363,000
<b>Current liabilities</b>					
Accrued expenses and deferred income .....		15,000	118,500	15,000	108,900
<b>Total current liabilities</b> .....		15,000	118,500	15,000	108,900
<b>Total equity and liabilities</b> .....		65,000	513,500	65,000	471,900

## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

#### *Definitions of key performance indicators*

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24<sup>th</sup> April, 2018.

Åre 24<sup>th</sup> April, 2018

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**Tapio Antila**

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**Anne Oravainen**

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**Riku Rauhala**

Our auditor's report has been submitted 2018-04-20  
Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**

Authorized Public Accountant

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from December 6, 2017 and ended on March 31, 2018.

### Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

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

### Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 14,210,986 (Rs. 112,266,789).

No dividend was proposed for the financial period ended March 31, 2018.

### Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila

### Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

### Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### Issue of Shares

The Company did not issue shares during the financial period under review.

### Holding Company

During the period under review the Company became a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

### Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

### Acknowledgements

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

Signed on behalf of the Board of Directors  
of Åre Villa 3 AB  
(formerly known as Visionsbolaget 12191 AB)

Tapio Anttila  
Director

Place: Åre  
Date: 24<sup>th</sup> April, 2018

## AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 3 AB, corporate identity number 559137-7659

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 3 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 3 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 3 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 3 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The Company shall own and manage shares in subsidiaries and thus compatible business. The company has its registered office in Åre.

During the financial year, the company has divested its shares in Åre Villa 4 AB.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 which is the Bloomberg rate as on 31<sup>st</sup> March 2018.

### Multi-year review

	2017/18 (4 month) kSEK	2017/18 (4 month) kINR
Net sales .....	0	0
Profit/loss after financial items .....	14,211	112,267
Equity/assets ratio .....	99.7 %	99.7 %

### Proposed appropriation of profits

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit/Loss for the year .....	14,210,986	112,266,789
<b>Total</b> .....	<u>14,210,986</u>	<u>112,266,789</u>

### Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Invested share capital 2018-01-25	50000SEK 395000INR			50000SEK 395000INR
Appropriation of profits as resolved by the AGM				
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			14,210,986	0
Balance at year-end	50000SEK 395000INR		14210986SEK 0 112266789INR	14260986SEK 112661789INR

## INCOME STATEMENT

	Note	12 Dec 2017 – 31 Mar 2018	12 Dec 2017 – 31 Mar 2018
		SEK	INR
<b>Operating income, changes in inventory, etc.</b>			
Net sales .....		0	0
<b>Total operating income, changes in inventory, etc.</b>		<u>0</u>	<u>0</u>
<b>Operating expenses</b>			
Raw materials and consumables .....		0	0
Other external expenses .....		0	0
<b>Total operating expenses</b> .....		<u>0</u>	<u>0</u>
<b>Operating profit/loss</b> .....		0	0
Profit from shares in group companies		14,210,986	112,266,789
<b>Profit/Loss after financial items</b> .....		<u>14,210,986</u>	<u>112,266,789</u>
<b>Profit/Loss before tax</b> .....		<u>14,210,986</u>	<u>112,266,789</u>
<b>Profit/Loss for the year</b> .....		<u><u>14,210,986</u></u>	<u><u>112,266,789</u></u>



**BALANCE SHEET**

	Note	31 Mar 2018 SEK	31 Mar 2018 INR
<b>Assets</b>			
<b>Current assets</b>			
<i>Current receivables</i>			
Other receivables.....		14,260,986	112,661,789
<i>Total current receivables</i> .....		<u>14,260,986</u>	<u>112,661,789</u>
<i>Cash and bank balances</i>			
Cash and bank balances .....		50,000	395,000
<i>Total cash and bank balances</i> .....		<u>50,000</u>	<u>395,000</u>
<b>Total current assets</b> .....		<u>14,310,986</u>	<u>113,056,789</u>
<b>Total assets</b> .....		<u><u>14,310,986</u></u>	<u><u>113,056,789</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital, 50,000 shares.....		50,000	395,000
<i>Total restricted equity</i> .....		<u>50,000</u>	<u>395,000</u>
<i>Non-restricted equity</i>			
Retained earnings.....		0	0
Profit/Loss for the year .....		14,210,986	112,266,789
<i>Total non-restricted equity</i> .....		<u>14,210,986</u>	<u>112,266,789</u>
<b>Total equity</b> .....		<u>14,260,986</u>	<u>112,661,789</u>
<b>Current liabilities</b>			
Other liabilities .....		50,000	395,000
<b>Total current liabilities</b> .....		<u>50,000</u>	<u>395,000</u>
<b>Total equity and liabilities</b> .....		<u><u>14,310,986</u></u>	<u><u>113,056,789</u></u>

## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

#### *Definitions of key performance indicators*

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24<sup>th</sup> April, 2018.

Åre 24<sup>th</sup> April, 2018

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**Tapio Anttila**

Our auditor's report has been submitted 24<sup>th</sup> April, 2018  
Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**

Authorized Public Accountant