Mahindra
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Mahindra & Mahindra Limited

Subsidiary Annual Report 2016-17 (Part 3)

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Subsidiary Companies

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DIRECTORS' REPORT

Your Directors present their Thirteenth Report, together with the Audited Financial Statements of your Company, for the year ended 31st March 2017.

(Amount in Million)

	For the year ended 31st March 2017		For the year ended 31st March 2016	
	USD	**INR**	USD	INR
Total Income	**10.49**	**680.82**	5.65	366.91
Profit before depreciation & interest	**0.44**	**28.88**	0.33	21.46
Depreciation	**0.24**	**15.67**	0.25	16.04
Profit before interest	**0.20**	**13.21**	0.08	5.42
Interest	**0.09**	**5.58**	0.03	1.80
Profit for the year	**0.12**	**7.63**	0.05	3.62
Balance of profit for earlier years	**3.93**	**255.05**	4.21	272.85
Less: Dividend	**0.19**	**12.49**	0.33	21.41
Balance carried to Balance Sheet	**3.86**	**250.19**	3.93	255.05

DIVIDEND

With a view to conserve cash resources for the future growth of your Company, the Directors deem it prudent not to recommend a dividend for the year.

OPERATIONS

The total income of your Company for the year increased to USD 10.49 million (INR 680.82 million) from USD 5.65 million (INR 366.91 million), an increase of 85 %, mainly through higher volumes and expansion of customer base.

Profit for the year was USD 0.12 million (INR 7.63 million) as compared to USD 0.05 million (INR 3.62 million) in the previous year on improved volumes.

OUTLOOK FOR THE CURRENT YEAR

The Company's performance during the current year is expected to show a modest improvement, leveraging a broader customer base.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

(i) in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2017 and of the profit of the Company for the financial year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual financial statements on a going concern basis;

(v) the Directors have devised proper systems to ensure compliance with the provisions of applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct ('Codes') for its Directors, Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under these Codes from members of the Board, Senior Management and Employees, affirming compliance with the respective Codes.

AUDITORS

M/s KPMG, UAE, Auditors of your Company, have expressed their willingness to accept re-appointment for the financial year ending on 31st March, 2018.

Members are requested to re-appoint Auditors for the current year and fix their remuneration.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Sumit Issar

Director

Dubai, 10 April, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mahindra MiddleEast Electrical Steel Service Centre (FZC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra MiddleEast Electrical Steel Service Centre (FZC)** ("the Company"), which comprise the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 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 ISAs 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 ISAs, 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 the shareholders 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 legal and regulatory requirements

We further report that the financial statements comply, in all materials respects, with applicable implementing rules and regulations of the Sharjah Airport International Free Zone Authority.

KPMG Lower Gulf Limited

Fawzi AbuRass

Registration No: 968

Place: Dubai, United Arab Emirates
Date: 10 April 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2017**	31 March 2016	**31 March 2017**		31 March 2016	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
ASSETS							
Property, plant and equipment	4	**3,026,790**	3,269,681	**11,108,315**	**196,378,135**	11,999,725	212,136,903
Non-current assets		**3,026,790**	3,269,681	**11,108,315**	**196,378,135**	11,999,725	212,136,903
Inventories	5	**4,200,289**	1,415,718	**15,415,059**	**272,514,751**	5,195,686	91,851,784
Trade and other receivables	6	**3,252,736**	1,259,984	**11,937,540**	**211,037,512**	4,624,141	81,747,762
Prepayments	7	**33,339**	34,199	**122,354**	**2,163,034**	125,509	2,218,831
Cash and bank balances	8	**322,459**	1,138,124	**1,183,426**	**20,921,140**	4,176,915	73,841,485
Asset held for sale	9	**–**	2,262	**–**	**–**	8,300	146,759
Current assets		**7,808,823**	3,850,287	**28,658,379**	**506,636,437**	14,130,551	249,806,621
Total assets		**10,835,613**	7,119,968	**39,766,694**	**703,014,572**	26,130,276	461,943,524
EQUITY							
Share capital	10	**550,000**	550,000	**2,018,500**	**35,684,000**	2,018,500	35,684,000
Retained earnings		**3,856,247**	3,931,137	**14,152,427**	**250,193,306**	14,427,277	255,052,168
Statutory reserves		**275,063**	275,063	**1,009,481**	**17,846,087**	1,009,481	17,846,087
Total equity		**4,681,310**	4,756,200	**17,180,408**	**303,723,393**	17,455,258	308,582,255
LIABILITIES							
Employee benefits		**38,458**	34,488	**141,142**	**2,495,155**	126,571	2,237,581
Non-current liabilities		**38,458**	34,488	**141,142**	**2,495,155**	126,571	2,237,581
Short-term borrowings	11	**2,613,471**	–	**9,591,440**	**169,561,998**	–	–
Trade and other payables	12	**3,502,374**	2,329,280	**12,853,704**	**227,234,026**	8,548,447	151,123,687
Current liabilities		**6,115,845**	2,329,280	**22,445,144**	**396,796,024**	8,548,447	151,123,687
Total liabilities		**6,154,303**	2,363,768	**22,586,286**	**399,291,179**	8,675,018	153,361,268
Total equity and liabilities		**10,835,613**	7,119,968	**39,766,694**	**703,014,572**	26,130,276	461,943,523

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 10 April 2017.

Sumit Issar
Percy Mahernosh
(Proxy for K. Chandrasekar)
R. Yokukura
(Proxy for Kazuhiro Koshikawa)
Directors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2017**	31 March 2016	**31 March 2017**		31 March 2016	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Revenue	13	**10,493,491**	5,655,242	**38,511,110**	**680,817,696**	20,754,737	366,912,101
Cost of sales	14.1	**(9,840,606)**	(5,222,826)	**(36,115,026)**	**(638,458,517)**	(19,167,767)	(338,856,950)
Gross profit		**652,885**	432,416	**2,396,084**	**42,359,179**	1,586,970	28,055,151
Other income	15	**24,901**	20,498	**91,388**	**1,615,577**	75,227	1,329,910
Selling and distribution expenses		**(138,065)**	(87,260)	**(506,697)**	**(8,957,657)**	(320,245)	(5,661,429)
Administrative and general expenses	14.2	**(331,297)**	(284,352)	**(1,215,862)**	**(21,494,549)**	(1,043,571)	(18,448,757)
Operating profit		**208,424**	81,302	**764,913**	**13,522,550**	298,381	5,274,875
Finance income		**29**	2,231	**106**	**1,882**	8,189	144,747
Finance cost	16	**(90,843)**	(27,780)	**(333,394)**	**(5,893,894)**	(101,952)	(1,802,366)
Net Finance costs		**(90,814)**	(25,549)	**(333,288)**	**(5,892,012)**	(93,763)	(1,657,619)
Profit for the year		**117,610**	55,753	**431,625**	**7,630,538**	204,618	3,617,256
Other comprehensive income		**–**	–	**–**	**–**	–	–
Total comprehensive income for the year		**117,610**	55,753	**431,625**	**7,630,538**	204,618	3,617,256

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 10 April 2017.

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Percy Mahernosh
(Proxy for K. Chandrasekar)
R. Yokukura
(Proxy for Kazuhiro Koshikawa)
Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cash flows from operating activities:						
Profit for the year	**117,610**	55,753	**431,625**	**7,630,537**	204,618	3,617,255
Adjustments for:						
Depreciation	**242,891**	247,163	**891,410**	**15,758,768**	907,090	16,035,935
Interest expenses	**86,050**	27,780	**315,803**	**5,582,924**	101,952	1,802,366
Interest income	**(29)**	(2,231)	**(106)**	**(1,882)**	(8,189)	(144,747)
Impairment loss on asset held for sale	**2,262**	14,087	**8,300**	**146,759**	51,700	913,965
	448,784	342,552	**1,647,032**	**29,117,106**	1,257,171	22,224,774
Changes in:						
Inventories	**(2,784,571)**	(868,541)	**(10,219,373)**	**(180,662,966)**	(3,187,547)	(56,350,940)
Trade and other receivables	**(1,992,780)**	302,402	**(7,313,502)**	**(129,291,566)**	1,109,814	19,619,842
Prepayments	**860**	(182)	**3,155**	**55,797**	(665)	(11,808)
Trade and other payables	**1,156,139**	1,646,310	**4,243,032**	**75,010,298**	6,041,953	106,812,591
Employee benefit expenses	**3,970**	(1,767)	**14,571**	**257,574**	(6,485)	(114,643)
Net cash (used in)/from operating activitiy	**(3,167,598)**	1,420,774	**(11,625,085)**	**(205,513,757)**	5,214,241	92,179,816
Investing activitiy						
Interest received	**57**	2,203	**209**	**3,698**	8,086	142,931
Cash from investing activitiy	**57**	2,203	**209**	**3,698**	8,086	142,931
Financing activities:						
Interest paid	**(69,095)**	(16,282)	**(253,578)**	**(4,482,884)**	(59,756)	(1,056,376)
Dividends paid	**(192,500)**	(330,000)	**(706,475)**	**(12,489,400)**	(1,211,100)	(21,410,400)
Net cash used in financing activities	**(261,595)**	(346,282)	**(960,053)**	**(16,972,284)**	(1,270,856)	(22,466,776)
Net (decrease)/increase in cash and cash equivalents	**(3,429,136)**	1,076,695	**(12,584,929)**	**(222,482,343)**	3,951,471	69,855,971
Cash and cash equivalents:						
Cash and cash equivalents at the beginning of the year # Refer Note 8 and 11	**1,138,124**	61,429	**4,176,915**	**73,841,485**	225,444	3,985,514
Cash and cash equivalents at the end of the year # Refer Note 8 and 11	**(2,291,012)**	1,138,124	**(8,408,014)**	**(148,640,859)**	4,176,915	73,841,485
Reconciliation of cash and cash equivalents with statement of financial position						
Cash on hand	**719**	5,234	**2,639**	46,649	19,210	339,582
Bank balance in current accounts	**321,740**	1,057,594	**1,180,787**	20,874,491	3,881,370	68,616,699
Fixed deposit account with banks (with original maturity of 3 months or less)	**–**	75,296	**–**	–	276,335	4,885,204
Trust receipts	**(2,316,708)**	–	**(8,502,319)**	(150,308,015)	–	–
Working capital demand loans	**(296,763)**	–	**(1,089,121)**	(19,253,983)	–	–
Total	**(2,291,012)**	1,138,124	**(8,408,014)**	(148,640,858)	4,176,915	73,841,485

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 10 April 2017.

Sumit Issar
Percy Mahernosh
(Proxy for K. Chandrasekar)
R. Yokukura
(Proxy for Kazuhiro Koshikawa)

Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

					Unaudited Supplementary information (refer note 2 (c))							
	Share capital USD	Retained earnings USD	Statutory reserve USD	Total equity USD	Share capital Dhs.	Share capital Rs.	Retained earnings Dhs.	Retained earnings Rs.	Statutory reserve Dhs.	Statutory reserve Rs.	Total equity Dhs.	Total equity Rs.
Balance as at 1 April 2015	550,000	4,205,384	275,063	5,030,447	2,018,500	35,684,000	15,433,759	272,845,314	1,009,481	17,846,087	18,461,740	326,375,401
Total comprehensive income for the year												
Profit for the year	–	55,753	–	55,753	–	–	204,618	3,617,254	–	–	204,618	3,617,254
Total other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	55,753	–	55,753	–	–	204,618	3,617,254	–	–	204,618	3,617,254
Transactions with owners of the Company *Contributions and distributions*												
Dividend declared and paid (Refer note 21)	–	(330,000)	–	(330,000)	–	–	(1,211,100)	(21,410,400)	–	–	(1,211,100)	(21,410,400)
Balance as at 31 March 2016	550,000	3,931,137	275,063	4,756,200	2,018,500	35,684,000	14,427,277	255,052,168	1,009,481	17,846,087	17,455,258	308,582,255
Total comprehensive income for the year												
Profit for the year	–	117,610	–	117,610	–	–	431,625	7,630,538	–	–	431,625	7,630,538
Total comprehensive income for the year	–	117,610	–	117,610	–	–	431,625	7,630,538	–	–	431,625	7,630,538
Transactions with owners of the Company *Contributions and distributions*												
Dividend declared and paid (Refer note 21)	–	(192,500)	–	(192,500)	–	–	(706,475)	(12,489,400)	–	–	(706,475)	(12,489,400)
Balance as at 31 March 2017	**550,000**	**3,856,247**	**275,063**	**4,681,310**	**2,018,500**	**35,684,000**	**14,152,427**	**250,193,306**	**1,009,481**	**17,846,087**	**17,180,408**	**303,723,393**

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 10 April 2017.

Sumit Issar
Percy Mahernosh
(Proxy for K. Chandrasekar)
R. Yokukura
(Proxy for Kazuhiro Koshikawa)
Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. REPORTING ENTITY

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan to reorganise the Company and manage it as a Free Zone Company (FZC). Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2017 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel & Sumitomo Metal Corporation	10%

The ultimate holding Company is Mahindra & Mahindra Limited.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared under the historical cost convention and comply with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone). The financials statements were authorised for issue by the Board of directors on 10 April 2017.

(b) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

(c) Convenience translation

In addition to presenting the financial statements in USD, unaudited supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2017 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 64.88 to USD 1 respectively.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within 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.

(i) Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(ii) Provision for obsolete and expired inventory

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

(iii) Estimated useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property, plant and equipment having value less than or equal to USD 136 [(Dhs. 500) (Rs. 8,824) as on 31 March 2017] each, are fully depreciated in the year of acquisition. Depreciation methods, useful lives and residual values are re-assessed at the reporting date.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

Work in progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

(c) Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Sale of services are recognised when services are rendered.

(d) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and preshipment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) Employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Assets held for sale

Non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated.

(h) Operating lease

Leases in terms of which the substantial risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(i) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances including fixed deposits with an original maturity of three months or less. Trust receipts and working capital demand loans form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Non-derivative financial liabilities of the Company comprise trade and other payables and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

Financial assets measured at amortised cost

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Company uses relevant historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

								Unaudited Supplementary information (refer note 2 (c))													
Particulars	Factory Buliding	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equip-ment	Comp-uters	Total	Factory Building		Plant and Machinery		Vehicles		Furniture and Fixtures		Office Equipment		Computers		Total	
	USD	USD	USD	USD	USD	USD	USD	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.
Cost:																					
At 1 April 2015	641,164	4,078,577	36,962	27,753	3,373	5,399	4,793,228	2,353,074	41,598,720	14,968,376	264,618,075	135,651	2,398,095	101,853	1,800,615	12,379	218,840	19,812	350,287	17,591,145	310,984,632
At 31 March 2016	641,164	4,078,577	36,962	27,753	3,373	5,399	4,793,228	2,353,074	41,598,720	14,968,376	264,618,075	135,651	2,398,095	101,853	1,800,615	12,379	218,840	19,812	350,287	17,591,145	310,984,632
At 31 March 2017	641,164	4,078,577	36,962	27,753	3,373	5,399	4,793,228	2,353,074	41,598,720	14,968,376	264,618,075	135,651	2,398,095	101,853	1,800,615	12,379	218,840	19,812	350,287	17,591,145	310,984,632
Depreciation :																					
At 1 April 2015	107,685	1,117,783	31,715	12,851	2,975	3,375	1,276,384	395,205	6,986,603	4,102,256	72,521,761	116,396	2,057,669	47,165	833,773	10,921	193,017	12,387	218,970	4,684,330	82,811,793
Depreciation for the year	35,620	204,084	4,158	2,410	202	689	247,163	130,726	2,311,026	748,987	13,240,970	15,260	269,771	8,845	156,361	742	13,106	2,530	44,702	907,090	16,035,936
At 31 March 2016	143,305	1,321,867	35,873	15,261	3,177	4,064	1,523,547	525,931	9,297,629	4,851,243	85,762,731	131,656	2,327,440	56,010	990,134	11,663	206,123	14,917	263,672	5,591,420	98,847,729
Depreciation for the year	35,620	204,124	–	2,385	73	689	242,891	130,726	2,311,026	749,134	13,243,565	–	–	8,753	154,739	267	4,736	2,530	44,702	891,410	15,758,768
At 31 March 2017	178,925	1,525,991	35,873	17,646	3,250	4,753	1,766,438	656,657	11,608,655	5,600,377	99,006,296	131,656	2,327,440	64,763	1,144,873	11,930	210,859	17,447	308,374	6,482,830	114,606,497
Net Book Value:																					
At 31 March 2017	**462,239**	**2,552,586**	**1,089**	**10,107**	**123**	**646**	**3,026,790**	**1,696,417**	**29,990,065**	**9,367,999**	**165,611,779**	**3,995**	**70,655**	**37,090**	**655,742**	**449**	**7,981**	**2,365**	**41,913**	**11,108,315**	**196,378,135**
At 31 March 2016	497,859	2,756,710	1,089	12,492	196	1,335	3,269,681	1,827,143	32,301,091	10,117,133	178,855,344	3,995	70,655	45,843	810,481	716	12,717	4,895	86,615	11,999,725	212,136,903

4(i) Deprecation expenses has been allocated as follows:

			Unaudited Supplementary information (refer note 2 (c))			
Particulars	**31 March 2017**	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cost of sales (refer note 14.1)	**239,744**	239,906	**879,860**	**15,554,591**	880,456	15,565,101
Administrative and general expenses (refer note 14.2)	**3,147**	7,257	**11,550**	**204,177**	26,634	470,834
	242,891	247,163	**891,410**	**15,758,768**	907,090	16,035,935

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
5. INVENTORIES						
Raw materials and consumables	**3,075,144**	1,059,538	**11,285,777**	**199,515,343**	3,888,506	68,742,825
Work in progress	**919,543**	77,128	**3,374,723**	**59,659,950**	283,058	5,004,065
Finished goods	**205,602**	279,052	**754,559**	**13,339,458**	1,024,122	18,104,894
	4,200,289	1,415,718	**15,415,059**	**272,514,751**	5,195,686	91,851,784

Statement of profit or loss:	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
Inventories recongnised as an expense in cost of goods sold						
– Inventories written off	**24,404**	15,225	**89,563**	**1,583,332**	55,875	987,798
– Changes in inventories of finished goods and work in progress	**73,450**	(173,260)	**269,563**	**4,765,436**	(635,866)	(11,241,109)
– Raw materials and consumables used	**9,150,746**	4,771,752	**33,583,237**	**593,700,400**	17,512,329	309,591,270

	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
6. TRADE AND OTHER RECEIVABLES						
Trade receivables	**3,235,265**	1,229,019	**11,873,422**	**209,903,993**	4,510,499	79,738,752
Due from a related party (refer note 12(i))	**258**	444	**947**	**16,739**	1,629	28,807
Deposits	**13,918**	21,970	**51,080**	**903,000**	80,630	1,425,414
Interest receivable	**–**	28	**–**	**–**	103	1,817
Advance to suppliers	**3,295**	8,523	**12,091**	**213,780**	31,280	552,972
	3,252,736	1,259,984	**11,937,540**	**211,037,512**	4,624,141	81,747,762

	31 March 2017 USD	31 March 2016 USD	**Unaudited Supplementary information (refer note 2 (c))** 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
7. PREPAYMENTS						
Prepayments	**33,339**	34,199	**122,354**	**2,163,034**	125,509	2,218,831
	33,339	34,199	**122,354**	**2,163,034**	125,509	2,218,831

	31 March 2017 USD	31 March 2016 USD	**Unaudited Supplementary information (refer note 2 (c))** 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
8. CASH AND BANK BALANCES						
Cash and cash equivalents						
Cash on hand	**719**	5,234	**2,639**	**46,649**	19,210	339,582
Bank balance in current accounts	**321,740**	1,057,594	**1,180,787**	**20,874,491**	3,881,370	68,616,699
Fixed deposits account with banks (with original maturity of 3 months or less)	**–**	75,296	**–**	**–**	276,335	4,885,204
	322,459	1,138,124	**1,183,426**	**20,921,140**	4,176,915	73,841,485

	31 March 2017 USD	31 March 2016 USD	**Unaudited Supplementary information (refer note 2 (c))** 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
9. ASSETS HELD FOR SALE						
Property, plant and equipment	**–**	2,262	**–**	**–**	8,300	146,759
	–	2,262	**–**	**–**	8,300	146,759

Fair value measurement

The Company's management is responsible for performing the valuation of fair value measurement included in the financial statement, including level 3 fair values.

The valuation process and results for non recurring measurement are reviewed and approved by the Plant Head in the year in which the measurement occurs. All level 3 valuation results are discussed with the Board of Directors as part of its yearly review of the Company's financial statements. The assets were classified as assets held for sale in the year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
10. SHARE CAPITAL						
Authorized, issued and paid:						
1,000 Shares of USD 550	**550,000**	550,000	**2,018,500**	**35,684,000**	2,018,500	35,684,000
(Dhs. 2,019) (Rs. 35,684) each	**550,000**	550,000	**2,018,500**	**35,684,000**	2,018,500	35,684,000

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 35,684) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 35,684) each held by Nippon Steel & Sumitomo Metal Corporation, Japan.]

Share capital	**Ordinary Share** 31 March 2017	31 March 2016
In issue at 1 April 2016	**1,000**	1,000
In issue at 31 March 2017	**1,000**	1,000

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
11. SHORT-TERM BORROWINGS						
Trust receipts	**2,316,708**	–	**8,502,319**	**150,308,015**	–	–
Working capital demand loans	**296,763**	–	**1,089,121**	**19,253,983**	–	–
	2,613,471	–	**9,591,440**	**169,561,998**	–	–

During the year, the Company obtained Trust receipts, which are unsecured, repayable within 30-90 days and interest rate of USD Libor plus 2.20%. The balance of Trust receipts as on 31st March 2017 was USD 2,316,708 (2016: USD Nil) [2017 : (Dhs. 8,502,319) (Rs. 150,308,015)] [2016 : (Dhs. Nil) (Rs. Nil)]

During the year, the Company obtained Working capital demand loans, which are unsecured, repayable within 30-90 days and interest rate of USD Libor plus 2.20%. The balance of Trust receipts as on 31st March 2017 was USD 296,763 (2016: USD Nil) [2017 : (Dhs. 1,089,121) (Rs. 19,253,983)] [2016 : (Dhs. Nil) (Rs. Nil)]

	31 March 2017 USD	31 March 2016 USD	Unaudited Supplementary information (refer note 2 (c)) 31 March 2017 Dhs.	31 March 2017 Rs.	31 March 2016 Dhs.	31 March 2016 Rs.
12. Trade and other payables:						
Due to related parties (refer note 12(i))	**38,202**	41,453	**140,202**	**2,478,546**	152,133	2,689,471
Trade payables	**3,356,923**	2,225,558	**12,319,904**	**217,797,165**	8,167,789	144,394,203
Accrued expenses	**72,613**	43,876	**266,485**	**4,711,131**	161,022	2,846,675
Trade payables	**3,467,738**	2,310,887	**12,726,591**	**224,986,842**	8,480,944	149,930,349
Interest payable	**30,603**	13,648	**112,313**	**1,985,523**	50,088	885,482
Advance from customers	**635**	1,842	**2,331**	**41,199**	6,761	119,509
Others	**3,398**	2,903	**12,469**	**220,462**	10,654	188,347
Other payables	**34,636**	18,393	**127,113**	**2,247,184**	67,503	1,193,338
	3,502,374	**2,329,280**	**12,853,704**	**227,234,026**	**8,548,447**	**151,123,687**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

12. (i) RELATED PARTIES

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties with whom the Company has transactions:

Mahindra Intertrade Limited – Shareholder

Mahindra Steel Service Centre Limited – Fellow subsidiary

Mahindra & Mahindra Limited – Ultimate holiding company

Nippon Steel & Sumitomo Metal Corporation – Shareholder

Transactions with related parties			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
Mahindra Intertrade Limited:	**USD**	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Reimbursements made	**6,747**	7,927	**24,760**	**437,719**	29,093	514,304
Reimbursements Received	**–**	581	**–**	**–**	2,133	37,695
Service charges*	**144,076**	142,069	**528,760**	**9,347,651**	521,393	9,217,437
Dividend	**173,250**	297,000	**635,828**	**11,240,460**	1,089,990	19,269,360
Mahindra Steel Service Centre Limited:						
Reimbursements of expense	**–**	5,894	**–**	**–**	21,631	382,403
Purchase of spare parts	**1,162**	–	**4,266**	**75,391**	–	–
Mahindra & Mahindra Limited:						
Reimbursements of expense	**186**	143	**683**	**12,068**	525	9,278
Professional fees	**–**	1,156	**–**	**–**	4,243	75,001
Nippon Steel & Sumitomo Metal Corporation:						
Dividend	**19,250**	33,000	**70,648**	**1,248,940**	121,110	2,141,040

* The managerial services are rendered by shareholder – Mahindra Intertrade Limited and the same is paid as service charges.

Outstanding payable			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
To Mahindra Intertrade Limited	**37,040**	35,559	**135,936**	**2,403,155**	130,496	2,307,068
To Mahindra Steel Service Centre Limited	**1,162**	5,894	**4,266**	**75,391**	21,631	382,403
	38,202	41,453	**140,202**	**2,478,546**	152,127	2,689,471

Outstanding Receivable			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
From Mahindra & Mahindra Limited	**258**	444	**947**	**16,739**	1,629	28,807
	258	444	**947**	**16,739**	1,629	28,807

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13. REVENUE						
Sales of goods	**10,480,734**	5,584,599	**38,464,293**	**679,990,022**	20,495,478	362,328,783
Sales of services	**12,757**	70,643	**46,817**	**827,674**	259,259	4,583,318
	10,493,491	5,655,242	**38,511,110**	**680,817,696**	20,754,737	366,912,101

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

14. EXPENSES BY NATURE

Changes in inventories of finished goods and work in progress	**73,450**	(173,260)	**269,563**	**4,765,436**	(635,866)	(11,241,109)
Raw materials and consumables used	**9,150,746**	4,771,752	**33,583,237**	**593,700,400**	17,512,329	309,591,270
Employee benefit expenses	**241,053**	268,168	**884,666**	**15,639,519**	984,175	17,398,740
Depreciation	**242,891**	247,163	**891,410**	**15,758,768**	907,090	16,035,935
Rent	**92,666**	91,625	**340,085**	**6,012,170**	336,264	5,944,630
Other expenses	**42,947**	24,635	**157,615**	**2,786,401**	90,409	1,598,318
Freight	**138,065**	87,260	**506,697**	**8,957,657**	320,245	5,661,429
Impairment loss on asset held for sale	**2,262**	14,087	**8,300**	**146,759**	51,700	913,965
Travelling and conveyance	**13,472**	11,692	**49,443**	**874,063**	42,908	758,577
Communication expenses	**11,415**	9,630	**41,894**	**740,605**	35,342	624,794
Audit fees (includes out of pocket expenses)	**12,828**	12,698	**47,080**	**832,281**	46,600	823,846
Repairs and maintenance	**23,318**	13,969	**85,576**	**1,512,872**	51,266	906,309
Insurance	**17,152**	12,215	**62,948**	**1,112,822**	44,829	792,509
Service charges	**144,076**	142,088	**528,760**	**9,347,651**	521,464	9,218,669
Bank charges	**59,231**	32,549	**217,376**	**3,842,907**	119,456	2,111,779
General expenses	**44,396**	28,167	**162,935**	**2,880,412**	103,372	1,827,475
	10,309,968	5,594,438	**37,837,585**	**668,910,723**	20,531,583	362,967,136

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
14.1. COST OF SALES						
Changes in inventories of finished goods and work in progress	**73,450**	(173,260)	**269,563**	**4,765,436**	(635,866)	(11,241,109)
Raw materials and consumables used	**9,150,746**	4,771,752	**33,583,237**	**593,700,400**	17,512,329	309,591,270
Employee benefit expenses	**241,053**	268,168	**884,666**	**15,639,519**	984,175	17,398,740
Depreciation on plant and machinery and building	**239,744**	239,906	**879,860**	**15,554,591**	880,456	15,565,101
Rent expenses	**92,666**	91,625	**340,085**	**6,012,170**	336,264	5,944,630
Other expenses	**42,947**	24,635	**157,615**	**2,786,401**	90,409	1,598,318
	9,840,606	5,222,826	**36,115,026**	**638,458,517**	19,167,767	338,856,950

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
14.2. ADMINISTRATIVE AND GENERAL EXPENSES						
Impairment loss on asset held for sale	**2,262**	14,087	**8,300**	**146,759**	51,700	913,965
Travelling and conveyance	**13,472**	11,692	**49,443**	**874,063**	42,908	758,577
Communication expenses	**11,415**	9,630	**41,894**	**740,605**	35,342	624,794
Audit fees (includes out of pocket expenses)	**12,828**	12,698	**47,080**	**832,281**	46,600	823,846
Repairs and maintenance	**23,318**	13,969	**85,576**	**1,512,872**	51,266	906,309
Depreciation on others	**3,147**	7,257	**11,550**	**204,177**	26,634	470,834
Insurance	**17,152**	12,215	**62,948**	**1,112,822**	44,829	792,509
Service charges	**144,076**	142,088	**528,760**	**9,347,651**	521,464	9,218,669
Bank charges	**59,231**	32,549	**217,376**	**3,842,907**	119,456	2,111,779
General expenses	**44,396**	28,167	**162,935**	**2,880,412**	103,372	1,827,475

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

	331,297	284,352	**1,215,862**	**21,494,549**	1,043,571	18,448,757

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
15. OTHER INCOME						
Insurance claim received	**18,616**	2,621	**68,321**	**1,207,806**	9,619	170,050
Other miscellaneous income	**6,285**	17,877	**23,067**	**407,771**	65,608	1,159,860
	24,901	20,498	**91,388**	**1,615,577**	75,227	1,329,910

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
16. FINANCE COST						
Interest expenses	**86,050**	27,780	**315,803**	**5,582,924**	101,952	1,802,366
Exchange loss (net)	**4,793**	–	**17,591**	**310,970**	–	–
	90,843	27,780	**333,394**	**5,893,894**	101,952	1,802,366

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
17. CONTINGENT LIABILITIES AND COMMITMENTS						
Letters of credit	**3,833,923**	2,524,727	**14,070,497**	**248,744,924**	9,265,748	163,804,288
	3,833,923	2,524,727	**14,070,497**	**248,744,924**	9,265,748	163,804,288

18. STATUTORY RESERVE

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made out of current year profits (2017 : Nil) as the statutory reserve has accumulated to 50% of the paid up share capital.

19. LEASES

The Company has entered into operating lease arrangements for the custom built warehouse, the significant terms and conditions of which are as under:

The tenure of the lease agreement is generally for a period of 7 to 25 years, renewable thereafter for another equal term.

The future minimum lease payments under non-cancellable lease are as follow:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Less than one year	**85,220**	85,220	**312,757**	**5,529,074**	312,757	5,529,074
Between one and five years	**340,880**	340,880	**1,251,030**	**22,116,294**	1,251,030	22,116,294
Above five years	**681,760**	766,980	**2,502,059**	**44,232,589**	2,814,817	49,761,662
Amount recognised as expense in profit or loss	**85,220**	85,220	**312,757**	**5,529,074**	312,757	5,529,074

20. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors have 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 risk limits 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 the Company's activities.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

Trade receivables

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The collective loss allowance is determined taking into consideration the current economic factors.

Cash at bank

The company's cash is placed with national and international banks of good repute.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Trade receivables	**3,235,265**	1,229,019	**11,873,422**	**209,903,993**	4,510,499	79,738,752
Other receivables (excluding advances)	**14,176**	22,442	**52,027**	**919,739**	82,362	1,456,038
Cash at banks	**321,740**	1,132,890	**1,180,787**	**20,874,491**	4,157,705	73,501,903
	3,571,181	2,384,351	**13,106,236**	**231,698,223**	8,750,566	154,696,693

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Other GCC countries	**3,235,265**	1,229,019	**11,873,422**	**209,903,993**	4,510,499	79,738,752
	3,235,265	1,229,019	**11,873,422**	**209,903,993**	4,510,499	79,738,752

The age of trade receivables at the reporting date was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2016	31 March 2015	**31 March 2016**		31 March 2015	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Not past due	**2,523,815**	857,619	**9,262,401**	**163,745,117**	3,147,463	55,642,320
Past due 0-180 days	**703,030**	368,965	**2,580,119**	**45,612,586**	1,354,100	23,938,449
Past due more than 180 days	**8,420**	2,435	**30,902**	**546,290**	8,936	157,983
	3,235,265	1,229,019	**11,873,422**	**209,903,993**	4,510,499	79,738,752

The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the outstanding receivable is possible; at that point such amount is considered uncollectible and hence, written off.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due to related parties, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016 – (CONTINUED)

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Carrying amount						
Short-term borrowings	**2,613,471**	–	**9,591,440**	**169,561,998**	–	–
Trade and other payables (excluding advances)	**3,432,934**	2,272,337	**12,598,858**	**222,728,758**	8,339,465	147,429,225
Due to related parties	**38,202**	41,453	**140,202**	**2,478,546**	152,133	2,689,471
Interest payable	**30,603**	13,648	**112,313**	**1,985,523**	50,088	885,482
Contractual cash flows						
Short-term borrowings	**2,636,197**	–	**9,674,843**	**171,036,461**	–	–
Trade and other payables	**3,432,934**	2,272,337	**12,598,858**	**222,728,758**	8,339,465	147,429,225
Due to related parties	**38,202**	41,453	**140,202**	**2,478,546**	152,133	2,689,471
Interest payable	**30,603**	13,648	**112,313**	**1,985,523**	50,088	885,482
6 months or less:						
Short-term borrowings	**2,613,471**	–	**9,591,440**	**169,561,998**	–	–
Trade and other payables	**3,432,934**	2,272,337	**12,598,858**	**222,728,758**	8,339,465	147,429,225
Due to related parties	**38,202**	41,453	**140,202**	**2,478,546**	152,133	2,689,471
Interest payable	**30,603**	13,648	**112,313**	**1,985,523**	50,088	885,482
More than 6 months						
Short-term borrowings	**–**	–	**–**	**–**	–	–
Trade and other payables	**–**	–	**–**	**–**	–	–
Due to related parties	**–**	–	**–**	**–**	–	–
Interest payable	**–**	–	**–**	**–**	–	–

Market risk

Currency risk

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs (which is currently fixed to USD).

Interest risk

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates. Short term borrowings (Trust Receipts and working capital demand loans) carry interest at fixed rate linked to USD Libor. Preshipment credit from foreign banks have been availed at fixed rate linked to USD Libor.

Interest rate sensitivity analysis

A resonably possible change of 100 basis point in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below: The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2017	31 March 2016	**31 March 2017**		31 March 2016	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Interest rate increase by 1%	**(26,135)**	–	**(95,915)**	**(1,695,639)**	–	–
Interest rate decrease by 1%	**26,135**	–	**95,915**	**1,695,639**	–	–

Fair value

The fair values of the Company's financial instruments approximate their carrying values.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders.

21. DIVIDEND

The shareholders approved the final dividend as proposed by Board of Directors for the year 2015-2016 at the rate of USD 192.50 [2016 : (Dhs. 706.44) (Rs. 12,489.40)] per share aggregating USD 192,500 [2016 : (Dhs.706,440) (Rs. 12,489,400)] at Anuual General meeting held on 20 June 2016 which has been recognised as a distribution to its shareholders during the year ended 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 – (CONTINUED)

22. New standards and interpretations

New standards and interpretations not yet effective

A number of new standards, amendments to standards are effective for annual periods beginning after 1 April 2016 and early adoption is permitted; however the Company has not early adopted the following new or amended standards in preparing these financial statements. Of particular relevance to the Company are:

(i) Disclosure initiatives (Amendments to IAS 7):

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Management of the Company does not anticipate that the application of this amendment will have a material effect on the Company's consolidated financial statements.

(ii) Amendments to IAS 12: Recognition of Deferred Tax Assets for unrealized losses:

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Company is assessing the potential impact on its financial statements resulting from the amendments. So far the Company does not expect any significant impact. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted.

(iii) IFRS 9 Financial instruments (2010), IFRS 9 Financial instruments:

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(iv) IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(v) IFRS 16 Leases:

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted provided IFRS 15 Revenue from Contract with Customers is also applied by the Company.

Management is currently in the process of assessing the impact of these new standards to the accounting, disclosures and presentation requirement in the financial statements.

Sumit Issar
Percy Mahernosh
(Proxy for K. Chandrasekar)
R. Yokukura
(Proxy for Kazuhiro Koshikawa)
Directors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their Twenty Fourth Report, together with the audited financial statements of your Company, for the year ended March 31, 2017.

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	Year ended March 31	
	2017	**2016*
Income	**24,436.21**	*21,562.43*
Profit before depreciation, interest and taxation	**1,735.45**	*2,107.86*
Less: Depreciation	**908.94**	*895.80*
Profit before interest and taxation	**826.51**	*1,212.06*
Less: Finance costs	**294.14**	*293.25*
Profit before tax	**532.37**	*918.81*
Less: Provision for taxation:		
- Current tax	**267.74**	*329.76*
- Deferred tax	**(71.50)**	*(30.23)*
Profit for the year after tax	**336.13**	*619.28*
Add: Other Comprehensive Income	**(5.34)**	*(7.29)*
Total Comprehensive Income for the year	**330.79**	*611.99*
Add: Balance of Profit of earlier years	**3,774.70**	*3,361.78*
Less: Dividend Paid for Previous year	**115.78**	*165.40*
Less: Income Tax on Dividend paid	**23.57**	*33.67*
Balance carried forward	**3,966.14**	*3,774.70*

* The aforesaid financial highlights are based on the Company's first Ind AS audited financial statements for the year ended 31st March, 2017 which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

Your Company's income for the year was Rs 24,436.21 lakhs against Rs 21,562.43 lakhs in the previous year. Total Comprehensive Income (after tax) for the year was lower at Rs 330.79 lakhs against Rs 611.99 lakhs in the previous year, primarily due to lower demand for automotive steel and a sharp drop in prices of electrical grades of steel.

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

OPERATIONS

Demand from domestic auto industry was muted during the year resulting in subdued demand for processed steel from the Company's auto vertical.

Earnings from the power sector were adversely impacted by the sharp drop in prices of electrical steel.

The home appliance segment continued to show an improvement through addition of new customers.

DIVIDEND

Your directors recommend a dividend of Re 0.41 per equity share on 1,65,39,759 equity shares of Rs 10 each for the year ended March 31, 2017 payable to those shareholders whose names appear on the Register of Members of the Company as on June 23, 2017, being the record date fixed for the purpose. The dividend, including tax thereon, will absorb a sum of Rs 81.62 lakhs as against Rs 139.35 lakhs for the previous year.

CURRENT YEAR

During the current year, your Company expects an increase in demand in the auto and home appliance verticals, while sustaining performance in the electrical vertical.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom its next generation of leaders.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to financial statements commensurate with the size, scale and complexity of its operations. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of the Companies Act, 2013. The same may be accessed on the Company's website: http://www.mahindraintertrade.com.

An Annual Report on Corporate Social Responsibility activities is attached as Annexure I and forms part of this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year under review, no complaints were received by the said Committee.

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

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and policy for remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this Report.

AWARDS

Your Company has been the recipient of the following awards during the year.

(a) TPM Excellence Award in Category A at the JIPM Award 2016, Kyoto, Japan.

(b) Runner-up for Customer Service at Manufacturing Today Awards 2016.

(c) 1st Runner-up in Mura Category at the CII 3M Competition.

(d) 5S Excellence Award at the 9th National Cluster Summit.

(e) Appreciation award at CII Kaizen Competition.

(f) Award for Organization with Innovative HR Practices at the 7th Asia Best Employer Brand Awards 2016.

(g) Awarded Bronze for cost reduction competition 2016 at the Excellence Learning Centre.

SHARE CAPITAL

As at March 31, 2017, the authorized equity share capital of your Company was Rs 17,00,00,000 divided into 1,70,00,000 equity shares of Rs 10 each and the paid up equity share capital was Rs 16,53,97,590, divided into 1,65,39,759 equity shares of Rs 10 each, fully paid up. There was no change in the share capital of your Company during the year.

CORPORATE GOVERNANCE

Constitution of the Board

The Board of your Company presently has seven directors. The directors have wide experience in business related to steel, finance and general corporate management.

Board Meetings

Six Board meetings were held during the year, i.e., on April 25, 2016, July 1, 2016, July 25, 2016, August 12, 2016, November 15, 2016 and February 7, 2017 for reviewing the operations and financial results of the Company. Senior executives of your Company attended Board meetings as invitees.

The details of attendance of the Directors at the Board meetings of the Company are as under.

Sr. No.	Name of the Director	Number of meetings attended
1	Mr. Rajeev Dubey	5
2	Mr. Sumit Issar	6
3	Mr. Vijay Arora	5
4	Mr. P. R. Barpande	6
5	Mr. Ajay Mehta	6
6	Mr. Yoshihisa Fujiwara	3
7	Mr. Toyokazu Makino – Alternate Director to Mr. Yoshihisa Fujiwara (with effect from February 7, 2017)	1
8	Mr. Yuta Furuhashi (Up to August 12, 2016)	–
9	Mr. Hajime Kimura – Alternate Director to Mr. Yuta Furuhashi (Up to August 12, 2016)	1

The 23rd Annual General Meeting of the Company was held on June 24, 2016 and an Extraordinary General Meeting was held on November 15, 2016.

Shareholding

Mahindra Intertrade Limited (MIL), a subsidiary of Mahindra Vehicle Manufacturers Limited (MVML), holds 61% of the paid up equity share capital of your Company. The balance 39% is held by Metal One Corporation, Japan.

MVML is a wholly owned subsidiary of Mahindra & Mahindra Limited (M&M). Therefore, your Company is a direct subsidiary of MIL and an indirect subsidiary of MVML and M&M.

REGISTRARS & TRANSFER AGENTS

During the year, your Directors have appointed M/s. Karvy Computershare Private Limited as its Registrars & Transfer Agents (RTA) in place of M/s. Sharepro Services (India) Private Limited.

DIRECTORS

Mr. Toyokazu Makino (DIN: 06626817) was appointed as alternate director to Mr. Fujiwara with effect from February 7, 2017.

Mr. Yuta Furuhashi (DIN: 06941121) resigned as director with effect from August 12, 2016 and consequently Mr. Hajime Kimura (DIN: 07233525) ceased to be his alternate director with effect from the said date.

Mr. Yoshihisa Fujiwara (DIN: 07181962) resigned as director with effect from April 26, 2017 and consequently Mr. Toyokazu Makino (DIN: 06626817) ceased to be his alternate director with effect from the said date.

Mr. Kenichiro Watanabe (DIN: 07246188) and Mr. Shimpei Asada (DIN: 07800080) were appointed as additional directors with effect from August 12, 2016 and April 26, 2017, respectively. They hold office as directors up to the date of the forthcoming Annual General Meeting. Your Company has received notices from Mahindra Intertrade Limited, a member of the Company, signifying their intention to propose the candidature of Mr. Watanabe and Mr. Asada for appointment as directors at the forthcoming Annual General Meeting.

Mr. Rajeev Dubey (DIN: 00104817) will retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

Your Board places on record its sincere appreciation of the services rendered by Mr. Furuhashi and Mr. Fujiwara during their tenure as Directors and by Mr. Makino and Mr. Kimura during their tenure as Alternate Directors of your Company.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on February 7, 2017 without the presence of the Chairman, Managing Director, other Non-Executive Directors, Chief Financial Officer, Company Secretary and any other management personnel. The meeting was conducted to discuss the matters pertaining to, inter alia, review of performance of Non-Independent Directors and of the Chairman of the Company and assess the quality, quantity and timeliness of flow of information between the Company management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee (NRC) carried out an evaluation of the performance of individual directors and the Board evaluated the performance of Independent Directors through a structured questionnaire process covering various aspects such as performance, attendance, et al.

The evaluation of the performance of the Non-independent Directors and of the Board as a whole was carried out by the Independent Directors. The evaluation of the performance of the Chairman of the Company was also carried out by the Independent Directors after taking into account the views of the Managing Director and other Non-executive Directors.

The relevant information in respect of evaluation of performance as above was tabulated and presented to the NRC and to the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) In the preparation of annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and there were no material departures in following these standards;

(b) they have selected accounting policies in consultation with the statutory auditors 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared annual accounts on a going concern basis;

(e) they have laid down internal financial controls. They have also assessed the adequacy of the Company's internal financial controls over financial reporting as of March 31, 2017 and have found them to be adequate; and,

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for Corporate Governance ('the Codes') for its directors, and senior management and employees of your Company. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from its Board members, and from senior management and employees, affirming their compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee of the Board comprises of the following directors as its members.

Mr. Rajeev Dubey – Chairman,

Mr. P. R. Barpande, and,

Mr. Ajay Mehta.

Four meetings of the Committee were held during the year, i.e., on April 25, 2016, July 25, 2016, November 15, 2016 and February 7, 2017.

The details of attendance of the members at the Audit Committee meetings of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Rajeev Dubey	4
2	Mr. P. R. Barpande	4
3	Mr. Ajay Mehta	4

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board comprises of the following directors as its members.

Mr. P. R. Barpande - Chairman,

Mr. Rajeev Dubey,

Mr. Ajay Mehta,

Mr. Yoshihisa Fujiwara (up to April 26, 2017), and,

Mr. Shimpei Asada (with effect from April 26, 2017).

Four meetings of the Committee were held during the year, i.e., on April 25, 2016, August 12, 2016, November 15, 2016 and February 7, 2017.

The details of attendance of the members at the Nomination and Remuneration Committee meetings of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. P. R. Barpande	4
2	Mr. Rajeev Dubey	4
3	Mr. Ajay Mehta	4
4	Mr. Yoshihisa Fujiwara	3

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board comprises of the following directors as its members.

Mr. Rajeev Dubey – Chairman,

Mr. P. R. Barpande,

Mr. Sumit Issar,

Mr. Yoshihisa Fujiwara (up to April 26, 2017), and,

Mr. Shimpei Asada (with effect from April 26, 2017).

One meeting of the Committee was held during the year i.e. on August 12, 2016.

The details of attendance of the members at the Corporate Social Responsibility Committee meeting of the Company are as under.

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Rajeev Dubey	1
2	Mr. P. R. Barpande	1
3	Mr. Sumit Issar	1
4	Mr. Yoshihisa Fujiwara	1

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 2(51) and section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014, the following are the Key Managerial Personnel of the Company.

(1) Mr. Sumit Issar, Managing Director.

(2) Mr. Bakul Sheth, Company Secretary.

(3) Mr. Jitendra Rahate, Chief Financial Officer.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors of the Company confirming that they fulfill the criteria of Independence as prescribed under sub-section 6 of section 149 of the Companies Act, 2013.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No.117365W), will retire as statutory auditors of the Company at the conclusion of the forthcoming Annual General Meeting.

Pursuant to the provisions of section 139(2) of the Companies Act, 2013 ('the Act') read with Companies (Audit and Auditors) Rules, 2014 (effective from April 1, 2014), an unlisted public company having paid-up share capital of Rs 10 crores or more shall not re-appoint an audit firm as auditors for more than two terms of five consecutive years.

Since M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W), the present statutory auditors, have completed two terms of five consecutive years as statutory auditors of the Company, they cannot be appointed as the statutory auditors for any further term.

Your Directors propose to appoint M/s. B S R & Co. LLP (a KPMG member firm), Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the statutory auditors of the Company for a period of five consecutive years to hold office from the conclusion of the 24th Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company, subject to ratification of their appointment and fixation of their remuneration by the members of the Company at each Annual General Meeting.

As required under the provisions of sections 139 and 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B S R & Co. LLP, to the effect that their appointment, if made, would be in conformity with the limits specified in section 139 and that they satisfy the criteria mentioned in section 141 of the Act.

Members of the Company will be required to appoint statutory auditors of the Company for a period of five consecutive years to hold office from the conclusion of the 24th Annual General Meeting until the conclusion of the 29th Annual General Meeting, and to fix their remuneration.

The Auditors' Report issued by M/s. Deloitte Haskins and Sells for the year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

COST AUDITORS

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), were appointed as Cost Auditors on April 25, 2016 to conduct the audit of cost accounts of the Company for the financial year ending March 31, 2017. Their appointment was intimated to the Central Government vide Form CRA-2 which was filed on June 9, 2016. Remuneration of Cost Auditors was ratified by the shareholders at their Twenty Third Annual General Meeting held on June 24, 2016. The due date for filing the report of the Cost Auditors for the year ended March 31, 2017 is September 27, 2017.

For the year ended March 31, 2016, the due date for filing the report of the Cost Auditors was September, 27, 2016. The same was filed on September 9, 2016.

The Board has, on recommendation of the Audit Committee, re-appointed on April 26, 2017, M/s. Shilpa & Co. as Cost Auditors, at a remuneration of Rs 1,22,000/- against Rs 1,15,500/- for the previous year, (excluding service tax, other levies and out of pocket expenses), to conduct the audit of cost accounts of the Company for the financial year ending March 31, 2018. The shareholders of the Company are required to ratify the said remuneration payable to the Cost Auditors.

As required under the provisions of sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained written confirmations from M/s. Shilpa & Co. to the effect that they are eligible for appointment as Cost Auditors and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

STOCK APPRECIATION RIGHTS (SARs)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. No SARs were granted during the year ended March 31, 2017.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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

Particulars of loans given, investments made, and guarantees and securities provided pursuant to section 186 of the Companies Act, 2013 are given under the notes to the financial statements and the same form part of this Report.

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with related parties during the year under review were in the ordinary course of business and at arm's length.

During the year under review, there were no transactions referred to in section 188(1) of the Companies Act, 2013 with related parties of the Company which are required to be disclosed in this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2017 is attached as Annexure III and forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment, and encourages involvement of all its employees in activities related to safety standards. Employees across facilities were trained in behavioural safety at work. An innovative concept in the shape of a safety kiosk to impart safety training to visitors has been installed at the Kanhe plant of the Company. Statutory requirements relating to environmental legislations, and environment protection, have been duly complied with by your Company.

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

Your Company believes in sustaining a green planet, and strives towards energy conservation.

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as Annexure IV to this Report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items during the year:

(a) Details relating to deposits covered under Chapter V of the Companies Act, 2013.

(b) Issue of equity shares with differential rights as to dividend, voting or otherwise.

(c) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

(d) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: April 26, 2017.

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

Web-link: http://www.mahindraintertrade.com

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;

(viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) Rural development projects;

(xi) Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

(2) The Composition of the CSR Committee is: Mr. Rajeev Dubey – Chairman, Mr. Sumit Issar, Mr. P. R. Barpande and Mr. Shimpei Asada.

(3) Average net profit of the Company for last three financial years is Rs 960.36 lakhs.

(4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is Rs 19.22 lakhs.

(5) Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Rs 19.22 lakhs.

(b) Amount unspent, if any: Nil.

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Total
(1)	CSR project or activity identified	Distribution of 500 cloth bags to school children.	Stationary for school children	Beautification of the village pond	Distribution of school bags to children	Tree Plantation (350 trees)	Eye check-up for Children at Nayapura School (200 nos.)	Distribution of school bags at Nayapura School (100 nos.)	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	
(2)	Sector in which the project is covered	Education	Education	Environment	Education	Environment	Health	Education	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Bhopal, Madhya Pradesh	(1) Local (2) Bhopal, Madhya Pradesh	(1) Local (2) Bhopal, Madhya Pradesh	(1) Others (2) Maharashtra and contiguous states	
(4)	Amount outlay (budget project or programme wise) (Rs)	50,000	20,000	7,00,000	50,000	90,000	70,000	25,000	9,61,000	19,66,000
(5)	Amount spent on the project or programme Sub Heads : (Rs) (1) Direct expenditure on projects or programmes (2) Overheads	(1) 42,000 (2) 0	(1) 20,140 (2) 0	(1) 7,17,372 (2) 0	(1) 46,819 (2) 0	(1) 66,600 (2) 0	(1) 62,200 (2) 0	(1) 24,900 (2) 0	(1) 9,70,000 (2) 0	(1) 19,50,031 (2) 0
(6)	Cumulative expenditure up to the reporting period (Rs)	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	
(7)	Amount spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	

* Details of implementing agency: KCMET - The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a Public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(6) The Company has duly spent two per cent of the average net profit of the last three financial years or any part thereof.

(7) Members of the CSR Committee confirm that the implementation and monitoring of CSR Policy of the Company is in compliance with the relevant provisions of the Companies Act, 2013.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Sumit Issar
Managing Director

Rajeev Dubey
Chairman of CSR Committee

Mumbai: April 26, 2017.

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Steel Service Centre Limited (MSSCL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD),

(ii) Chief Financial Officer (CFO), and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/ relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

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

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

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

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having ability to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Steel Service Centre Limited (MSSCL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Other Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for other employees will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: April 26, 2017.

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return as on the financial year ended on March 31, 2017
[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**	U27100MH1993PLC070416
ii	**Registration Date**	15th January, 1993
iii	**Name of the Company**	MAHINDRA STEEL SERVICE CENTRE LIMITED
iv	**Category/Sub-Category of the Company**	Indian Non-Government Company Limited by shares
v	**Address of the Registered office and contact details:**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018. Tel. No.: +91-22-24935185/86 Fax: +91-22-24951236 Email: sheth.bakul@mahindra.com
vi	**Whether listed Company (Yes/No)**	No
vii	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, India. Tel. No.: 91-40-67162222 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Processing of hot-rolled and cold-rolled products of steel	24105	100%

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 Intertrade Limited, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.	U51900MH1978PLC020222	Holding Company	61	2(87)(ii)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**1,00,89,250**	**7**	**1,00,89,257**	**61**	**1,00,89,250**	**7**	**1,00,89,257**	**61**	**Nil**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i. Indian	–	–	–	–	–	–	–	–	–
ii. Overseas	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
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	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	**0**	**64,50,502**	**64,50,502**	**39**	**0**	**64,50,502**	**64,50,502**	**39**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	
Grand Total (A+B+C)	**1,00,89,250**	**64,50,509**	**1,65,39,759**	**100**	**1,00,89,250**	**64,50,509**	**1,65,39,759**	**100**	**Nil**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total Shares	
1.	Mahindra Intertrade Limited	1,00,89,257	61	0	1,00,89,257	61	0	0
	Total	1,00,89,257	61	0	1,00,89,257	61	0	0

iii. Change in Promoters' Shareholding: There is no change in the shareholding of the Promoter.

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

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the top 10 shareholders	**No. of Shares**	**% of total Shares of the company**	**No. of Shares**	**% of total Shares of the company**
	At the beginning of the year	64,50,502	39	64,50,502	39
1.	Metal One Corporation	64,50,502	39	64,50,502	39
	At the end of the year	64,50,502	39	64,50,502	39

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	Name of the Director/KMP	**No. of Shares**	**% of total Shares of the company**	**No. of Shares**	**% of total Shares of the company**
	At the beginning of the year	4	0.00	4	0.00
1.	Mr. Rajeev Dubey (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
2.	Mr. Sumit Issar (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
3.	Mr. Vijay Arora (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
4.	Mr. Bakul Sheth (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
	At the end of the year	4	0.00	4	0.00
1.	Mr. Rajeev Dubey (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
2.	Mr. Sumit Issar (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
3.	Mr. Vijay Arora (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
4.	Mr. Bakul Sheth (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00

V. INDEBTEDNESS

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

(Rs. in Lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year on April 1, 2016				
i. Principal Amount	1,199.47	2,461.42	–	3,660.89
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	31.06	–	–	31.06
Total of (i+ii+iii)	1,230.53	2,461.42	–	3,691.95
Change in Indebtedness during the financial year				
+ Addition	2,183.06	–	–	2,183.06
– Reduction	(502.88)	(2,104.02)	–	(2,606.90)
Net change	1,680.18	(2,104.02)	–	(423.84)
Indebtedness at the end of the financial year on March 31, 2017				
i. Principal Amount	2,896.53	357.40	–	3,253.93
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	14.18	–	–	14.18
Total of (i+ii+iii)	2,910.71	357.40	–	3,268.11

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Sumit Issar - Managing Director	
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) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others	–	–
5.	Others	–	–
	Total (A)	–	–
	Ceiling as per the Act	5% of the net profit of the Company	

B. Remuneration of other directors:

I. Independent Directors:

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors		Total Amount
	Mr. P. R. Barpande	Mr. Ajay Mehta	
Fee for attending board/committee meetings	2.10	2.00	4.10
Commission	2.50	2.50	5.00
Others	–	–	–
Total (1)	4.60	4.50	9.10

II. Other Non-Executive Directors:

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors					Total Amount
	Mr. Rajeev Dubey Chairman	Mr. Vijay Arora Director	Mr. Yoshihisa Fujiwara Director	Mr. Kenichiro Watanabe Director	Mr. Toyokazu Makino Alternate Director	
Fee for attending Board/ committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	9.10
Total Managerial Remuneration	–	–	–	–	–	9.10
Ceiling as per the Act	1% of the Net profits of the Company					

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director:

(Rs in Lakhs)

Sr. No.	Particulars of Remuneration	Names of the KMP		Total Amount
		Mr. Jitendra Rahate CFO	Mr. Bakul Sheth Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	31.97	–	31.97
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.09	–	1.09
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit - others	–	–	–
5.	Others – allocation of expenses by Mahindra & Mahindra Limited excluding service tax	–	2.00	2.00
	Total (C)	33.06	2.00	35.06

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

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: April 26, 2017.

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy: Your Company took various initiatives to conserve energy including technology upgrade and substituting lamps from CFL to LED.

(ii) the steps taken by the company for utilising alternate sources of energy: Your Company has decided to utilize solar energy to power a substantial part of operations at its plant at Kanhe. Infrastructural work is completed and permission is awaited from the Government to make this operational.

(iii) the capital investment on energy conservation equipment: Nil.

(B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption: Nil.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Imported spares were developed locally resulting in savings to the Company.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) the details of technology imported: Nil.

(b) the year of import: Nil.

(c) whether the technology has been fully absorbed: Not applicable.

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

(iv) the expenditure incurred on Research and Development: Nil.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on foreign exchange earnings and outgo is furnished below:

Rs in lakhs

Particulars	**Year ended March 31,**	
	2017	2016
Foreign exchange earned	**0.80**	25.50
Foreign exchange outgo	**8,282.29**	*10,550.68

* Restated as per new Accounting Standards Ind AS.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: April 26, 2017.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA STEEL SERVICE CENTRE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Steel Service Centre Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 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, of the state of affairs of the Company as at 31st March, 2017, and its profit, total 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 Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 28(i) to the Ind AS financial statements.

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.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 43 to the Ind AS financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Mahindra Steel Service Centre Limited on the financial statements for the year ended 31st March, 2017)

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 Steel Service Centre Limited (“the Company”) as of 31st March, 2017 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’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 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 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”) 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2017, 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Steel Service Centre Limited on the financial statements for the year ended 31st March, 2017)

(i) In respect of its Property, Plant and Equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.

(b) The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.

(c) The Company does not have any immovable properties of freehold or leasehold land which have been shown as Property, Plant and Equipment and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of Excise Duty which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
Excise Duty Act, 1944	Excise Duty	Commissioner of Customs, Central Excise, Service Tax (Appeals), Bhopal	October 2011 to January 2013 & October 2014, December 2014 and January 2015	100.75	96.97

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
A. ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	5	**7,259.13**	8,030.31	8,820.09
(b) Capital work-in-progress		**49.41**	–	–
(c) Financial assets				
(i) Loans	6	**25.45**	23.38	23.38
(d) Other non-current assets	7	**671.87**	959.05	786.05
Total non-current assets		**8,005.86**	9,012.74	9,629.52
2. Current assets				
(a) Inventories	8	**4,050.73**	6,615.43	4,991.01
(b) Financial assets				
(i) Trade receivables	9	**5,346.67**	3,498.88	3,520.46
(ii) Cash and cash equivalents	10	**115.43**	446.14	71.81
(c) Other current assets	7	**1,132.10**	1,602.32	2,292.83
Total current assets		**10,644.93**	12,162.77	10,876.11
Total assets (1+2)		**18,650.79**	21,175.51	20,505.63
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	11	**1,653.98**	1,653.98	1,653.98
(b) Other equity	12	**8,161.73**	7,970.29	7,557.37
Total equity		**9,815.71**	9,624.27	9,211.35
LIABILITIES				
2. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	**322.13**	701.15	1,291.17
(ii) Trade payables	14	**7.21**	3.28	0.97
(b) Provisions	15	**116.06**	94.24	69.25
(c) Deferred tax liabilities (Net)	20	**793.74**	865.80	896.87
Total non-current liabilities		**1,239.14**	1,664.47	2,258.26
3. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	16	**2,552.78**	2,369.72	356.32
(ii) Trade payables	14	**4,314.49**	6,548.37	7,284.45
(iii) Other financial liabilities (other than those specified in (b) below)	17	**518.39**	708.88	1,230.65
(b) Provisions	15	**40.65**	33.08	11.08
(c) Current tax liabilities (Net)		**50.22**	–	–
(d) Other current liabilities	18	**119.41**	226.72	153.52
Total current liabilities		**7,595.94**	9,886.77	9,036.02
Total equity and liabilities (1+2+3)		**18,650.79**	21,175.51	20,505.63

See accompanying notes to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Uday M. Neogi
Partner

Place: Mumbai
Date: 26 April, 2017

For and on behalf of the Board of Directors

Bakul Sheth
Company Secretary

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey — Chairman
Sumit Issar — Managing Director

Vijay Arora
P. R. Barpande
Ajay Mehta
Kenichiro Watanabe
Shimpei Asada
Directors

Place: Mumbai
Date: 26 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

	Particulars	Note No.	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
I	Revenue from operations	21	**24,406.87**	21,554.41
II	Other Income	22	**29.34**	8.02
III	**Total Income (I + II)**		**24,436.21**	21,562.43
IV	**Expenses**			
	(a) Cost of materials consumed	23	**16,586.92**	14,839.99
	(b) Purchases of stock-in-trade		**1,453.09**	–
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	**(366.49)**	115.23
	(d) Excise duty on sale of goods (including scrap sales)		**2,442.33**	2,077.79
	(e) Employee benefits expense	25	**956.45**	866.19
	(f) Finance costs	26	**294.14**	293.25
	(g) Depreciation expense	5	**908.94**	895.80
	(h) Other expenses	27	**1,628.46**	1,555.37
	Total Expenses (IV)		**23,903.84**	20,643.62
V	**Profit/(loss) before tax (III-IV)**		**532.37**	918.81
VI	**Tax expense**			
	(1) Current tax	19	**267.74**	329.76
	(2) Deferred tax	20	**(71.50)**	(30.23)
	Total tax expense		**196.24**	299.53
VII	**Profit/(loss) for the year (V-VI)**		**336.13**	619.28
VIII	**Other comprehensive income**		**(5.34)**	(7.29)
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**7.98**	10.89
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(2.64)**	(3.60)
IX	**Total comprehensive income for the year (VII + VIII)**		**330.79**	611.99
	Earning per equity share (of Rs. 10 each):			
	(a) Basic/Diluted	39	**2.03**	3.74

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Uday M. Neogi
Partner

Place: Mumbai
Date: 26 April, 2017

For and on behalf of the Board of Directors

Bakul Sheth
Company Secretary

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey — Chairman
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Vijay Arora
P. R. Barpande
Ajay Mehta
Kenichiro Watanabe
Shimpei Asada
Directors

Place: Mumbai
Date: 26 April, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Cash flow from operating activities		
Profit for the year	**336.13**	619.28
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss	**196.24**	299.53
(2) Depreciation expense	**908.94**	895.80
(3) Bad debts/advances written off	**21.91**	28.62
(4) Finance costs	**294.14**	293.25
(5) Unrealised (gain)/loss on foreign exchange transactions and translations	**(10.73)**	–
(6) Lease rent	**2.09**	2.09
(7) Interest income recognised in Statement of Profit and Loss	**(2.28)**	(3.29)
(8) Dividend income recognised in Statement of Profit and Loss	**(1.21)**	(3.55)
(9) Profit on sale of current investments	**(0.20)**	–
(10) Profit on sale of property, plant and equipment	**(0.60)**	(0.42)
(11) Liabilities no longer required written back	**(25.05)**	(0.76)
	1,719.38	2,130.55
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**(1,851.69)**	21.58
(2) (Increase)/decrease in inventories	**2,564.70**	(1,624.42)
(3) Decrease in other assets	**731.24**	472.79
(4) (decrease) in trade payable	**(2,109.82)**	(733.01)
(5) Increase in provision	**21.41**	36.10
(6) Increase/(decrease) in other liabilities	**(152.23)**	114.59
	(796.39)	(1,712.37)
Cash generated from operations	**922.99**	418.18
Less: income taxes paid	**(197.36)**	(312.99)
Net cash generated by operating activities	**725.63**	105.19
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(203.94)**	(167.28)
(2) Proceeds from disposal of property, plant and equipment	**1.24**	31.89
(3) Interest received	**2.28**	3.29
(4) Other dividend received	**1.21**	3.55
(5) Purchase of current investments	**(7,650.00)**	(11,878.00)
(6) Sale of current investments	**7,650.20**	11,878.00
Net cash used in investment activities	**(199.01)**	(128.55)
Cash flow from financing activities		
(1) Repayment of long term borrowings	**(590.02)**	(1,122.09)
(2) Proceeds from short term borrowings (net)	**183.06**	2,013.40
(3) Interest paid	**(311.02)**	(294.55)
(4) Dividend paid (including dividend distribution tax)	**(139.35)**	(199.07)
Net cash (used in)/generated from financing activities	**(857.33)**	397.69
Net (decrease)/increase in cash and cash equivalents	**(330.71)**	374.33
Cash and cash equivalents at the beginning	**446.14**	71.81
Cash and cash equivalents at the end of the year	**115.43**	446.14

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Uday M. Neogi
Partner

Bakul Sheth
Company Secretary

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey — Chairman
Sumit Issar — Managing Director
Vijay Arora
P. R. Barpande
Ajay Mehta
Kenichiro Watanabe
Shimpei Asada
Directors

Place: Mumbai
Date: 26 April, 2017

Place: Mumbai
Date: 26 April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity share capital

Particulars	Rs. in Lakhs
Balance at April 1, 2015	1,653.98
Changes in equity during the year	–
Balance at March 31, 2016	1,653.98
Changes in equity during the year	–
Balance at March 31, 2017	**1,653.98**

B. Other Equity

Rs. in Lakhs

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at April 1, 2015	A	20.00	4,011.15	164.44	3,361.78	7,557.37
Profit for the year	B				619.28	619.28
Other comprehensive income (net of taxes)	C				(7.29)	(7.29)
Total comprehensive income for the year	**D = (B+C)**				611.99	611.99
Dividends	E				(165.40)	(165.40)
Dividend distribution tax	F				(33.67)	(33.67)
Balance at March 31, 2016	G = (A+D+E+F)	20.00	4,011.15	164.44	3,774.70	7,970.29
Profit for the year	H				336.13	336.13
Other comprehensive income (net of taxes)	I				(5.34)	(5.34)
Total comprehensive income for the year	**J = (H+I)**				330.79	330.79
Dividends	K				(115.78)	(115.78)
Dividend distribution tax	L				(23.57)	(23.57)
Balance at March 31, 2017	**M = (G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**3,966.14**	**8,161.73**

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Uday M. Neogi
Partner

Bakul Sheth
Company Secretary

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey Chairman
Sumit Issar Managing Director

Vijay Arora
P. R. Barpande
Ajay Mehta
Kenichiro Watanabe
Shimpei Asada
Directors

Place: Mumbai
Date: 26 April, 2017

Place: Mumbai
Date: 26 April, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Steel Service Centre Limited is a public limited company domiciled in India and is incorporated on 15 January, 1993 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is steel processing from the plants located at Kanhe and Bhopal. The Company is principally engaged in processing of automotive and electrical steel and manufacturing of electrical component.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

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 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended 31 March 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer to note 4 for information on how the Company adopted Ind AS.

All assets and liabilities are classified as current if they are expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

The financial statements were approved by the Board of Directors and authorised for issue on 26th April, 2017.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles - 5 years

2.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.4 Inventories:

Inventories, except for stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

2.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a 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 recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises 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. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. 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 period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.7 Revenue recognition:

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services:

Sale of services are recognised on rendering of such services.

Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

2.8 Government grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the Statement of Profit or Loss in the year in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

2.9 Employee benefits:

Retirement benefit costs and termination benefits:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit or Loss. Past service cost is recognised in Statement of Profit or Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employee upto the reporting date.

2.10 Stock Appreciation Rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.11 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 capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.12 Provisions:

Provisions are recognised 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 recognised 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.

2.13 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

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 or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.14 Cash and cash equivalents:

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.

2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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 flows from operating investing and financing activities of the Company are segregated based on the available information.

2.16 Earning 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.

2.17 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.2	Property, plant & equipment
Note No. 2.9	Employee benefits

4 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

4.1 Mandatory exceptions

4.1.1 Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

4.1.2 De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

4.1.3 Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as on the transition date.

4.1.4 Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4.1.5 Government loans:

The Company has applied the requirements of Ind AS 109 prospectively to the government loans from the transition date.

4.2 Optional exemptions:

4.2.1 Share-based payments:

The Company has availed the exemption to apply Ind AS 102 to only those Share Based Payment options that remain unvested as on transition date.

4.2.2 Deemed cost for property, plant and equipment and intangible assets:

The Company has not availed the option in para D7AA of considering previous GAAP carrying amount as deemed cost of Property, Plant and Equipment. Accordingly, the Company has determined the carrying amounts as on transition date as required by Ind AS. The difference, if any, has been adjusted to opening retained earning on Ind AS transition date.

Note No. 5 Property, Plant & Equipment:

Rs. in Lakhs

Description of Assets	**Buildings**	**Plant and Equipment**	**Electric Installation**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Computer**	**Total**
I. Cost								
Balance as at 1 April, 2016	2,931.42	10,922.63	350.70	62.54	64.90	26.68	95.13	14,454.00
Additions	2.08	118.75	–	9.47	7.67	–	0.43	138.40
Disposals	–	–	–	–	–	(6.47)	(0.79)	(7.26)
Balance as at March 31, 2017	**2,933.50**	**11,041.38**	**350.70**	**72.01**	**72.57**	**20.21**	**94.77**	**14,585.14**
II. Accumulated depreciation								
Balance as at April 1, 2016	747.47	5,326.67	188.57	43.90	32.66	21.58	62.84	6,423.69
Depreciation expense for the year	89.93	766.58	27.94	6.21	5.75	1.45	11.08	908.94
Eliminated on disposal of assets	–	–	–	–	–	(6.15)	(0.47)	(6.62)
Balance as at March 31, 2017	**837.40**	**6,093.25**	**216.51**	**50.11**	**38.41**	**16.88**	**73.45**	**7,326.01**
Net carrying amount (I-II)								
Balance as on March 31, 2017	**2,096.10**	**4,948.13**	**134.19**	**21.90**	**34.16**	**3.33**	**21.32**	**7,259.13**
Balance as on March 31, 2016	2,183.95	5,595.96	162.13	18.64	32.24	5.10	32.29	8,030.31
I. Cost								
Balance as at April 1, 2015	2,916.52	10,863.32	344.83	57.90	64.90	29.13	77.04	14,353.64
Additions (refer note 42 (vi) (1) & (2))	14.90	90.40	5.87	4.64	–	3.11	18.57	137.49
Disposals	–	(31.09)	–	–	–	(5.56)	(0.48)	(37.13)
Balance as at March 31, 2016	2,931.42	10,922.63	350.70	62.54	64.90	26.68	95.13	14,454.00
II. Accumulated depreciation								
Balance as at April 1, 2015	657.82	4,573.98	161.05	36.22	27.23	24.90	52.35	5,533.55
Depreciation expense for the year (refer note 42 (vi) (1) & (2))	89.65	752.69	27.52	7.68	5.43	1.96	10.87	895.80
Eliminated on disposal of assets						(5.28)	(0.38)	(5.66)
Balance as at March 31, 2016	747.47	5,326.67	188.57	43.90	32.66	21.58	62.84	6,423.69
Net carrying amount (I-II)								
Balance as on March 31, 2016	2,183.95	5,595.96	162.13	18.64	32.24	5.10	32.29	8,030.31
Balance as on April 1, 2015	2,258.70	6,289.34	183.78	21.68	37.67	4.23	24.69	8,820.09

Notes:

i) Refer note 13 for details of securities.

Note No. 6 Loans

Particulars	**As at March 31, 2017 Rs. in Lakhs**	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
Security Deposits			
– Unsecured, considered good	**25.45**	23.38	23.38
	25.45	23.38	23.38

Note No. 7 Other assets

	Particulars	**As at March 31, 2017**			As at March 31, 2016			As at April 1, 2015		
		Current	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
		Rs. in Lakhs	**Rs. in Lakhs**	**Rs. in Lakhs**	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
(i)	Advances to suppliers	**45.00**	**–**	**45.00**	14.93	–	14.93	53.41	–	53.41
(ii)	Capital advances	**14.09**	**–**	**14.09**	–	–	–	–	–	–
(iii)	Balances with government authorities (other than income taxes)									
	(i) Custom deposits	**38.54**	**–**	**38.54**	32.23	–	32.23	32.23	–	32.23
	(ii) CENVAT credit	**71.39**	**–**	**71.39**	767.92	–	767.92	1,432.55	–	1,432.55
	(iii) Value added tax credit	**105.54**	**–**	**105.54**	155.88	–	155.88	191.66	–	191.66
	(iv) Service tax credit	**334.98**	**–**	**334.98**	308.68	–	308.68	222.52	–	222.52
	(v) Entry tax	**–**	**–**	**–**	59.23	–	59.23	59.23	–	59.23
(iv)	Prepayments	**40.72**	**46.68**	**87.40**	12.54	48.76	61.30	4.58	50.85	55.43
(v)	Income tax assets (net)	**–**	**245.68**	**245.68**	–	263.76	263.76	147.14	130.63	277.77
(vi)	Surplus of plan assets over obligation - gratuity	**–**	**–**	**–**	–	–	–	–	2.84	2.84
(vii)	Industrial Investment Promotion Assistance receivable	**445.82**	**379.51**	**825.33**	223.24	646.53	869.77	119.91	601.73	721.64
(viii)	Other advances									
	(i) Advance to employees	**4.71**	**–**	**4.71**	3.72	–	3.72	7.94	–	7.94
	(ii) Other	**31.31**	**–**	**31.31**	23.95	–	23.95	21.66	–	21.66
	Total	**1,132.10**	**671.87**	**1,803.97**	1,602.32	959.05	2,561.37	2,292.83	786.05	3,078.88

Note No. 8 Inventories

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
(a)	Raw materials	**2,592.04**	5,487.40	3,764.08
(b)	Work-in-progress	**834.66**	381.38	342.91
(c)	Finished goods	**511.71**	621.68	775.38
(d)	Stock in trade	**23.18**	–	–
(e)	Stores and spares	**72.97**	76.73	77.37
(f)	Others: Scrap	**16.17**	48.24	31.27
	Total Inventories at the lower of cost and net realisable value	**4,050.73**	6,615.43	4,991.01
	Included in above, goods-in-transit:			
(i)	Raw materials	**1,195.28**	2,672.35	861.49

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 17,673.52 lakhs (FY 2016: Rs. 14,955.22 lakhs).

(ii) The cost of inventories recognised as an expense includes Rs. 70.73 lakhs (FY 2016: Rs. 35.22 lakhs) in respect of write-downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in note 2.4.

(iv) Refer note no. 13 and 16 for details of securities.

Note No. 9 Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Trade receivables			
Unsecured, considered good	**5,346.67**	3,498.88	3,520.46
Total	**5,346.67**	3,498.88	3,520.46

Notes:

(i) The average credit period for sales of products ranges between 90 to 120 days and for Job work processing is 30 days.

(ii) At March 31, 2017, the Company had 8 customers that owed the Company more than Rs. 53 lakhs each and accounted for approximately 90% of all the receivables outstanding. (At 31 March 2016, the Company had 7 customers that owed the Company more than Rs. 78 lakhs each and accounted for approximately 94% of all the receivables outstanding).

Note No. 10 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Cash and cash equivalents			
(a) Balances with banks	**115.18**	445.92	71.57
(b) Cash on hand	**0.25**	0.22	0.24
Total	**115.43**	446.14	71.81

Note No. 11 Equity Share Capital

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
	Rs. in Lakhs	**Rs. in Lakhs**	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Authorised:						
Equity shares of Rs. 10 each with voting rights	**170,00,000**	**1,700**	170,00,000	1,700	170,00,000	1,700
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**165,39,759**	**1,653.98**	165,39,759	1,653.98	165,39,759	1,653.98
Total	**165,39,759**	**1,653.98**	165,39,759	1,653.98	165,39,759	1,653.98

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended March 31, 2017				
Number of shares	**165,39,759**	**–**	**–**	**165,39,759**
Amount (Rs. in lakhs)	**1,653.98**	**–**	**–**	**1,653.98**
Year ended March 31, 2016				
Number of shares	165,39,759	–	–	165,39,759
Amount (Rs. in lakhs)	1,653.98	–	–	1,653.98
Year ended March 31, 2015				
Number of shares	165,39,759	–	–	165,39,759
Amount (Rs. in lakhs)	1,653.98	–	–	1,653.98

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

Details of shares held by the holding company

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**100,89,257**	100,89,257	100,89,257

Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Particulars	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees).........	**100,89,257**	**61%**	100,89,257	61%	100,89,257	61%
Metal One Corporation...	**64,50,502**	**39%**	64,50,502	39%	64,50,502	39%

Note No. 12 Other equity

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Balance at April 1, 2015	A	20.00	4,011.15	164.44	3,361.78	7,557.37
Profit for the year	B	–	–	–	619.28	619.28
Other comprehensive income (net of taxes)	C	–	–	–	(7.29)	(7.29)
Total comprehensive income for the year	**D(B+C)**	–	–	–	611.99	611.99
Dividend (Rs. 1 per share)	E	–	–	–	(165.40)	(165.40)
Dividend distribution tax (DDT)	F	–	–	–	(33.67)	(33.67)
Balance at March 31, 2016	G (A+D+E+F)	20.00	4,011.15	164.44	3,774.70	7,970.29
Profit for the year	H	–	–	–	336.13	336.13
Other comprehensive income (net of taxes)	I	–	–	–	(5.34)	(5.34)
Total comprehensive income for the year	**J(H+I)**	–	–	–	**330.79**	330.79
Dividend (Rs. 0.70 per share)	K	–	–	–	(115.78)	(115.78)
Dividend distribution tax (DDT)	L	–	–	–	(23.57)	(23.57)
Balance at March 31, 2017	**M (G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**3,966.14**	**8,161.73**

Proposed dividends on Equity shares:	**As at March 31, 2017**
	Rs. in Lakhs
Final cash dividend for the year ended on March 31, 2017: Re. 0.41 per share..	67.81
Dividend distribution tax (DDT) on proposed dividend....	13.81
Total...	**81.62**

Proposed dividend on equity shares is subject to approval of the shareholders at the annual general meeting and is not recognised as a liability (including DDT thereon) as at March 31, 2017.

Note No. 13 Non current borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Measured at amortised cost			
A. Secured:			
Term loans:			
From banks [Refer note (i)] ...	**343.75**	829.75	1,902.75
Less: Current maturities of long term debts	**(275.00)**	(486.00)	(1,073.00)
Total secured	**68.75**	343.75	829.75
B. Unsecured			
(i) Interest free sales tax loan from SICOM [Refer note (ii)]...........	**264.05**	336.20	359.95
Less: Current maturities of long term debts	**(72.15)**	(72.15)	(23.75)
	191.90	264.05	336.20
(ii) Other Loans			
Deferred payment liabilities [Refer note (iii)]...........	**93.35**	125.22	150.56
Less: Current maturities of long term debts.......	**(31.87)**	(31.87)	(25.34)
	61.48	93.35	125.22
Total unsecured....................	**253.38**	357.40	461.42
Total	**322.13**	701.15	1,291.17

Notes:

(i) (a) The Company has a term loan of Rs. 343.75 lakhs (FY 2016: Rs. 618.75 lakhs, FY 2015: Rs. 893.75 lakhs) under sanction extended by HDFC Bank [interest payable at the rate of 10.05% p.a. (FY 2016: 10.10% p.a., FY 2015: 10.80% p.a.) (payable monthly) linked to the base rate], secured by first pari passu charge on movable property, plant and equipment situated at Kanhe plant. The repayment details are as follows:

Repayment details	Amount to be repaid (Rs. in Lakhs)	Repayment Year
4 quarterly installments of Rs. 68.75 lakhs each....................	275.00	FY 2017-18
One installment of Rs. 68.75 lakhs	68.75	FY 2018-19

(b) As on March 31, 2016, the Company had a term loan of Rs. 211 lakhs (FY 2015: Rs. 811 lakhs) under sanction extended by Axis Bank [FY 2016: interest payable at the rate of 10.25% p.a., FY 2015: 10.90% p.a. [payable monthly] linked to the base rate] which was secured by first pari passu charge on the movable property, plant and equipment of the Company situated at Kanhe plant, Maharashtra and second charge over the present and future current assets of the Company. During the year 2017, Company has repaid the balance loan.

(c) As on April 1, 2015, the Company had a term loan of Rs. 198 lakhs under sanction extended by YES Bank which was secured by first pari passu charge on movable property, plant and equipment situated at Bhopal and Kanhe plant with a minimum cover of 1.25x and negative lien on the immovable property, plant and equipment of Bhopal plant.

(ii) Interest Free SICOM loan of Rs. 264.05 lakhs is repayable as follows:

Loan payable as on	Amount Rs. in Lakhs	Loan payable as on	Amount Rs. in Lakhs	Loan payable as on	Amount Rs. in Lakhs
March 31, 2017	**1.60**	**March 31, 2017**	**68.85**	**March 31, 2017**	**193.60**
Repayment details		**Repayment details**		**Repayment details**	
February 25, 2018	0.80	September 25, 2017	22.95	July 25, 2017	48.40
February 25, 2019	0.80	September 25, 2018	22.95	July 25, 2018	48.40
		September 25, 2019	22.95	July 25, 2019	48.40
				July 25, 2020	48.40

(iii) The Company has received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company has deferred the sales tax liability with effect from May 1, 2002. The Sales Tax liability so deferred is Rs. 93.35 lakhs as at March 31, 2017 which is repayable as follows.

Repayment Details of Sales Tax VAT liability	**Amount to be repaid (Rs. in Lakhs)**	**Repayment date**
VAT liability of FY 2002-2003 to FY 2005-2006	31.87	April 30, 2017
VAT liability of FY 2003-2004 to FY 2005-2006	29.47	April 30, 2018
VAT liability of FY 2004-2005 to FY 2005-2006	25.46	April 30, 2019
VAT liability of FY 2005-2006	6.55	April 30, 2020

Note No. 14 Trade payables

Particulars	**As at March 31, 2017**			As at March 31, 2016			As at April 1, 2015		
	Current Rs. in Lakhs	**Non-Current Rs. in Lakhs**	**Total Rs. in Lakhs**	Current Rs. in Lakhs	Non-Current Rs. in Lakhs	Total Rs. in Lakhs	Current Rs. in Lakhs	Non-Current Rs. in Lakhs	Total Rs. in Lakhs
Trade payable for goods & services	**2,238.94**	**–**	**2,238.94**	3,362.33	–	3,362.33	2,381.13	–	2,381.13
Liability for Cash-settled share-based payments	**6.69**	**7.21**	**13.90**	7.26	3.28	10.54	8.74	0.97	9.71
Acceptances	**2,068.86**	**–**	**2,068.86**	3,178.78	–	3,178.78	4,894.58	–	4,894.58
Total	**4,314.49**	**7.21**	**4,321.70**	6,548.37	3.28	6,551.65	7,284.45	0.97	7,285.42

Note:

There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.
The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified based on the information available with the Company. This has been relied upon by the auditors.

Note No. 15 Provisions

Particulars	**As at March 31, 2017**			As at March 31, 2016			As at April 1, 2015		
	Current Rs. in Lakhs	**Non- Current Rs. in Lakhs**	**Total Rs. in Lakhs**	Current Rs. in Lakhs	Non- Current Rs. in Lakhs	Total Rs. in Lakhs	Current Rs. in Lakhs	Non- Current Rs. in Lakhs	Total Rs. in Lakhs
(a) Provision for employee benefits									
(1) Long-term employee benefits									
(i) Provision for compensated absences	**16.86**	**109.23**	**126.09**	14.81	90.03	104.84	11.08	67.94	79.02
(ii) Provision for Post-retirement medical benefit	**–**	**6.83**	**6.83**	–	4.21	4.21	–	1.31	1.31
(iii) Provision for gratuity (net)	**23.79**	**–**	**23.79**	18.27	–	18.27	–	–	–
Total	**40.65**	**116.06**	**156.71**	33.08	94.24	127.32	11.08	69.25	80.33

Note:
The provision for employee benefits includes privileged leave entitlements accrued. The increase in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 33.

Note No. 16 Current borrowings

Particulars	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
A. Secured:			
Loans payable on demand			
From bank [Refer note (i)]	**52.96**	–	–
Short term loan from bank [Refer note (ii)]	**1,900.00**	–	–
Other loans			
Buyers credit [Refer note (iii)]	**599.82**	369.72	356.32
Total	**2,552.78**	369.72	356.32
B. Unsecured			
Short term loan from bank [Refer note (iv)]	–	2,000.00	–
Total	–	2,000.00	–
Total	**2,552.78**	2,369.72	356.32

Notes:

(i) The Cash credit from HDFC Bank Limited is secured on pari-passu basis by charge on stock and book debts of the Company. Interest is payable at the rate of 9.75%.

(ii) As at March 31, 2017, the Company has a working capital short term loan of Rs. 1,900 lakhs under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company. Interest is payable at the rate of 9.31% p.a.

(iii) The Company has taken buyers credit, for import of machinery and materials, of Rs. 599.82 lakhs (FY 2016: Rs. 369.72 lakhs, FY 2015: Rs. 356.32 lakhs) under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company.

Interest payable on buyers credit is linked to USD LIBOR. interest payable at the rate of 1.99% p.a. (FY 2016: 1.63% p.a., FY 2015: 0.99% p.a.).

(iv) The Company had a short term loan of Rs. 2,000 lakhs as at March 31, 2016 under sanction extended by HDFC Bank. Interest was payable at the rate 9.35% p.a.

Note No. 17 Other financial liabilities

Particulars	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
Other financial liabilities measured at amortised cost			
(a) Current maturities of long-term debt (refer note below)	**379.02**	590.02	1,122.09
(b) Interest accrued but not due on borrowings	**14.18**	31.06	32.36
(c) Other liabilities			
(1) Overdrawn bank balance (as per books)	**6.78**	6.64	–
(2) Creditors for capital supplies/services	**19.89**	21.93	51.72
(3) Dealer deposit	**14.17**	17.67	9.92
Total	**434.04**	667.32	1,216.09
Other financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts	**84.35**	41.56	14.56
Total	**518.39**	708.88	1,230.65

Note: Refer note 13 for details of securities.

Note No. 18 Other current liabilities

Particulars	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
a. Advances received from customers	**41.18**	67.86	21.20
b. Others			
(i) Employee recoveries and employer contributions	**7.45**	19.27	15.90
(ii) Statutory remittances (withholding taxes, service tax, VAT etc.)	**70.78**	139.59	116.42
Total	**119.41**	226.72	153.52

Note No. 19 Current Tax and deferred tax

(a) Income tax recognised in Statement of Profit and Loss

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Current tax:		
In respect of current year	**264.70**	329.76
In respect of prior year	**3.04**	–
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(71.50)**	(30.23)
Total	**196.24**	299.53

(b) Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Current Tax		
Remeasurement of defined benefit obligations	**(2.08)**	(2.76)
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(0.56)**	(0.84)
Total	**(2.64)**	(3.60)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**(2.64)**	(3.60)
– Items that will be reclassified to profit and loss	**–**	–
Total	**(2.64)**	(3.60)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Profit before tax	**532.37**	918.81
Income tax expense calculated at 33.063% (FY 2016: 33.063%)	**176.02**	303.79
Effect of income that is exempt from taxation	**(0.40)**	(1.18)

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Effect of expenses that are non-deductible in determining taxable profit	**5.61**	4.56
Others	**11.97**	(7.64)
Current tax in respect of prior period	**3.04**	–
Income tax expense recognised in Statement of Profit and Loss	**196.24**	299.53

Note:

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 33.063% (including surcharge 7% and Education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian income tax laws.

Note No. 20 Deferred tax

For the year ended March 31, 2017

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**(909.72)**	**61.32**	**–**	**(848.40)**
Tax effect of items constituting deferred tax assets				
Employee benefits	**39.54**	**8.45**	**0.56**	**48.55**
FVTPL financial liabilities including derivatives	**4.38**	**1.73**	**–**	**6.11**
Net tax assets/(liabilities)	**(865.80)**	**71.50**	**0.56**	**(793.74)**

For the year ended March 31, 2016

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(936.63)	26.91	–	(909.72)
Tax effect of items constituting deferred tax assets				
Employee benefits	30.59	8.11	0.84	39.54
FVTPL financial liabilities including derivatives	9.17	(4.79)	–	4.38
Net tax assets/(liabilities)	(896.87)	30.23	0.84	(865.80)

Note No. 21 Revenue from operations

The following is an analysis of the Company's revenue for the year from continuing operations.

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
(a) Revenue from sale of products (including excise duty) (Refer note (i) below)	**21,716.77**	18,696.09
(b) Revenue from rendering of services (Refer note (ii) below)	**1,570.21**	1,697.58
(c) Other operating revenues [Refer Note (iii) below]	**1,119.89**	1,160.74
Total	**24,406.87**	21,554.41

Notes:

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
(i) Sale of products comprises:		
Manufactured goods		
Steel products	**20,189.62**	18,696.09
Traded goods		
Steel products	**1,527.15**	–
Total	**21,716.77**	18,696.09
(ii) Sale of services comprises:		
Steel processing	**1,570.21**	1,697.58
(iii) Other operating revenues comprise**:**		
Scrap sales	**647.70**	773.00
Insurance claim	**91.57**	5.19
Industrial Investment Promotion Assistance	**380.21**	378.17
Other operating income	**0.41**	4.38
Total	**1,119.89**	1,160.74

Note No. 22 Other Income

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
(a) Interest income		
Other	**2.28**	3.29
(b) Dividend income		
Others	**1.21**	3.55
(c) Profit on sale of current investments	**0.20**	–
(d) Profit on sale of property, plant and equipment	**0.60**	0.42
(e) Liabilities no longer required written back	**25.05**	0.76
Total	**29.34**	8.02

Note No. 23 Cost of Materials Consumed

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Opening Stock	**5,487.40**	3,764.08
Add: Purchases	**13,691.56**	16,563.31
Less: Closing Stock	**(2,592.04)**	(5,487.40)
Cost of materials consumed - Steel Products	**16,586.92**	14,839.99

Note No. 24 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Inventories at the end of the year:		
Finished goods - Steel Products	**511.71**	621.68
Work-in-progress - Steel Products	**834.66**	381.38
Stock in trade - Steel Products	**23.18**	–
	1,369.55	1,003.06
Inventories at the beginning of the year:		
Finished goods - Steel Products	**621.68**	775.38
Work-in-progress - Steel Products	**381.38**	342.91
	1,003.06	1,118.29
Net (increase)/decrease	**(366.49)**	115.23

Note No. 25 Employee Benefits Expense

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
(a) Salaries and wages	**781.59**	689.39
(b) Contribution to provident and other funds	**57.14**	49.59
(c) Share based payment to employees	**18.34**	20.15
(d) Post-retirement medical benefit expense	**0.93**	0.35
(e) Staff welfare expenses	**98.45**	106.71
Total	**956.45**	866.19

Note No. 26 Finance Costs

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Interest expense on		
(a) Borrowings	**214.95**	231.11
(b) Other		
- Usance Interest	**79.19**	60.76
- delayed/deferred payment of tax	**–**	1.38
Total	**294.14**	293.25

Analysis of interest expense by category

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Interest expense		
(a) On financial liability at amortised cost	**294.14**	291.87
(b) On non-financial liabilities at FVTPL	**–**	1.38
Total	**294.14**	293.25

Note No. 27 Other Expenses

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
(a) Stores and tools consumed	**81.83**	63.80
(b) Power & fuel	**237.26**	201.94
(c) Rent including lease rentals	**9.27**	9.00
(d) Rates and taxes	**29.48**	17.17
(e) Increase/(decrease) of excise duty on inventory	**(8.00)**	(15.62)
(f) Insurance	**24.67**	26.96
(g) Repairs and maintenance - Buildings	**10.06**	29.39
(h) Repairs and maintenance - Machinery	**30.46**	46.45
(i) Repairs and maintenance - Others	**108.18**	103.72
(j) Freight outward	**168.59**	155.33
(k) Subcontracting, hire and service charges	**406.04**	328.95
(l) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Refer note No. 40)	**19.50**	15.53
(m) Net loss/(gain) on foreign currency transactions and translations	**128.01**	204.06
(n) Fair value loss on financial instruments at fair value through profit or loss	**42.79**	27.00
(o) Auditors remuneration and out-of-pocket expenses (note below)	**13.21**	12.00
(p) Legal and other professional costs	**83.79**	77.22
(q) Bad debts/advances written off	**21.91**	28.62
(r) Software charges	**30.85**	22.77
(s) Miscellaneous expenses	**190.56**	201.08
Total	**1,628.46**	1,555.37

Note

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment to auditors:	**Rs. in Lakhs**	Rs. in Lakhs
To statutory auditor -		
(i) As statutory auditor	**8.54**	8.00
(ii) For taxation matters	**1.00**	2.85
(iii) For company law matters	**0.55**	1.10
(iv) For other services	**3.03**	–
(v) For reimbursement of expenses	**0.09**	0.05
Total	**13.21**	12.00

Note No. 28 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
(i) Claims against the Company not acknowledged as debts:			
(a) Income Tax demand for			
(1) AY 2011-12	**–**	5.04	5.04
(2) AY 2012-13	**0.26**	–	–
(b) Excise duty demand for October 2011 to January 2013	**100.75**	100.75	–
(c) Custom Duty demand for the financial year 2009-10	**13.95**	11.42	11.42

Particulars	As at March 31, 2017 Rs. in Lakhs	As at March 31, 2016 Rs. in Lakhs	As at April 1, 2015 Rs. in Lakhs
(ii) Commitments:			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for			
Tangible assets	**16.40**	0.43	6.67
(iii) Other money for which the Company is contingently liable			
(a) Corporate guarantee given by the Company to M/s SHV Energy Private Limited	**12.00**	12.00	12.00

Note No. 29 Value of imports calculated on CIF basis

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Property, plant and equipment	**24.59**	–
Spares	**5.97**	3.70
Raw materials	**8,021.15**	10,288.58

Note No. 30 Details of consumption of imported and indigenous raw materials

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Import	**8,667.67**	**52**	8,351.11	56
Indigenous	**7,919.25**	**48**	6,488.88	44
Total	**16,586.92**	**100**	14,839.99	100

Note No. 31 Earning in foreign exchange

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Export of goods calculated on FOB basis	**0.80**	25.50

Note No. 32 Expenditure in foreign currency

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Interest	**71.37**	52.33
Professional fees/service charges	**20.94**	2.01
Travel	**9.59**	–
Freight	**0.67**	–
Loss on foreign exchange transactions and translations (net)	**128.01**	204.06

Note No. 33 Employee Benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs. 38.99 lakhs (FY 2016: Rs. 36.63 lakhs) as expenses under defined contribution plans.

Particulars	For the year ended March 31, 2017 Rs. in Lakhs	For the year ended March 31, 2016 Rs. in Lakhs
Provident Fund	**28.38**	26.79
Pension Fund	**10.61**	9.84
Total	**38.99**	36.63

(b) Defined benefit plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits is met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax act and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST-RETIREMENT MEDICAL BENEFITS

The Company provides post-retirement medical cover to select grade of employees to cover the retiring employees and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits is met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid Post-retirement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy:

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2017	2016	**2017**	2016
(iii) Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1) Current service cost	**14.66**	13.20	**0.59**	0.25
2) Interest on net defined benefit liability/ (asset)	**1.06**	(0.43)	**0.34**	0.10
	15.72	12.77	**0.93**	0.35
(iv) Included in Other Comprehensive Income				
1) Actual return on plan assets less interest on plan assets	**(0.94)**	(1.63)	**–**	–
2) Actuarial (gain)/loss on account of :				
– Financial assumptions	**12.42**	0.55	**(0.06)**	0.03
– Experience adjustments	**(5.19)**	9.42	**1.75**	2.52
	6.29	8.34	**1.69**	2.55
(v) Net asset/(liability) recognised in the Balance Sheet as at March 31				
1) Present value of defined benefit obligation as at March 31	**160.68**	131.48	**6.84**	4.21
2) Fair value of plan assets as at March 31	**136.89**	113.21	**–**	–
3) Surplus/(Deficit)	**(23.79)**	(18.27)	**(6.84)**	(4.21)
4) Current portion of the above	**(23.79)**	(18.27)	**–**	–
5) Non current portion of the above	**–**	–	**(6.84)**	(4.21)
(vi) Change in the obligation during the year ended March 31				
1) Present value of defined benefit obligation at the beginning of the year	**131.48**	101.18	**4.21**	1.31
2) Expenses recognised in Statement of Profit and Loss account				
– Current service cost	**14.66**	13.20	**0.59**	0.25
– Past Service Cost	**–**	–	**–**	–
– Interest expense (income)	**10.07**	7.80	**0.34**	0.10
3) Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actuarial gain (loss) arising from:				
(i) Financial assumptions	**12.42**	0.55	**(0.06)**	0.03
(ii) Experience adjustments	**(5.19)**	9.42	**1.75**	2.52
4) Benefit payments	**–**	(0.67)	**–**	–
5) Liabilities settled	**(2.76)**	–	**–**	–
6) Present value of defined benefit obligation at the end of the year	**160.68**	131.48	**6.83**	4.21
(vii) Change in fair value of assets during the year ended March 31				
1) Fair value of plan assets at the beginning of the year	**113.21**	104.02	**–**	–
2) Expenses recognised in Statement of Profit and Loss account				
– interest on plan assets	**9.01**	8.23	**–**	–
3) Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actual return on plan assets in excess of the expected return	**0.94**	1.63	**–**	–
– Others (specify)				
4) Contributions by employer (including benefit payments recoverable)	**18.52**	–	**–**	–
5) Benefit payments	**–**	(0.67)	**–**	–
6) Assets settled	**(4.79)**	–	**–**	–
7) Fair value of plan assets at the end of the year	**136.89**	113.21	**–**	–
(viii) The major categories of plan assets				
List the plan assets by category here				
– Insurer managed funds	**136.89**	113.21	**–**	–
(ix) Actuarial assumptions				
1) Discount rate	**7.05%**	8.00%	**7.05%**	8.00%
2) Medical premium inflation	**–**	–	**6.00%**	7.00%
3) Rate of increase in compensation levels	**10.00%**	10.00%	**10.00%**	10.00%
4) Mortality table	**IALM(2006-08) ult**			

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	**Year**	**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate	**2017**	**1%**	**147.65**	**175.67**
	2016	1%	121.13	143.34
	2015	1%	93.02	110.56
Salary growth rate	**2017**	**1%**	**174.02**	**148.34**
	2016	1%	142.04	121.58
	2015	1%	109.94	93.27

Post-retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee/beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the post-retirement medical benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	**Year**	**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate	**2017**	**1%**	**5.88**	**8.01**
	2016	1%	3.58	5.00
	2015	1%	1.11	1.57
Medical inflation rate	**2017**	**1%**	**8.02**	**5.86**
	2016	1%	5.00	3.57
	2015	1%	1.59	1.09

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 10 lakhs to the gratuity trusts during the next financial year of 2018.

(xii) Maturity profile:

Gratuity **Rs. in Lakhs**

Maturity profile of defined benefit obligation:	**2017**	2016	2015
Within 1 year	**11.97**	10.44	8.47
1 - 2 year	**12.38**	10.87	8.38
2 - 3 year	**19.66**	11.22	8.66
3 - 4 year	**12.27**	17.96	8.87
4 - 5 year	**15.32**	10.90	14.89
5 - 10 years	**60.07**	70.07	45.49
More than 10 years	**208.36**	174.96	150.51

Post-retirement medical benefits Rs. in Lakhs

Maturity profile of defined benefit obligation:	**2017**	2016	2015
Within 1 year	**0.01**	0.01	–
1 - 2 year	**0.01**	0.01	0.01
2 - 3 year	**0.02**	0.01	0.01
3 - 4 year	**0.22**	0.02	0.01
4 - 5 year	**0.24**	0.13	0.01
5 - 10 years	**1.38**	0.91	0.25
More than 10 years	**23.23**	19.64	6.28

Note No. 34 Segment Reporting

The Company has a single segment namely steel processing having operations mainly in India. As such there is no other separate reportable segment as defined by Ind AS 108 on segment reporting.

During the year, 89% (FY 2016: 88%) of revenue from sale of steel products arose from 10 largest customers.

Note No. 35 Related Party Transactions

Related party disclosures as required by Ind AS 24 “Related Party Disclosures” are given below.

Relation	**Name**
Ultimate Holding Company	Mahindra & Mahindra Ltd.
Holding Company	Mahindra Intertrade Limited
Key Management Personnel (KMP)	Mr. Sumit Issar (Managing Director) from 1 October, 2015
	Mr. Harsh Kumar (Managing Director) upto 30 September, 2015

Other parties with whom transactions have taken place during the year.

(i) Fellow Subsidiaries	Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME)
	Mahindra Integrated Business Solutions Pvt. Limited (MIBS)
	Mahindra Auto Steel Private Limited (MASPL)
	Mahindra First Choice Services Limited (MFCSL)
(ii) Company which is associate of ultimate holding company	Mahindra CIE Limited (MCIE)
(iii) Company which is Joint Venture of ultimate holding company	Mahindra Logistics Limited (MLL)
(iv) A Company having significant influence	Metal One Corporation

Managerial Remuneration

The Company is not required to pay any managerial remuneration in respect of the “Managing Director” appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(a) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the year ended March 31, 2017:

Rs. in Lakhs

Nature of transactions	Ultimate holding company		Holding company		Fellow subsidiary: MME		Fellow subsidiary: MASPL		Fellow subsidiary: MIBS		Fellow subsidiary: MFCSL		Company which is associate of ultimate holding company		Company which is Joint Venture of ultimate holding company		A Company having Significant influence	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016
Dividend paid	–	–	**70.63**	100.89	–	–	–	–	–	–	–	–	–	–	–	–	**45.15**	64.51
Processing Income	–	–	**1,052.76**	1,337.71	–	–	**2.11**	0.36	–	–	–	–	–	0.17	–	–	–	–
Sales	–	–	**153.02**	0.18	–	–	–	–	–	–	–	–	–	11.24	–	–	–	–
Sale of spares	–	–	–	–	**0.80**	–	–	–	–	–	–	–	–	–	–	–	–	–
Scrap sales	–	–	–	–	–	–	–	–	–	–	–	–	**1.08**	394.07	–	–	–	–
Purchases	–	–	**986.65**	2,665.77	–	–	–	–	–	–	–	–	–	–	–	–	**7,447.34**	7,078.34
Purchase of spares	–	–	**6.32**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Marketing and support service charges	–	–	**165.59**	160.86	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sublease expenses	–	–	**6.23**	5.66	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional expenses	**6.57**	7.59	–	–	–	–	–	–	**1.23**	1.14	–	–	–	–	–	–	–	–
Repairs and maintenance paid	–	–	–	–	–	–	–	–	–	–	–	1.02	–	–	–	–	–	–
Balance written back	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**6.85**	–	–	–
Reimbursement received from parties	–	–	**7.04**	2.06	–	3.84	**12.45**	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	**38.02**	32.85	**11.10**	11.86	–	–	**0.21**	5.35	–	–	–	–	–	–	–	–	–	–
Deputation of personnel to related parties	–	–	**20.00**	5.78	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deputation of personnel from related parties	–	–	**51.16**	42.76	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	3.33	–	–	–	–
Sale of property, plant and equipment	–	–	**0.03**	–	–	–	**0.30**	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director received	–	–	**4.00**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director paid	–	–	**4.00**	2.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Security deposit received (scrap sales)	–	–	–	–	–	–	–	–	–	–	–	–	–	2.50	–	–	–	–
Advance received toward sale of scrap	–	–	–	–	–	–	–	–	–	–	–	–	–	10.76	–	–	–	–

(b) Outstanding receivable from and payable to related parties

Rs. in Lakhs

Nature of transactions	Ultimate Holding Company			Holding Company			Fellow Subsidiary: MME			Fellow Subsidiary: MASPL			Fellow Subsidiary: MIBS		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Outstanding receivable	–	–	–	–	–	–	**0.80**	3.84	–	**2.51**	–	0.02	–	–	–
Outstanding payable	**16.33**	12.27	1.53	**171.22**	209.82	1,565.72	–	–	–	–	–	–	**0.34**	0.15	0.16

Rs. in Lakhs

Nature of transactions	Company which is associate of ultimate holding company			A Company having significant influence			Company which is Joint Venture of ultimate holding company		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Outstanding receivable	**1.10**	–	–	–	–	–	–	–	–
Outstanding payable	–	13.26	–	**431.36**	2,751.26	4,907.01	–	6.85	6.85

Notes:

1) In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.

2) During the year there were no amounts written off from such parties.

3) The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. During the year, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Rs. Nil, April 1, 2015: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 36 Financial instruments

[I] Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 13 and 16 and offset by cash and cash equivalents) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Debt	**3,253.93**	3,660.89	2,769.58
Less: Cash and cash equivalents (Refer note 10)	**115.43**	446.14	71.81
Net debt	**3,138.50**	3,214.75	2,697.77
Equity	**9,815.71**	9,624.27	9,211.35
Gearing ratio	**32%**	33%	29%

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit. At March 31, 2017, the Company had 8 customers that owed the Company more than Rs. 53 lakhs each and accounted for approximately 90% of all the receivables outstanding. (At 31 March, 2016, the Company had 7 customers that owed the Company more than Rs. 78 lakhs each and accounted for approximately 94% of all the receivables outstanding).

An impairment analysis is performed at each reporting date on an individual basis for major customer. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

B. LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	**Weighted average effective interest rate**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**Total**	**Carrying amount**
Non-derivative financial liabilities						
As at March 31, 2017						
Non-interest bearing		**2,390.49**	**205.39**	**55.20**	**2,651.08**	**2,651.08**
Variable interest rate instruments	**5.22%**	**4,937.16**	**70.20**	**–**	**5,007.36**	**4,979.57**
Total		**7,327.65**	**275.59**	**55.20**	**7,658.44**	**7,630.65**
As at March 31, 2016						
Non-interest bearing		3,580.63	207.28	153.40	3,941.31	3,941.31
Variable interest rate instruments	5.11%	6,094.34	366.00	–	6,460.34	6,348.53
Total		9,674.97	573.28	153.40	10,401.65	10,289.84
As at April 1, 2015						
Non-interest bearing		2,500.60	208.53	253.86	2,962.99	2,962.99
Variable interest rate instruments	4.00%	6,532.40	845.83	69.64	7,447.87	7,186.01
Total		9,033.00	1,054.36	323.50	10,410.86	10,149.00

Sensitivity interest rate increase by 1%:

Profit will decrease on variable interest rate instrument by Rs. 49.80 lakhs for the year ended 31 March, 2017 (Rs. 63.49 lakhs for the year ended March 31, 2016).

Sensitivity interest rate decrease by 1%:

Profit will increase on variable interest rate instrument by Rs. 49.80 lakhs for the year ended 31 March, 2017 (Rs. 63.49 lakhs for the year ended March 31, 2016).

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above
Derivative financial instruments				
31 March, 2017				
Gross settled:				
– foreign exchange forward contracts	**84.35**	**–**	**–**	**–**
31 March, 2016				
Gross settled:				
– foreign exchange forward contracts	41.56	–	–	–
31 March, 2015				
Gross settled:				
– foreign exchange forward contracts	14.56	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Carrying amount
Non-derivative financial assets					
31 March, 2017					
Non-interest bearing.....	**5,462.10**	–	–	**6.28**	**5,468.38**
Variable interest rate instruments.................	–	–	–	**19.17**	**19.17**
Fixed interest rate instruments.................	–	–	–	–	–
Total	**5,462.10**	–	–	**25.45**	**5,487.55**
31 March 2016					
Non–interest bearing....	3,945.02	–	–	4.21	3,949.23
Variable interest rate instruments.................	–	–	–	19.17	19.17
Fixed interest rate instruments.................	–	–	–	–	–
Total	3,945.02	–	–	23.38	3,968.40

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Carrying amount
31 March 2015					
Non–interest bearing....	3,592.27	–	–	4.21	3,596.48
Variable interest rate instruments.................	–	–	–	19.17	19.17
Fixed interest rate instruments.................	–	–	–	–	–
Total	3,592.27	–	–	23.38	3,615.65

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	March 31, 2017	March 31, 2016	April 1 2015
Secured bank overdraft/ WCDL facility	**747.04**	500.00	500.00
– Expiring within one year.....................................	**747.04**	500.00	500.00
Secured working capital short term loan facility	–	–	1,000.00
– Expiring within one year.....................................	–	–	1,000.00
Secured working capital non–fund based facility: (LC, BG, LUT, LER)...	**4,662.80**	2,149.00	1,294.00
– Expiring within one year	**4,662.80**	2,149.00	1,294.00
Total	**5,409.84**	2,649.00	2,794.00

C. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Figures in Lakhs

Particulars	Currency	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables/acceptance	USD	**38.29**	72.26	77.82
Payable for property, plant and equipment	JYP	–	–	75.00
Foreign currency loan (import of material)	USD	**3.55**	–	–
Foreign currency loan (import of machinery)	USD	**5.69**	5.64	5.67

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Figures in Lakhs

Particulars	Currency	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables/acceptance	USD	**6.61**	45.86	27.98

(ii) Interest rate risk

Refer note B (ii) for interest rate sensitivity.

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, same is passed on to the customer through appropriate adjustments to selling prices.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Note No. 37 Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs:

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2017			
Financial assets/financial liabilities	**Level–1**	**Level–2**	**Level–3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Trade and other receivables	–	**5,346.67**	–	**5,346.67**
– Deposits and similar assets	–	**25.45**	–	**25.45**
Total	–	**5,372.12**	–	**5,372.12**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	**3,268.11**	–	**3,268.11**
– Short term deposits	–	**14.17**	–	**14.17**
– Trade and other payables	–	**4,348.36**	–	**4,348.36**
Total	–	**7,630.64**	–	**7,630.64**

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2016			
Financial assets/financial liabilities	Level–1	Level–2	Level–3	Total
Financial assets				
Financial assets carried at amortised cost				
– Trade and other receivables	–	3,498.88	–	3,498.88
– Deposits and similar assets	–	23.38	–	23.38
Total	–	3,522.26	–	3,522.26
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	3,691.95	–	3,691.95
– Short term deposits	–	17.67	–	17.67
– trade and other payables	–	6,580.22	–	6,580.22
Total	–	10,289.84	–	10,289.84

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2015			
Financial assets/financial liabilities	Level–1	Level–2	Level–3	Total
Financial assets				
Financial assets carried at amortised cost				
– trade and other receivables	–	3,520.46	–	3,520.46
– deposits and similar assets	–	23.38	–	23.38
Total	–	3,543.84	–	3,543.84
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	2,801.94	–	2,801.94
– Short term deposits	–	9.92	–	9.92
– Trade and other payables	–	7,337.14	–	7,337.14
Total	–	10,149.00	–	10,149.00

Financial assets/financial liabilities measured at Fair value

Financial assets/ financial liabilities	**March 31, 2017**	March 31, 2016	April 1, 2015	Fair value hierarchy	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Other Financial Liabilities....................							
Foreign currency forward contracts.......	**84.35**	41.56	14.56	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial liabilities...................	**84.35**	41.56	14.56				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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

The Company considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

Note No. 38 Lease premium

Company has taken land situated at Bhopal, Madhya Pradesh and Kanhe, Maharashtra on lease for 99 years. The balance amount of lease premium paid for the period of lease of land has been disclosed as prepaid expenses and is being amortised over the period of lease on straight line basis. The amount charged to the Statement of Profit and Loss is Rs. 2.09 lakhs. (FY 2016: Rs. 2.09 lakhs).

Note No. 39 Earnings per share Rs. in Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016
Profit after tax (Rs. in lakhs) (A)................	**336.13**	619.28
Weighted average number of shares Basic (B)	**16,539,759**	16,539,759
Earnings per share basic/diluted (Rupees) (A/B)	**2.03**	3.74
Nominal value of equity share (Rupees)...	**10.00**	10.00

Note No. 40 Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 19.22 lakhs (FY 2016: Rs. 15.24 lakhs). CSR amount spent during the year is Rs. 19.50 lakhs (FY 2016: Rs. 15.53 lakhs).

Note No. 41 Stock Appreciation Rights (SARs)

In accordance with the directions and recommendations of the Nomination and Remuneration Committee of the Company, the Company grants SARs to eligible employees/directors. SARs granted would vest over a period of five years, or such period as stipulated by the Nomination and Remuneration Committee, from the date of grant. Upon vesting of SARs, eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the face value of the equity share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available fair value of the Company's equity share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016.

Details of stock appreciation rights outstanding as on March 31, 2017

Particulars	**Number of Grants**	**Grant Date**	**Expiry Date**	**Exercise Price Rs.**	**Fair value at Grant Date Rs.**
Cash settled.......					
F'13 grant..........	557	Jan 28, 2013	Feb 28, 2021	10.00	89.17
F'14 grant..........	274	Jan 28, 2014	Feb 28, 2021	10.00	84.63
F'14 grant..........	276	Jan 28, 2014	Feb 28, 2022	10.00	84.63
F'15 grant..........	10,013	Jan 28, 2015	Feb 28, 2021	10.00	83.83
F'15 grant..........	10,013	Jan 28, 2015	Feb 28, 2022	10.00	83.83
F'15 grant..........	10,015	Jan 28, 2015	Feb 28, 2023	10.00	83.83
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2021	10.00	84.70
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2022	10.00	84.70
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2023	10.00	84.70
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2024	10.00	84.70

Movement in Stock Appreciation Rights

Particulars	**Number of Shares**
(1) The number of share options outstanding at the beginning of the year	49,775
(2) Granted during the year..	–
(3) Exercised during the year	13,383
(4) Expired/forfeited during the year	–
(5) Outstanding at the end of the year	36,392

Stock Appreciation Rights exercised during the year

Particulars	**Number of SARs**	**Exercised date**	**Share price at Exercise date Rs.**
Cash settled			
F'12 grant...........................	1,229	Mar 15, 2017	155.13
F'13 grant...........................	556	Mar 15, 2017	155.13
F'14 grant...........................	274	Mar 15, 2017	155.13
F'15 grant...........................	10,013	Mar 15, 2017	155.13
F'16 grant...........................	1,311	Mar 15, 2017	155.13

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Particulars	Cash settled share appreciation rights
(1)	Share price (Rs.)	155.13
(2)	Exercise price (Rs.)	10.00
(3)	Expected volatility (weighted-average)	12.09%
(4)	Option Life	4.91
(5)	Expected dividends yield	6.54%
(6)	Risk-free interest rate (based on government bonds)	6.84%

Note No. 42 First-time adoption of Ind AS

First time Ind AS adoption reconciliations

(i) Reconciliation of total equity as at March 31, 2016 and April 1, 2015:

Rs. in Lakhs

Particulars	As at March 31, 2016 (End of last period presented under previous GAAP)	As at April 1, 2015 (Date of transition)
Equity as reported under previous GAAP	9,742.97	9,333.32
Ind AS: Adjustments increase/(decrease):		
Recognition of cash settled share based payment liability at fair value (net of tax)	4.75	1.97
Property, plant and equipment: Decapitalisation of exchange differences (net of tax)	(264.59)	(305.19)
Net impact of recognition of fair valuation of forward exchange contracts & derecognition of forward premium	1.79	(17.82)
Dividends not recognised as liability until declared (including tax on dividend)	139.35	199.07
Equity as reported under Ind AS	9,624.27	9,211.35

(ii) Reconciliation of total comprehensive Income for the year ended 31 March, 2016:

Rs. in Lakhs

Particulars	Year Ended 31 March 2016
Profit as per previous GAAP	549.00
Ind AS: Adjustments increase/(decrease):	
Recognition of cash settled share based payment liability at fair value (net of tax)	2.78
Property, plant and equipment: Decapitalisation of exchange differences (net of tax)	40.60
Net impact of recognition of fair valuation of forward exchange contracts & derecognition of forward premium (net of tax)	19.61
Remeasurements of the defined benefit liabilities/(asset) (net of tax)	7.29
Total adjustment to profit or loss	70.28
Profit under Ind AS	619.28
Other comprehensive income (net of tax)	(7.29)
Total comprehensive income under Ind AS	611.99

Note: No statement of comprehensive income was produced under previous GAAP. Therefore, the reconciliation starts with profit under previous GAAP.

(iii) Adjustments to the Statement of Cash Flows - No material adjustment with respect to previous GAAP cash flow.

(iv) Effect of Ind AS adoption on the balance sheets as at March 31, 2016 and April 1, 2015

Rs. in Lakhs

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
A ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	42 (vi)(1) & (2)	8,476.44	(446.13)	8,030.31	9,335.37	(515.28)	8,820.09
(b) Financial Assets							
(i) Loans		23.38	–	23.38	23.38	–	23.38
(c) Other non-current assets	42 (vi)(1)	910.29	48.76	959.05	735.20	50.85	786.05
Total non-current assets		9,410.11	(397.37)	9,012.74	10,093.95	(464.43)	9,629.52
Current assets							
(a) Inventories		6,615.43	–	6,615.43	4,991.01	–	4,991.01
(b) Financial Assets							
(i) Trade receivables		3,498.88	–	3,498.88	3,520.46	–	3,520.46
(ii) Cash and cash equivalents		446.14	–	446.14	71.81	–	71.81
(c) Other current assets	42 (vi)(1)	1,600.23	2.09	1,602.32	2,290.74	2.09	2,292.83
Total current assets		12,160.68	2.09	12,162.77	10,874.02	2.09	10,876.11
Total Assets		21,570.79	(395.28)	21,175.51	20,967.97	(462.34)	20,505.63

Rs. in Lakhs

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	As at April 1, 2015 (Date of transition) Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
B EQUITY AND LIABILITIES							
EQUITY							
(a) Equity share capital		1,653.98	–	1,653.98	1,653.98	–	1,653.98
(b) Other equity		8,088.99	(118.70)	7,970.29	7,679.34	(121.97)	7,557.37
Equity attributable to owners of the Company	42 (i)	9,742.97	(118.70)	9,624.27	9,333.32	(121.97)	9,211.35
LIABILITIES							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		701.15	–	701.15	1,291.17	–	1,291.17
(ii) Trade payable	42 (vi) (3)	9.70	(6.42)	3.28	3.11	(2.14)	0.97
(b) Provisions		94.24	–	94.24	69.25	–	69.25
(c) Deferred tax liabilities (Net)	42 (vi)(7)	998.52	(132.72)	865.80	1,062.17	(165.30)	896.87
Total non-current liabilities		1,803.61	(139.14)	1,664.47	2,425.70	(167.44)	2,258.26
Current liabilities							
(a) Financial liabilities							
(i) Borrowings		2,369.72	–	2,369.72	356.32	–	356.32
(ii) Trade payables	42 (vi)(3)	6,549.10	(0.73)	6,548.37	7,285.30	(0.85)	7,284.45
(iii) Other financial liabilities (other than those specified in (b) below)	42 (vi)(4)	706.24	2.64	708.88	1,203.66	26.99	1,230.65
(b) Provisions	42 (vi)(5)	172.43	(139.35)	33.08	210.15	(199.07)	11.08
(c) Other current liabilities		226.72	–	226.72	153.52	–	153.52
Total current liabilities		10,024.21	(137.44)	9,886.77	9,208.95	(172.93)	9,036.02
Total equity and liabilities		21,570.79	(395.28)	21,175.51	20,967.97	(462.34)	20,505.63

Note: Previous GAAP figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

(v) Effect of Ind AS adoption on the Statement of Profit and loss for the period ended on 31 March, 2016

Rs. in Lakhs

Particulars		Notes	Year ended March 31, 2016 (Last year presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	Ind AS
I	Revenue from operations	42 (vi) (9)	19,476.62	2,077.79	21,554.41
II	Other Income		8.02	–	8.02
III	**Total Income (I + II)**		19,484.64	2,077.79	21,562.43
IV	Expenses				
	(a) Cost of materials consumed		14,839.99	–	14,839.99
	(b) Changes in inventories of finished goods and work-in-progress		115.23	–	115.23
	(c) Excise duty on sale of goods (including scrap sales)	42 (vi) (9)	–	2,077.79	2,077.79
	(d) Employee benefits expense	42 (vi) (3) & (6)	881.24	(15.05)	866.19
	(e) Finance costs		293.25	–	293.25
	(f) Depreciation expense	42 (vi) (1) & (2)	972.73	(76.93)	895.80
	(g) Other expenses	42 (vi) (1), (2) & (4)	1,569.85	(14.48)	1,555.37
	Total expenses (IV)		18,672.29	1,971.33	20,643.62
V	**Profit before tax (III - IV)**		812.35	106.46	918.81
VI	**Tax Expense**				
	(1) Current tax	42 (vi) (6)	327.00	2.76	329.76
	(2) Deferred tax	42 (vi) (8)	(63.65)	33.42	(30.23)
	Total tax expense		263.35	36.18	299.53

Rs. in Lakhs

Particulars	Notes	Year ended March 31, 2016 (Last year presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	Ind AS
VII Profit for the year (V - VI)		549.00	70.28	619.28
VIII Other comprehensive income		–	(7.29)	(7.29)
(i) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit obligation	42 (vi) (6)	–	(10.89)	(10.89)
(ii) Income tax relating to items that will not be reclassified to profit or loss	42 (vi) (6)	–	3.60	3.60
IX Total comprehensive income for the year (VII + VIII)		549.00	62.99	611.99

Note: Previous GAAP figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

(vi) Notes to Reconciliation

(1) Under previous GAAP, leasehold land was considered as tangible fixed asset and was amortised over the period of the lease. Under Ind AS, interest in leasehold land is considered as leases as per definition and classification criteria in Ind AS 17. Accordingly, in respect of net written down value of leasehold land as at March 31, 2016, Rs. 50.85 lakhs (as at April 1, 2015 Rs. 52.94 lakhs) has been classified under other non current assets Rs. 48.76 lakhs and under other current assets Rs. 2.09 lakhs (As at April 1, 2015 Rs. 50.85 lakhs and Rs. 2.09 lakhs respectively). Similarly, the amortisation of leasehold land for the year ended March 31, 2016 of Rs. 2.09 lakhs has been classified under other expenses as part of rent including lease rentals.

This change does not affect total equity as at April 1, 2015 and March 31, 2016, profit before tax or profit for the year ended March 31, 2016.

(2) Under previous GAAP, the exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of Property, Plant and Equipment are added to or subtracted from the cost of depreciable Property, Plant and Equipment to which the monetary item relates and depreciated over the remaining useful life of such assets. Under Ind AS such exchange differences do not form part of cost of Property, Plant and Equipment in accordance with Ind AS 21. Accordingly, as on April 1, 2015 (date of first time adoption of Ind AS) exchange differences capitalized Rs. 576.67 lakhs and accumulated depreciation thereon of Rs. 114.33 lakhs has been decapitalised from Property, Plant and Equipment and Rs. 305.19 lakhs (net of deferred tax of Rs. 157.15 lakhs) has been charged to other equity (retained earnings). Similarly, the Company has for the year ended March 31, 2016, derecognised Rs. 7.78 lakhs from Property, Plant and Equipment and Rs. 74.84 lakhs from depreciation on Property, Plant and Equipment.

The net effect of this change is a decrease in total equity as at March 31, 2016 of Rs. 264.59 lakhs (as at April 1, 2015 Rs. 305.19 lakhs), and increase of Rs. 67.06 lakhs in profit before tax and increase of Rs. 40.60 lakhs in profit for the year ended March 31, 2016.

(3) Under previous GAAP, the Company adopted intrinsic value method for accounting compensation cost of Stock Appreciation Rights (SARs). Under the Ind AS, fair value has been adopted to recognize liability under SARs for the services acquired.

Due to adoption of fair value, the employee cost for the year ended March 31, 2016 is decreased by Rs. 4.16 lakhs.

The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 4.75 lakhs (as at April 1, 2015 Rs. 1.97 lakhs (net of tax Rs. 1.02 lakhs)) and increase of Rs. 4.16 lakhs in profit before tax and increase of Rs. 2.78 lakhs in profit for the year ended March 31, 2016.

(4) Under previous GAAP, the Company recognised the movements in time value of forward element of forward contracts in the Statement of Profit and Loss in the year in which they arose. Under Ind AS, 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 period and the resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 1.79 lakhs (as at April 1, 2015 decrease of Rs. 17.82 lakhs), and increase of Rs. 24.35 lakhs in profit before tax and increase of Rs. 19.61 lakhs in profit for the year ended March 31, 2016.

(5) Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under Ind AS, such dividends are recognized when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 139.35 lakhs (April 1, 2015 Rs. 199.07 lakhs), but does not affect profit before tax and total profit for the year ended March 31, 2016.

(6) Under previous GAAP, actuarial gains and losses on remeasurement of net defined benefit obligation were recognized in the Statement of Profit or Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit obligation which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of the Statement of Profit or Loss. The actuarial loss for the year ended March 31, 2016 was Rs. 10.89 lakhs and the tax effect thereon Rs. 3.60 lakhs (current Tax of Rs. 2.76 lakhs and Deferred Tax of Rs. 0.84 lakhs). This change does not affect total equity, but there is an increase in profit before tax and in profit for the year ended March 31, 2016 of Rs. 10.89 lakhs and Rs. 7.29 lakhs respectively.

(7) Due to transition to Ind AS from previous GAAP, following adjustments were made to deferred tax liability (DTL) (net) as on March 31, 2016 and April 1, 2015.

Rs. in Lakhs

Particulars	As on March 31, 2016	As on April 1, 2015
Balance as per previous GAAP....................	998.52	1,062.17
Decrease in DTL on account of charge of foreign currency loss on foreign currency monetary items used for financing or for acquisition of Property, Plant and Equipment	(130.69)	(157.15)
Decrease in DTL on recognition of fair valuation of forward exchange contracts and derecognition of forward premium........	(4.43)	(9.17)
Increase in DTL on recognition of cash settled share based payment liability at fair value......	2.40	1.02
Balance as per Ind AS	865.80	896.87

(8) Reconciliation of Deferred Tax Expenses/(credit) for the year ended March 31, 2016.

	Rs. in Lakhs
Deferred tax credit as per previous GAAP	(63.65)
A. Charge to Profit and loss account on account of	
1) foreign currency loss on foreign currency monetary items used for financing or for acquisition of Property, Plant and Equipment	26.46
2) expenses on recognition of fair valuation of forward exchange contracts and derecognition of forward premium	4.74
3) expenses on recognition of cash settled share based payment liability at fair value	1.38
B. Deferred tax impact on remeasurements of the defined benefit liabilities has been disclosed under Other Comprehensive Income	0.84
Deferred tax income as per Ind AS	(30.23)

(9) Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense of Rs. 2,077.79 lakhs for the year ended March 31, 2016 is presented separately on the face of the Statement of Profit and Loss as excise duty on sale of products (including scrap sale).

This change does not affect total equity as at March 31, 2016, profit before tax or profit for the year ended March 31, 2016.

Note No. 43 Details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016

Rs. in Lakhs

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	–	0.27	0.27
Add: Permitted receipts (withdrawals from banks)	–	0.94	0.94
Less: Permitted payments	–	(0.63)	(0.63)
Less: Amount deposited in banks	–	–	–
Closing cash in hand as on December 30, 2016	–	0.58	0.58

For and on behalf of the Board of Directors

Bakul Sheth
Company Secretary

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey *Chairman*
Sumit Issar *Managing Director*
Vijay Arora
P. R. Barpande
Ajay Mehta
Kenichiro Watanabe
Shimpei Asada
Directors

Place: Mumbai
Date: April 26, 2017

DIRECTORS' REPORT

Your Directors present their Eighth Report, together with the audited financial statement of your Company for the year ended 31st March, 2017.

(Amount in Rs.)

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS	**For the year ended 31st March, 2017**	#For the year ended 31st March, 2016
Income	–	74,81,599
Profit/(Loss) before taxation	**(1,04,92,189)**	(29,58,134)
Less: Provision for taxation:	**28,20,134**	15,59,904
Profit/(Loss) for the year after tax	**(76,72,055)**	(13,98,230)
Balance brought forward from earlier years	**(44,39,032)**	(30,40,802)
Loss carried forward to balance sheet	**(1,21,11,087)**	(44,39,032)
Net worth	**(91,11,087)**	(39,39,032)

 # The aforesaid financial highlights are based on the Company's first Ind AS audited financial statements for the year ended 31st March 2017 which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March 2016 have been restated as per the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March 2017.

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Your Company is currently evaluating options for its project in Western India. During the previous year, your Company had sold its land at Naini at a profit. Therefore your Company's income for the year under review was Rs. NIL as against Rs. 74.82 Lakhs in the previous year. The loss after tax for the year was Rs. 76.72 Lakhs as against a loss of Rs. 13.98 Lakhs in the previous year.

The Company does not have any Subsidiaries, Joint Ventures or Associates.

DIVIDEND

Your directors do not recommend any dividend on equity shares for the year.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2017 stood at Rs. 15 crores divided into 1,50,00,00 equity shares of Rs. 10/- each. The paid-up share capital of the Company as on 31st March, 2017 stood at Rs. 30 Lakhs divided into 3,00,000 equity shares of Rs. 10/- each.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following Directors:

Name of the Director and DIN	Designation	Executive/Non-Executive	Independent/Non-Independent
Mr. Rajeev Dubey (00104817)	Director	Non-Executive	Non-Independent
Mr. Sumit Issar (06951249)	Director	Non-Executive	Non-Independent

Mr. Rajeev Dubey retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

There have not been any changes in Directors during the year.

The Directors have immense experience in business related to trading, finance and general corporate management.

Board Meetings and Annual General Meeting of the Company:
The Board met four times during the year under review, i.e., on 26th April, 2016, 18th July, 2016, 15th November, 2016 and 7th February, 2017. The gap between two consecutive Board Meetings did not exceed 120 days. The 7th Annual General Meeting of the Company was held on 24th June, 2016.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Sumit Issar	4
Mr. Rajeev Dubey	4

Your Company is not required to constitute any mandatory committees of the Board.

Provisions relating to annual evaluation of Board, Committees and individual Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the Loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

(v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2017 and have found them to be adequate.

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 ("Act"), the Shareholders of the Company at their Fifth Annual General Meeting, held on 19th August, 2014 had re-appointed, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W), as Auditors of the Company to hold office from the conclusion of Fifth Annual General Meeting, until the conclusion of the Tenth Annual General Meeting ("AGM") of the Company to be held in the year 2019.

As per Section 139, their appointment was required to be ratified at the ensuing AGM of the Company.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W) has given a Letter in writing under section 139(9)(b) of the Companies Act, 2013, to the Company stating that they do not wish to seek ratification of their appointment as statutory auditors at the ensuing AGM of the Company and the Members were informed about the same.

Pursuant to the above, a special notice has been received under section 140(4)(i) of the Companies Act, 2013 from Mahindra Intertrade Limited, Shareholder of the Company, holding 100% of the paid up share capital of the Company (along with nominees), in compliance with Section 115 of the Companies Act, 2013, proposing the appointment of M/s. B S R & Co. LLP (a KPMG Member Firm) Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company in place of retiring Auditors viz. M/s. Deloitte Haskins & Sells, for a period of 5 consecutive years from conclusion of the 8th AGM till the conclusion of 13th AGM of the Company to be held in the year 2022.

The written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Board of Directors of your Company at their Meeting held on 26th April, 2017, has considered the qualifications and experience of the proposed auditors and recommends to the Members of the Company, the appointment of M/s. B S R & Co. LLP (a KPMG Member Firm) Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company for a period of 5 consecutive years from conclusion of the 8th AGM till the conclusion of 13th AGM of the Company to be held in the year 2022, at a remuneration to be fixed by the Shareholders of the Company.

Your Directors confirm that the Auditors Report for the year ended 31st March, 2017, does not contain any qualification, reservation or adverse remark.

FRAUDS REPORTED BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instance of fraud committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

SECRETARIAL AUDITOR, COST AUDITOR AND INTERNAL AUDITOR

During the year under review, the provisions relating to Secretarial Auditor, Cost Auditor and Internal Auditor were not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may threaten the existence of the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of Companies Act, 2013.

The Company has not granted any loans, provided any securities and not made any investments pursuant to Section 186 of the Companies Act, 2013 during the year under review. Your Company has not obtained any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company which require reporting under Form No. AOC-2. Details of the transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 is furnished as **Annexure I** and forms part of this report.

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

Your Company has in place a Policy on Prevention of Sexual Harassment of Women. Your Company has also constituted an “Internal Complaints Committee” to which employees can address their complaints. During the year, no complaints were received by the said Committee.

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

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

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

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

GENERAL DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- Provisions relating to Corporate Social Responsibility enumerated under section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company’s going concern status and operations in future.
- Provisions relating to establishment of Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 26th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017
[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.	Corporate Identification Number (CIN)	:	U27100MH2009PTC193205
ii.	Registration Date	:	10th June, 2009
iii.	Name of the Company	:	Mahindra Electrical Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
–	–	–	–

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 and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2 (46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U34100MH2007PLC171151	Intermediate Holding Company	100*	2 (46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Holding Company	100	2 (46)

* Through Mahindra Intertrade Limited.

IV. SHAREHOLDING PATTERN (Equity Share Capital break–up as percentage of total equity)

(i) Category–wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	3,00,000	3,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub–Total (A)(1):	**–**	**50,000**	**50,000**	**100**	**–**	**3,00,000**	**3,00,000**	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50,000**	**50,000**	**100**	–	**3,00,000**	**3,00,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
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)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100**	–	**3,00,000**	**3,00,000**	**100**	–

(ii) Shareholding of Promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% 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 Intertrade Limited	49,994	100	–	299,994	100	–	–
2.	*Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% 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	
3.	*Mr. Harsh Kumar (Nominee of Mahindra Intertrade Limited)	1	0	–	0	0	–	–
4.	*Mr. Narayan Shankar (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
5.	*Mr. S Venkatraman (Nominee of Mahindra Intertrade Limited)	1	0	–	0	0	–	–
6.	*Mr. K. Chandrasekar (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
7.	*Ms. Jyoti Walunj (Nominee of Mahindra Intertrade Limited)	1	0	–	0	0	–	–
8.	*Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)	–	–	–	1	0	–	–
9.	*Mr. Vijay Arora (Nominee of Mahindra Intertrade Limited)	–	–	–	1	0	–	–
10.	*Mr. Percy Mahernosh (Nominee of Mahindra Intertrade Limited)	–	–	–	1	0	–	–
Total		**50,000**	**100**	–	**3,00,000**	**100**	–	–

* Held for Mahindra Intertrade Limited by its nominees.

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

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Mahindra Intertrade Limited**				
	At the beginning of the year - 01.04.2016	**50,000**	**100**	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.) Increase in Promoters Shareholding during the year: 26.4.2016 – Allotment of 2,50,000 shares (pursuant to rights issue)	–	–	3,00,000	100
	At the end of the year - 31.03.2017	–	–	**3,00,000**	**100**

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

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**At the beginning of the year - 01.04.2016**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year - 31.03.2017	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.) 26.04.2016 - Decrease on account of transfer of one share to Mr. Sumit Issar (As Nominee of Mahindra Intertrade Limited)	–	–	(1)	–
	At the end of the year - 31.03.2017	–	–	0	–
2.	**Mr. Sumit Issar (As Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	0	–	0	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.) 26.04.2016 - Increase on account of transfer of one share from Mr. Harsh Kumar (As a nominee of Mahindra Intertrade Limited)	–	–	1	–
	At the end of the year - 31.03.2017	–	–	1	–

V. INDEBTEDNESS:

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	710.03	–	710.03
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.64	–	1.64
Total (i+ii+iii)	–	**711.67**	–	**711.67**
Change in indebtedness during the financial year				
• Addition	–	89.00	–	89.00
• Reduction	–	(15.14)	–	(15.14)
Net Change	–	**73.86**	–	**73.86**
Indebtedness at the end of the financial year				
i) Principal Amount	–	784.03	–	784.03
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.50	–	1.50
Total (i+ii+iii)	–	**785.53**	–	**785.53**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
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) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Rajeev Dubey	Mr. Sumit Issar	
1.	**Independent Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	–	–	–
2.	**Other Non–Executive Directors**			
	• Fees for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Total Managerial Remuneration	–	–	–
	Overall Ceiling as per the Act	–	–	–

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
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) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Rajeev Dubey *Director*

Sumit Issar *Director*

Mumbai, 26th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: **Nil**

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **Nil**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

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

iv) The expenditure incurred on Research and Development: **Nil**

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

Total Foreign Exchange Earned and Used:

(Amount in Rs.)

	For the Financial Year Ended 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 26th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Electrical Steel Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 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, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to Note 22 to the financial statements, as stated in the Note, although the net worth of the Company is negative at the year end, the financial statements have been prepared on a going concern basis for the reason stated therein.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable that:

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

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

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

g) 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”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company 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.

   iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.-Refer Note 28 to the Ind AS financial statements.

2. As required by the Companies (Auditor’s Report) Order, 2016 (CARO 2016) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Electrical Steel Private Limited on the financial statements for the year ended 31 March, 2017)

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 Electrical Steel Private Limited ("the Company") as of March 31, 2017 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'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 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 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") 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2017, based on the internal control over financial reporting criteria established by the respective 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Electrical Steel Private Limited on the financial statements for the year ended 31st March 2017)

(i) The Company does not have any Property, Plant and Equipment and hence reporting under clause (i) of the CARO 2016 is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues of Income-tax and other material statutory dues which have not been deposited as on 31st March, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowing to banks and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, there is no amount payable as a managerial remuneration under the provisions of Section 197 to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) The provisions of section 177 of the Companies Act, 2013 do not apply to the Company. In our opinion and according to the information and explanations given to us the Company is in compliance with the provision of section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 26th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rs.

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. ASSETS				
1. Non-current assets				
Other non-current assets	4	**71,779,148**	72,552,640	73,310,132
Total non-current assets		**71,779,148**	72,552,640	73,310,132
2. Current assets				
(a) Financial assets				
Cash and cash equivalents	5	**680,588**	710,737	2,897,418
(b) Other current assets	6	**892,916**	773,492	775,612
Total current assets		**1,573,504**	1,484,229	3,673,030
3. Non-current asset held for sale	7	**–**	–	12,434,451
Total assets (1+2+3)		**73,352,652**	74,036,869	89,417,613
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	8	**3,000,000**	500,000	500,000
(b) Other equity	9	**(12,111,087)**	(4,439,032)	273,435
Total equity		**(9,111,087)**	(3,939,032)	773,435
LIABILITIES				
2. Non-current liabilities				
(a) Financial liabilities				
Borrowings	10	**78,402,596**	69,503,449	73,969,459
(b) Deferred tax liabilities (Net)	12	**3,761,379**	6,581,513	10,677,662
Total non-current liabilities		**82,163,975**	76,084,962	84,647,121
3. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	**–**	1,500,000	700,000
(ii) Trade payables	14	**131,500**	206,305	130,266
(iii) Other financial liabilities	15	**150,405**	164,204	181,571
(b) Other current liabilities	16	**17,859**	20,430	2,985,220
Total current liabilities		**299,764**	1,890,939	3,997,057
Total equity and liabilities (1+2+3)		**73,352,652**	74,036,869	89,417,613

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 26 April, 2017

For and on behalf of the Board of Directors

Sumit Issar

Rajeev Dubey

Place : Mumbai
Date : 26 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	**Other income**	17		7,481,599
II	**Total Revenue**		–	7,481,599
III	**EXPENSES**			
	(a) Finance costs	18	**9,138,300**	8,130,663
	(b) Other expenses	19	**1,353,889**	2,309,070
	Total expenses (III)		**10,492,189**	10,439,733
IV	**Loss before tax (II - III)**		**(10,492,189)**	(2,958,134)
V	**Tax expense**			
	(a) Current tax	11	–	1,054,191
	(b) Deferred tax	12	**(2,820,134)**	(2,614,095)
	Total tax expense (V)		**(2,820,134)**	(1,559,904)
VI	**Loss after tax (IV - V)**		**(7,672,055)**	(1,398,230)
VII	**Other comprehensive income**		–	–
	(a) Items that will not be reclassified to profit or loss		–	–
	(b) Income tax relating to items that will not be reclassified to profit or loss		–	–
VIII	**Total comprehensive income for the year (VI + VII)**		**(7,672,055)**	(1,398,230)
IX	**Earnings per equity share (of Rs. 10 each)**			
	Basic/Diluted (Rs.)	21	**(27.12)**	(27.96)

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 26 April, 2017

For and on behalf of the Board of Directors

Sumit Issar

Rajeev Dubey

Place : Mumbai
Date : 26 April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
		Amount in Rs.
A. Cash flow from operating activities		
Loss after tax	**(7,672,055)**	(1,398,230)
Adjustments for:		
Income tax expense recognised in statement of profit and loss	**(2,820,134)**	(1,559,904)
Profit on sale of leashold rights	**–**	(7,481,599)
Lease rent	**773,492**	775,612
Loss arising on derecognition of financial liabilities	**–**	366,947
Finance costs	**9,138,300**	8,130,663
	7,091,658	231,719
Operating loss before working capital changes	**(580,397)**	(1,166,511)
Changes in working capital:		
(Increase) in other assets	**(119,424)**	–
(Decrease)/increase in trade payables	**(74,805)**	76,039
(Decrease)/increase in other non current liabilities	**(2,571)**	4,242
	(196,800)	80,281
Cash generated from operations	**(777,197)**	(1,086,230)
Net income tax paid	**–**	(1,070,191)
Net cash flow used in operating activities (A)	**(777,197)**	(2,156,421)
B. Cash flow from investing activities		
Balance proceeds from transfer of leasehold rights-Naini	**–**	16,947,018
Net cash flow from investing activities (B)	**–**	16,947,018
C. Cash flow from financing activities		
Fresh issue of equity shares	**2,500,000**	–
Redemption of debentures	**–**	(16,500,000)
(Repayment)/Proceeds from short term borrowings	**(1,500,000)**	1,500,000
Repayment of Inter-corporate deposit	**–**	(1,725,000)
Interest paid	**(252,952)**	(252,278)
Net cash flow/(used in) from financing activities (C)	**747,048**	(16,977,278)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(30,149)**	(2,186,681)
Cash and cash equivalents at beginning of the year	**710,737**	2,897,418
Cash and cash equivalents at end of the year	**680,588**	710,737
	(30,149)	(2,186,681)
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 5)	**680,588**	710,737

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 26 April, 2017

For and on behalf of the Board of Directors

Sumit Issar

Rajeev Dubey

Place : Mumbai
Date : 26 April, 2017

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	**500,000**	500,000	500,000
Changes in equity share capital during the year	**2,500,000**	–	–
Balance at the close of the year	**3,000,000**	500,000	500,000

B. Other equity

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2015	**48,578,175**	**(48,304,740)**	**273,435**
Loss for the year	–	(1,398,230)	(1,398,230)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(1,398,230)	(1,398,230)
Reversal on early redemption 16,500 debentures	(4,796,291)	–	(4,796,291)
Deferred tax on derecognition of interest relating to debt redeemed	–	1,482,054	1,482,054
Balance as at March 31, 2016	**43,781,884**	**(48,220,916)**	**(4,439,032)**
Loss for the year	–	(7,672,055)	(7,672,055)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(7,672,055)	(7,672,055)
Balance as at March 31, 2017	**43,781,884**	**(55,892,971)**	**(12,111,087)**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 26 April, 2017

For and on behalf of the Board of Directors

Sumit Issar

Rajeev Dubey

Place : Mumbai
Date : 26 April, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Electrical Steel Limited was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs. 150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of Mahindra Intertrade Limited a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

2 Significant Accounting Policies followed by the Company

2.1 Statement of Compliance and Basis of preparation and presentation:

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 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended 31 March 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Note 3 for information on how the Company adopted Ind AS.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on _____, 2017.

2.2 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a 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 recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or loss.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.3 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

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.

2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary 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 flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.7 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

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 or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.8 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

2.9 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

3 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions availed by the Company as detailed below.

Mandatory exceptions

3.1 Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

3.2 De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

3.3 Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as on the transition date.

Note 4 – Other non-current assets

Amount in Rs.

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Prepayments	**71,763,148**	72,536,640	73,310,132
Advance income tax (net of provision for tax)	**16,000**	16,000	–
Total	**71,779,148**	72,552,640	73,310,132

Note 5 – Cash and cash equivalents

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents (refer Note 28)			
Unrestricted balances with banks			
In current account	**680,588**	710,737	2,897,418
Total	**680,588**	710,737	2,897,418

Note 6 – Other current assets

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepayments	**773,492**	773,492	775,612
Advance to related party (Mahindra and Mahindra Limited)	**119,424**	–	–
Total	**892,916**	773,492	775,612

Note 7 – Non current asset held for sale

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leasehold rights	**–**	–	12,434,451
Total	**–**	–	12,434,451

Note 8 – Share capital

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2017 Rupees	As at March 31, 2016 Number of shares	As at March 31, 2016 Rupees	As at April 1, 2015 Number of shares	As at April 1, 2015 Rupees
(a) Authorised						
Equity shares of Rs. 10 each	**15,000,000**	**150,000,000**	15,000,000	150,000,000	15,000,000	150,000,000
	15,000,000	**150,000,000**	15,000,000	150,000,000	15,000,000	150,000,000
(b) Issued, subscribed and fully paid up						
Equity shares of Rs. 10 each	**300,000**	**3,000,000**	50,000	500,000	50,000	500,000
	300,000	**3,000,000**	50,000	500,000	50,000	500,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening balance	Fresh issue	Buy back	Closing balance
Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each				
For the year ended March 31, 2017				
Number of shares	**50,000**	**250,000**	–	**300,000**
Amount (in Rupees)	**500,000**	**2,500,000**	–	**3,000,000**
For the year ended March 31, 2016				
Number of shares	50,000	–	–	50,000
Amount (in Rupees)	500,000	–	–	500,000
For the year ended March 31, 2015				
Number of shares	50,000	–	–	50,000
Amount (in Rupees)	500,000	–	–	500,000

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2016 Number of shares	As at April 1, 2015 Number of shares
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**300,000**	50,000	50,000

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2017 % of holding	As at March 31, 2016 Number of shares	As at March 31, 2016 % of holding	As at April 1, 2015 Number of shares	As at April 1, 2015 % of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**300,000**	**100%**	50,000	100%	50,000	100%

Note 9 – Other equity

Amount in Rs.

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2015	**48,578,175**	**(48,304,740)**	**273,435**
Loss for the year	–	(1,398,230)	(1,398,230)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(1,398,230)	(1,398,230)
Reversal on early redemption 16,500 debentures	(4,796,291)	–	(4,796,291)
Deferred tax on derecognition of interest relating to debt redeemed	–	1,482,054	1,482,054
Balance as at March 31, 2016..	**43,781,884**	**(48,220,916)**	**(4,439,032)**
Loss for the year	–	(7,672,055)	(7,672,055)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(7,672,055)	(7,672,055)
Balance as at March 31, 2017..	**43,781,884**	**(55,892,971)**	**(12,111,087)**

Note 10 – Non current borrowings

Amount in Rs.

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Measured at amortised cost			
Unsecured borrowings - at amortised Cost			
(a) Inter corporate deposit.......	**–**	–	1,025,000
(b) Liability component of compound financial instruments (0.25% Optionally convertible unsecured debentures of Rs. 1,000 each - refer Note below)	**78,402,596**	69,503,449	72,944,459
Total	**78,402,596**	69,503,449	73,969,459

Note: The Company had issued 107,500 non transferable 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each to its Holding Company, Mahindra Intertrade Limited. During the year 2015-16 the issuer has exercised call option to redeem 16,500 debentures and for balance debentures the issuer/holder has agreed not to redeem the debentures at any time before 31 March, 2017 at face value plus interest for the completed year or convert debentures in full or part thereof into equity shares of the face value of Rs 10 each issued at par equivalent to the face value of debentures plus interest for the completed year. However, no interest is payable for the fractional period if debentures are redeemed or converted before the completion of a year.

During the current year the terms of 0.25% Optionally convertible unsecured debentures have been changed where by a) the Company's call option on right of redemption and conversion has been deleted b) Interest on optionally convertible debenture shall also be paid for fractional period if debentures are converted before completion of a year. For balance 91,000 debentures the holder has agreed not to redeem the debentures at any time before 31 March, 2018.

Note 11 – Current tax

(a) Income Tax recognised in profit and loss

Amount in Rs.

Particulars	**For the year ended on March 31, 2017**	For the year ended on March 31, 2016
Current tax:		
In respect of current year......................	**–**	1,028,000
In respect of prior year..........................	**–**	26,191
	–	1,054,191
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(2,820,134)**	(2,614,095)
Total	**(2,820,134)**	(1,559,904)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs.

Particulars	**For the year ended on March 31, 2017**	For the year ended on March 31, 2016
Profit before tax	**(10,492,189)**	(2,958,134)
Income tax # being loss..............	**–**	–
MAT liability..................................	**–**	1,028,000
Deferred tax on accrued interest on liability portion of compound financial instrument	**(2,820,134)**	(2,614,095)
	(2,820,134)	(1,586,095)
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	26,191
Income tax expense recognised in the Statement of profit and loss...............	**(2,820,134)**	(1,559,904)

The tax rate used for the year ended March 31, 2017 reconciliations above is the corporate tax rate of 30.90% (including education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 12 – Deferred tax

Amount in Rs.

Particulars	As at March 31, 2017			
	Opening Balance	**Recognised in profit and loss**	**Recognised in equity**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
– Deferred tax portion of recognotion of equity component....................	**13,415,215**	–	–	**13,415,215**
Tax effect of items constituting deferred tax assets				
– Deferred tax - on recognition of accrued interest on compund financial instrument	**6,833,702**	**2,820,134**	–	**9,653,836**
Total................................	**6,581,513**	**(2,820,134)**	–	**3,761,379**

Amount in Rs.

Particulars	As at March 31, 2016 Opening Balance	Recognised in profit and loss	Recognised in equity	Closing Balance
Tax effect of items constituting deferred tax liabilities				
-Deferred tax portion of recognition of equity component	15,010,656	(113,387)	(1,482,054)	13,415,215
Tax effect of items constituting deferred tax assets				
-Deferred tax - on recognition of accrued interest on compound financial instrument	4,332,994	2,500,708	–	6,833,702
Total	10,677,662	(2,614,095)	(1,482,054)	6,581,513

Note 13 – Current borrowings

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured borrowings			
(a) Loans repayable on demand			
From banks	–	1,500,000	–
(b) Inter corporate deposit	–	–	700,000
Total	–	1,500,000	700,000

Note 14 – Trade payables

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Creditors for supplies/services	**131,500**	206,305	130,266
Total	**131,500**	206,305	130,266

Note: There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 15 – Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued on debentures	**150,405**	164,204	181,571
Total	**150,405**	164,204	181,571

Note 16 – Other liabilities

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others			
- Statutory Dues (TDS)	**17,859**	20,430	16,188
- Advance received for sale of leasehold land-Naini	–	–	2,969,032
Total	**17,859**	20,430	2,985,220

Note 17 – Other income

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit on transfer of leasehold rights-Naini (Refer Note 23)	–	7,481,599
Total	–	7,481,599

Note 18 – Finance cost

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense		
(a) Interest on debentures	**227,502**	197,158
(b) Unwinding of interest on liability portion of compound financial instrument	**8,899,147**	7,895,751
(c) Interest on inter corporate deposit	–	14,130
(d) Interest on borrowings	**11,651**	14,195
(e) Interest on income tax	–	9,429
Total	**9,138,300**	8,130,663

Analysis of interest expenses by category

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) On financial liability at amortised cost	**9,138,300**	8,121,234
(b) On non financial liabilities	–	9,429
Total	**9,138,300**	8,130,663

Note 19 – Other expenses

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Rent	**773,492**	775,612
(b) Rates and taxes	**59,731**	906,493
(c) Travelling expenses	–	7,869
(d) Security charges	–	12,097
(e) Professional & legal expenses	**310,542**	113,166
(f) Auditors' remuneration (refer Note below)	**184,550**	125,950
(g) Other general expenses	**25,574**	936
(h) Loss arising on derecognition of financial liabilities	–	366,947
Total	**1,353,889**	2,309,070

Note:

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment to auditors:		
To Statutory auditors-		
For audit (including service tax) ...	**127,050**	125,950
For other services.........................	**57,500**	–
Total	**184,550**	125,950

Note 20 – Related Party Disclosures

Related party disclosures as required by Ind AS-24 "Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

(B) Transactions with Related Parties :

(a) Disclosure of transactions between the Company and related parties during the year ended March 31, 2017:

Amount in Rs.

		For the year ended March 31, 2017	For the year ended March 31, 2016
(i)	**Ultimate Holding Company**		
	Professional fees	**287,502**	85,853
	Other general expenses................	**25,234**	–
(ii)	**Holding Company**		
	Issue of equity shares...................	**2,500,000**	–
	Inter Corporate Deposits repaid	**–**	1,725,000
	Redemption of debentures	**–**	16,500,000
	Interest on Inter Corporate Deposits...	**–**	14,130
	Interest on Debentures	**227,502**	197,158
	Unwinding of interest on liability portion of compound financial instrument......................................	**8,899,147**	7,895,751

(b) Outstanding balances:

Amount in Rs.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Outstanding payables			
Ultimate Holding Company........	**–**	78,355	–
Holding Company......................	**78,549,077**	69,503,449	73,969,459
Outstanding receivables			
Ultimate Holding Company........	**119,424**	–	–

During the year, there is no amount written off or written back in respect of such parties.

Note 21 – Earnings per share

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss after tax (Rs.) (A)	**(7,672,055)**	(1,398,230)
Weighted average number of shares (B)..	**282,877**	50,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**(27.12)**	(27.96)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note 22

As at March 31, 2017 the Company is having negative net worth of Rs. 9,111,087. The Company has taken Leasehold land at Dahej (Gujarat) and is currently in process of evaluating options for its project. In view of the foregoing and on account of the continuing support from the holding company, the financial statements have been prepared on a going concern basis.

Note 23 – Leasehold land held for sale

The Company had entered into a Memorandum of Agreement dated March 11, 2015, with a third party for surrendering its leasehold rights in the plot of land at Naini in favour of the said party, subject to U.P. State Industrial Development Corporation Limited (UPSIDC) granting the required permission. Accordingly the book value of land of Rs. 12,434,451 was shown as "Leasehold land held for sale" and the amount of Rs. 2,969,032 received was shown as "Advance received for sale of leasehold land-Naini" as at March 31, 2015. During the previous year approval from UPSIDC was received and accordingly leasehold rights were transferred to the said party and profit on transfer of leasehold rights of Rs. 7,481,599 has been recognised in the statement of profit and loss.

No impairment loss was recognised on reclassification of leashold rights held for sale as at April 1, 2015 as directors of the Company expect that the fair value less cost to sell is higher than the carrying amount.

Note 24 – Leases

Company has taken land situated at Dahej, Gujarat on lease for 99 years. The balance amount of lease premium paid for the period of lease of land has been disclosed as prepaid expenses and is being amortised over the period of lease on straight line basis. The amount charged to the Statement of Profit and Loss is Rs. 773,492 . (F.Y 2016 Rs. 775,612)

Note 25 – Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to liquidity risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flow, and by matching the monitoring profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flow.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities							
March 31, 2017							
Non-interest bearing		**281,905**	**–**	**–**	**–**	**281,905**	**281,905**
Variable interest rate instruments..............................	**12.35%**	**–**	**91,000,000**	**–**	**–**	**91,000,000**	**78,402,596**
Total		**281,905**	**91,000,000**	**–**	**–**	**91,281,905**	**78,684,501**
March 31, 2016							
Non-interest bearing...............		370,509	–	–	–	370,509	370,509
Fixed interest rate instruments	12.35%	1,500,000	91,000,000			92,500,000	71,003,449
Total		1,870,509	91,000,000	–	–	92,870,509	71,373,958
April 1, 2015							
Non-interest bearing...............		311,837	–	–	–	311,837	311,837
Fixed interest rate instruments	12.35%	700,000	1,025,000	91,000,000		92,725,000	74,669,459
Total		1,011,837	1,025,000	91,000,000	–	93,036,837	74,981,296

Sensitivity interest rate increase by 1%: Loss will increase on variable interest rate instrument by Rs. 7,84,025 for the year ended March 31, 2017 (Rs. 7,10,034 March 31, 2016)

Sensitivity interest rate decrease by 1%: Loss will decrease on variable interest rate instrument by Rs. 7,84,025 for the year ended March 31, 2017 (Rs. 7,10,034 March 31, 2016)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rs.

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
March 31, 2017						
Non-interest bearing...	**680,588**				**680,588**	**680,588**
Total	**680,588**	**–**	**–**	**–**	**680,588**	**680,588**
March 31, 2016						
Non-interest bearing...	710,737	–	–	–	710,737	710,737
Total	710,737	–	–	–	710,737	710,737
April 1, 2015						
Non-interest bearing...	2,897,418	–	–	–	2,897,418	2,897,418
Total	2,897,418	–	–	–	2,897,418	2,897,418

Note 26 – Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

– quoted prices for similar assets or liabilities in active markets

– quoted prices for identical or similar assets or liabilities in markets that are not active

– inputs other than quoted prices that are observable for the asset or liability, for example

  – interest rates and yield curves observable at commonly quoted intervals

  – implied volatilities

  – credit spreads

  – inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	**–**	**680,588**	**–**	**680,588**
Total	**–**	**680,588**	**–**	**680,588**
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	**–**	**78,402,596**	**–**	**78,402,596**
– trade and other payables	**–**	**281,905**	**–**	**281,905**
Total	**–**	**78,684,501**	**–**	**78,684,501**

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	710,737	–	710,737
Total	–	710,737	–	710,737
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	–	69,503,449	–	69,503,449
– Bank loans	–	1,500,000	–	1,500,000
– trade and other payables	–	370,509	–	370,509
Total	–	71,373,958	–	71,373,958

Amount in Rs.

Particulars	Fair value hierarchy as at April 1, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	2,897,418	–	2,897,418
Total	–	2,897,418	–	2,897,418
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	–	73,969,459	–	73,969,459
– Short term deposits	–	700,000	–	700,000
– trade and other payables	–	311,837	–	311,837
Total	–	74,981,296	–	74,981,296

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

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 27 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of total equity as at March 31, 2016 and April 1, 2015:

Amount in Rs.

Particulars	**As at March 31, 2016**	**As at April 1, 2015**
Equity as reported under previous GAAP	**(18,854,070)**	**(23,104,444)**
Ind AS: Adjustments increase/ (decrease):		
Recognition of equity component of compound financial instrument at fair value at inception	48,578,175	48,578,175
Derecognition of equity component of compound financial instrument redeemed during FY 2016	(4,796,291)	–
Loss on redemption of 16,500 compound financial instrument	(366,947)	–
Recognition of accrued interest on liability portion of compound financial instrument	(21,918,386)	(14,022,634)
Deferred tax on equity component of compound financial instrument	(13,528,603)	(15,010,656)
Deferred tax on interest accrued on loan component of compound financial instrument	6,947,090	4,332,994
Equity as reported under Ind AS	**(3,939,032)**	**773,435**

(ii) Reconciliation of Profit and loss for the year ended March 31, 2016:

Amount in Rs.

Particulars	**Year Ended March 31, 2016**
Profit or Loss as per previous GAAP	**4,250,374**
Ind AS: Adjustments increase/(decrease):	
Recognition of accrued interest on compound financial instrument (net of tax)	(5,395,044)
Loss on redemption of 16,500 compound financial instrument (net of tax)	(253,560)
Total adjustment to profit or loss	(5,648,604)
Profit or Loss under Ind AS	**(1,398,230)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Effect of Ind AS adoption on the Balance sheet as at March 31, 2016 and April 1, 2015

Amount in Rs.

	Notes	As at March 31, 2016 (End of Last period presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	As per Ind As balance Sheet	As at April 1, 2015 (Date of transition) Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance Sheet
A ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	27(v)(1)	73,310,132	(73,310,132)	–	74,085,744	(74,085,744)	–
(b) Other non-current assets	27(v)(1)	16,000	72,536,640	72,552,640	–	73,310,132	73,310,132
Total non-current assets		73,326,132	(773,492)	72,552,640	74,085,744	(775,612)	73,310,132
Current assets							
(a) Financial Assets			–			–	
Cash and cash equivalents		710,737	–	710,737	2,897,418	–	2,897,418
(c) Other current assets	27(v)(1)	–	773,492	773,492	–	775,612	775,612
Total current assets		710,737	773,492	1,484,229	15,331,869	775,612	3,673,030
Non current asset held for sale		–	–	–	12,434,451	–	12,434,451
Total Assets		74,036,869	–	74,036,869	89,417,613	–	89,417,613
B EQUITY AND LIABILITIES							
EQUITY							
(a) Equity share capital		500,000	–	500,000	500,000	–	500,000
(b) Other equity		(19,354,070)	14,915,038	(4,439,032)	(23,604,444)	23,877,879	273,435
Total equity	27(i)	(18,854,070)	14,915,038	(3,939,032)	(23,104,444)	23,877,879	773,435
LIABILITIES							
Non-current liabilities							
(a) Financial liabilities Borrowings	27(v)(2)	91,000,000	(21,496,551)	69,503,449	108,525,000	(34,555,541)	73,969,459
(b) Deferred tax liabilities (Net)	27(v)(3)	–	6,581,513	6,581,513	–	10,677,662	10,677,662
Total non - current liabilities		91,000,000	(14,915,038)	76,084,962	108,525,000	(23,877,879)	84,647,121
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		1,500,000	–	1,500,000	700,000	–	700,000
(ii) Trade payables		206,305	–	206,305	130,266	–	130,266
(ii) Other financial liabilities		164,204	–	164,204	181,571	–	181,571
(b) Other current liabilities		20,430	–	20,430	2,985,220	–	2,985,220
Total current liabilities		1,890,939	–	1,890,939	3,997,057	–	3,997,057
Total equity and liabilities		74,036,869	–	74,036,869	89,417,613	–	89,417,613

(iv) Effect of Ind AS adoption on the Statement of Profit and loss for the year ended on March 31, 2016

		Notes	Year ended March 31, 2016 (Last period presented under previous GAAP) Previous GAAP	Effect of transaction to Ind AS	Ind AS
I	**Other Income**		7,481,599	–	7,481,599
II	**Total revenue**		7,481,599	–	7,481,599
III	**Expenses**				
	(a) Finance costs	27(v)(2)	234,912	7,895,751	8,130,663
	(b) Depreciation and amortisation expense	27(v)(1)	775,612	(775,612)	–
	(c) Other expenses	27(v)(1)/(2)	1,166,510	1,142,560	2,309,070
	Total expenses (III)		2,177,034	8,262,699	10,439,733
IV	**Profit before tax (II - III)**		5,304,565	(8,262,699)	(2,958,134)
V	**Tax Expense**				
	(a) Current tax		1,054,191	–	1,054,191
	(b) Deferred tax	27(v)(4)	–	(2,614,095)	(2,614,095)
	Total tax expense (V)		1,054,191	(2,614,095)	(1,559,904)
VI	**Profit for the year (IV - V)**		4,250,374	(5,648,604)	(1,398,230)

Note - Previous GAAP figures have been regrouped/reclassified wherever necessary.

(v) Notes to Reconciliation

(1) Under previous GAAP, lease hold land was considered as tangible fixed assets and was amortised over the period of the lease. Under Ind AS,interest in lease hold land is considered as leases as per definition and classification criteria in Ind AS 17. Accordingly in respect of net written down value of leasehold land Rs. 72,536,640 as at March 31, 2016 (Rs. 73,310,132 as at April 1, 2015) has been classified under non-current assets and Rs. 773,492 as at March, 2016 (Rs. 775,612 Crores as at 1 April, 2015) to other current assets.

Similarly the amortisation of lease hold land for the year ended on March 31, 2016 of Rs. 775,612 has been classified under other expenses as lease rent.

(2) Under previous GAAP, Optionally convertible debentures were accounted under long term borrowing at transaction value. Under Ind AS, these Optionally convertible debentures are treated as compound financial instrument that contain both equity and liability component. Accordingly liability and equity component is separated at inception i.e. as on June 27, 2013. The liability component at inception is measured at fair value and resultant residual portion was recognised as equity under the head “Other equity”. The Company has recognised Rs. 48,578,175 as “Equity component of compound financial instrument” under the head “Other equity” at inception and carried as such on April 1, 2015. The deferred tax impact on this portion of Rs. 15,010,656 has been charged to retained earning as on April 1, 2015. Similarly the Company has also recognised the interest accrued till April 1, 2015 (date of first time adoption of Ind-AS) of Rs. 9,689,6410 (net of deferred tax of Rs. 4,332,994) in retained earnings on loan component of compound financial instrument.

Due to adoption of fair value at inception and subsequent measurement at amortised cost for liability component of compound financial instrument, the finance cost has increased by Rs. 7,895,751 for the year ended on March 31, 2016. During 2015-16, the Company has excercised the put option and redeemed 16,500 Optionally convertible debentures, accordingly Rs. 4,796,291 has been derecognised from Other equity and resultant loss on redemption of Rs. 366,947 has been recognised in the Statement of profit and loss. The Company has recognised the deferred tax assets on above Ind As adjustments and consequently deferred tax asset of Rs. 2,614,095 has been recognised in the Statement of profit and loss.

(3) Due to transition to Ind-AS from previous GAAP following adjustments were made to deferred tax liability (DTL) as at March 31, 2016 and April 1, 2015.

Amount in Rs.

Particulars	As at March 31, 2016	As at April 1, 2015
Balance as per previous-GAAP	–	–
Recognition of equity component of compound financial instrument at fair value on inception	15,010,656	15,010,656
Derecognition of equity component of compound financial instrument redeemed during FY 2016	(1,482,054)	–
Loss on redemption of 16,500 compound financial instrument	(113,387)	
Recognition of accrued interest on compound financial instrument	(6,833,702)	(4,332,994)
Balance as per Ind-AS	6,581,513	10,677,662

(4) Reconciliation of deferred tax expenses/(income)

Deferred tax income as per Previous GAAP		–
Loss on redemption of 16,500 compound financial instrument		(113,387)
Recognition of accrued interest on compound financial instrument		(2,500,708)
Deferred tax income as per Ind-AS		(2,614,095)

Note 28 – Specified banks notes

Amount in Rs.

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts (withdrawn from bank)	–	–	–
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

For and on behalf of the Board of Directors

Sumit Issar

Rajeev Dubey

Place : Mumbai

Date : 26 April, 2017

DIRECTORS' REPORT

Your Directors present their fourth Report, together with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2017**	#For the year ended 31st March, 2016
Income	**10,746.02**	6,966.43
Profit before depreciation, interest and taxation	**1,695.60**	1,136.73
Less: depreciation	**360.39**	278.53
Profit before interest and taxation	**1,335.21**	858.20
Less: interest	**208.94**	217.22
Profit before tax	**1,126.27**	640.98
Less : Provision for taxation:		
Current Tax	**237.00**	119.53
Deferred Tax	**167.44**	(159.75)
Profit for the year after tax	**721.83**	681.20
Other comprehensive income	**(1.11)**	(0.82)
Total comprehensive income for the year	**720.72**	680.38
Balance of profit of earlier years	**362.94**	(317.44)
Profit available for appropriation	**1,083.66**	362.94
Dividend paid on equity shares	**34.25**	–
Income-tax on dividend paid	**6.97**	–
Balance carried to Balance Sheet	**1,042.44**	362.94
Net Worth	**7,892.44**	7,212.94

 # The aforesaid financial highlights are based on the Company's first Ind AS audited financial statements for the year ended 31st March, 2017 which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Demand from domestic automotive industry was muted during the year. During the current financial year, which marked the Company's first full year of operations, the income for the year grew to Rs. 10,746.02 lakhs as against Rs. 6,966.43 lakhs in the previous year. The total comprehensive income for the year was at Rs. 720.72 lakhs as against Rs. 680.38 lakhs in the previous year. The tax provision for the year was higher on account of certain deferred tax adjustments.

The Company does not have Subsidiaries, Joint Ventures or Associates.

DIVIDEND

Your Directors recommend a dividend @ 2.20% on its 6,85,00,000 fully paid-up equity shares of Rs. 10 each, at Rs. 0.22 per equity share, aggregating Rs. 150.70 lakhs.

If approved by the shareholders at the ensuing Annual General Meeting, the above dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 23rd June, 2017, the date of the Annual General Meeting of the Company. The dividend for the year together with income tax thereon, will absorb a sum of Rs. 181.38 lakhs against Rs. 41.22 lakhs paid for the previous year.

HUMAN RESOURCE

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom our next generation of leaders.

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

Your Company has in place a Policy on Prevention of Sexual Harassment of Women. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

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

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company had approved:

- Policy on appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy on remuneration of Directors, Key Managerial Personnel and other Employees.

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

AWARD

Your company has been the recipient of the following award during the year:

7th Asia Best Employer Brand Awards 2016 for Most Effective Recruitment Campaign.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may threaten the existence of the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2017 stood at Rs. 76 crores divided into 7,60,00,000 equity shares of Rs. 10/- each. The paid-up share capital of your Company as on 31st March, 2017 stood at Rs. 68.50 crores divided into 6,85,00,000 equity shares of Rs. 10/- each.

TRANSFER OF SHARES

During the year under review, the Board of Directors of your Company by way circular resolution passed on 21st July, 2016, approved the transfer of 1,67,82,500 Equity Shares of Rs. 10 each, constituting 24.50% of the paid-up capital of the Company at a consideration of Rs. 16,78,25,000, held in the Company by M/s. Mitsui & Co. (Asia Pacific) Pte. Limited to its holding company jointly M/s. Mitsui & Co. Limited, Tokyo.

Further the Board of Directors of your Company at their Meeting held on 12th August, 2016, approved the transfer of 1 equity share held in the Company by Mr. Harsh Kumar, Nominee of Mahindra Intertrade Limited to Mr. Sumit Issar, Nominee of Mahindra Intertrade Limited.

ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the transfer of shares held in the Company by M/s. Mitsui & Co. (Asia Pacific) Pte. Limited to its Holding Company M/s. Mitsui & Co., Limited, Tokyo, the Articles of Association were altered by way of Special Resolution passed in the 2016-2017/1st Extra-Ordinary General Meeting of the Company held on 14th December, 2016, in order to make the Deed of Adherence and the Waiver Agreement as the part of the Articles of Association of the Company as Schedule IIA and Schedule IIB respectively.

BOARD OF DIRECTORS

Composition:

Presently, the Board comprises of the following Directors:

Name of the Director and DIN	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Zhooben Bhiwandiwala (00110373)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Mr. Sumit Issar (06951249)	Director	Non-Executive Director	Non-Independent Director
Mr. Toru Kojima (07800837)	Additional Director	Non-Executive Director	Non-Independent Director
Mr. Huang, Chen-Jung (07692412)	Additional Director	Non-Executive Director	Non-Independent Director
Mr. P. R. Barpande (00016214)	Director	Non-Executive Director	Independent Director
Ms. Smita Mankad (02009838)	Director	Non-Executive Director	Independent Director

Consequent to the change in nomination by Mitsui & Co. Limited, Tokyo, Mr. Toru Kojima (DIN: 07800837) was appointed as an additional Director w.e.f. 27th April, 2017 by way of circular resolution, in place of Mr. Tomohiro Kii (DIN: 07534720), who resigned as the Director of the Company w.e.f. 27th April, 2017.

Mr. Tomohiro Kii (DIN: 07534720) was appointed as a Director of the Company w.e.f. 13th August, 2016 in casual vacancy caused due to the resignation of Mr. Hiroshi Tashiro, from the close of business hours on 12th August, 2016.

Consequent to the change in nomination by CSGT International Corporation, Mr. Huang, Chen-Jung (DIN: 07692412) was appointed as an additional director w.e.f. 24th April, 2017 by way of circular resolution, in place of Mr. Kuo Yi-Jen (DIN: 06848718), who resigned as the Director of the Company w.e.f. 18th April, 2017.

The Board places on record its sincere appreciation for the valuable guidance and support provided by Mr. Hiroshi Tashiro, Mr. Tomohiro Kii and Mr. Kuo Yi-Jen during their tenure as the Directors of the Company.

Mr. Rajeev Dubey and Mr. Sumit Issar retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Company has received notices pursuant to Section 160 of the Companies Act, 2013, along with the Deposit of Rs. 1,00,000/- each from Mahindra Intertrade Limited, Shareholder of the Company, for proposing the candidature of Mr. Huang, Chen- Jung and Mr. Toru Kojima, as the Directors at the ensuing Annual General Meeting of the Company.

All Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors.

Mr. P. R. Barpande and Ms. Smita Mankad, Independent directors who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013. Your directors have wide experience in business related to trading, finance and general corporate management.

Board Meetings and Annual General Meeting:

The Board met four times during the year under review, i.e. on 27th April, 2016, 12th August, 2016, 29th November, 2016 and 2nd February, 2017. The gap between two consecutive Board Meetings did not exceed 120 days. The 3rd Annual General Meeting of the Company was held on 24th June, 2016.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Zhooben Bhiwandiwala	3
Mr. Sumit Issar	4
Mr. Rajeev Dubey	3
*Mr. Hiroshi Tashiro	2
#Mr. Tomohiro Kii (upto 27th April, 2017)	2
Mr. Kuo Yi-Jen	4
Ms. Smita Mankad	4
Mr. P. R. Barpande	4

* Resigned as the Director of the Company from the close of business hours on 12th August, 2016

\# Appointed as the Director of the Company w.e.f. 13th August, 2016.

Meeting of Independent Directors

The Independent Directors of the Company met on 29th November, 2016 without the presence of the Chairman, other Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of performance:

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured evaluation questionnaire covering various aspects such as adequacy of the composition of the Board and its Committees, the capabilities and experience of the Board and its Committees and the devotion of adequate time for discharging its role, etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors, the Chairman and the Board as a whole was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the Profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

(v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2017 and have found them to be adequate.

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, Senior Management Personnel and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from members of the Board, Senior Management Personnel and Employees affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee of the Company comprised of the following:

Name of the Director	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. P. R. Barpande	Member
Ms. Smita Mankad	Member

The Audit Committee met thrice during the year under review, i.e. on 27th April, 2016, 29th November, 2016 and 2nd February, 2017.

The attendance of the Directors at the Meetings of the Audit Committee of the Company were as under:-

Name of the Director	No. of Audit Committee Meetings attended
Mr. Zhooben Bhiwandiwala	3
Mr. P. R. Barpande	3
Ms. Smita Mankad	3

All the recommendations of the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of the Company comprised of the following:

Name of the Director	Designation
Mr. Rajeev Dubey	Chairman
$ Mr. Kuo Yi-Jen	Member
Mr. P. R. Barpande	Member
Ms. Smita Mankad	Member

$ Ceased as the Member of the Committee w.e.f. 18th April, 2017 and in his place Mr. Huang Chen-Jung was appointed as the Committee Member w.e.f. 24th April, 2017

The Nomination and Remuneration Committee met thrice during year under review, i.e. on 27th April, 2016, 12th August, 2016 and 29th November, 2016.

The attendance of the Directors at the Meetings of the Nomination and Remuneration Committee of the Company were as under:-

Name of the Director	No. of Nomination and Remuneration Committee Meetings attended
Mr. Rajeev Dubey	2
Mr. Kuo Yi-Jen	3
Mr. P. R. Barpande	3
Ms. Smita Mankad	3

Corporate Social Responsibility (CSR) Committee

The Composition of CSR Committee is as follows:

Name of the Director	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. Sumit Issar	Member
Ms. Smita Mankad	Member

The CSR Committee met once during the year under review on 12th August, 2016, which was attended by Mr. Sumit Issar and Ms. Smita Mankad.

KEY MANAGERIAL PERSONNEL

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

Name of the Key Managerial Personnel	Designation
Mr. Sanjay Somkumar	Manager
Mr. Percy Mahernosh	Chief Financial Officer
Ms. Romali M. Malvankar	Company Secretary

There has been no change in the KMP's during the year under review.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 ("Act"), the Shareholders of the Company at their 1st Annual General Meeting held on 28th April, 2014 had re-appointed, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W), as Auditors of the Company to hold office from the conclusion of First Annual General Meeting, until the conclusion of the Sixth Annual General Meeting ("AGM") of the Company to be held in the year 2019.

As per Section 139, their appointment was required to be ratified at the ensuing AGM of the Company.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W) has given a Letter in writing under section 139(9)(b) of the Companies Act, 2013, to the Company stating that they do not wish to seek ratification of their appointment as statutory auditors at the ensuing AGM of the Company and the shareholders were informed about the same.

Pursuant to the above, a special notice has been received under section 140(4)(i) of the Companies Act, 2013 from Mahindra Intertrade Limited, Shareholder of the Company, holding 51% of the paid up share capital of the Company, in compliance with Section 115 of the Act, proposing the appointment of M/s. B S R & Co. LLP (a KPMG Member Firm) Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company in place of retiring Auditors viz. M/s. Deloitte Haskins & Sells, for a period of 5 consecutive years from conclusion of the 4th AGM till the conclusion of 9th AGM of the Company to be held in the year 2022.

The written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends to the Shareholders of the Company, the appointment of M/s. B S R & Co. LLP (a KPMG Member Firm) Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company for a period of 5 consecutive years from conclusion of the 4th AGM till the conclusion of 9th AGM of the Company to be held in the year 2022, at a remuneration to be fixed by the Shareholders of the Company.

Your Directors confirm that the Auditors Report for the financial year ended 31st March, 2017 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2017. The Board at its meeting held on 27th April, 2017 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31st March, 2018.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2017 and onwards.

A Secretarial Audit Report for the financial year ended 31st March, 2017 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure II** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDITOR

During the year under review, the provisions relating to the Cost Auditor were not applicable to the Company.

FRAUDS REPORTED BY AUDITORS

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

STOCK APPRECIATION RIGHTS (SARs)

Your Company has a cash settled Stock Appreciation Rights (SARs) Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. No employee was granted SARs for the year ended 31st March, 2017.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties referred to under Section 188(1) of the Companies Act, 2013 are furnished in Form AOC-2 as **Annexure III** and forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 is enclosed as **Annexure IV** and forms part of this report.

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporate Social Responsibility Committee at its 1st Meeting held on 12th August, 2016, had formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which was subsequently adopted by it and is being implemented by the Company.

CSR INITIATIVES

An Annual Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure VI** and forms part of this report.

GENERAL DISCLOSURES

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

c) Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

d) Significant or material orders were passed by regulators or courts or tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Zhooben Bhiwandiwala	**Sumit Issar**
Chairman	Director

Mumbai, 27th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Auto Steel Private Limited (MASPL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR' means the Human Resource department of the Company.

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

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD).

(ii) Chief Financial Officer (CFO), and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:

    1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.

    2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.

    3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any Member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board

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

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

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

Senior Management Personnel

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Auto Steel Private Limited (MASPL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

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

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors/Managing Director/Manager

The remuneration to Managing Director/Manager and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable) perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience and responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Sumit Issar
Director

Mumbai, 27th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,
The Shareholders,
Mahindra Auto Steel Private Limited
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai 400 018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Auto Steel Private Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Mahindra Auto Steel 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, we hereby report that in our opinion, the Company has, during the audit period **covering the financial year ended on 31st March, 2017**, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended 31st March, 2017** 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 to the Company for the year under review**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **Not Applicable**

(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. **Not Applicable to the Company for the year under review;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable**

(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**

(g) The Securiti es and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable**

(vi) As represented by the Company, there is/ are no sector specific laws applicable to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable as the Company in not listed on any Stock Exchange**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is constituted with Non-Executive Directors and Independent Directors.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or on a shorter notice with the consent of the Directors 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. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

   We further report that during the audit period except the following, there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.:

1. The Shareholders by way of Special Resolution passed in the 2016-2017/1st Extra-Ordinary General Meeting held on 14th December, 2016, approved the alteration of Articles of Association of the Company, in order to make the Deed of Adherence and the Waiver Agreement as the part of the Articles of Association of the Company as Schedule IIA and Schedule IIB respectively, pursuant to the transfer of shares held in the Company by M/s. Mitsui & Co. (Asia Pacific) Pte. Limited to its Holding Company M/s. Mitsui & Co., Limited, Tokyo.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Mumbai, 27th April, 2017

'ANNEXURE A'

To,
The Shareholders,
Mahindra Auto Steel Private Limited

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Mumbai, 27th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Mahindra Vehicle Manufacturers Limited (Intermediate Holding Company)	Sale of processed steel	Recurring	1) Sale of CR/HR Steel. Payment terms – 10 days Total value for transaction: Rs. 4128.63 lakhs	Not applicable (Refer Note)	Nil

Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per the proviso to Sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken in the meetings held on 29th November, 2016, 2nd February, 2017 and 27th April, 2017.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Sumit Issar
Director

Mumbai, 27th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017
[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.	Corporate Identification Number (CIN)	:	U27100MH2013PTC250979
ii.	Registration Date	:	12th December, 2013
iii.	Name of the Company	:	Mahindra Auto Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Processing of Steel	24105	100

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 and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	51.00*	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Intermediate Holding Company	51.00*	2(46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U51900MH1978PLC020222	Holding Company	51.00	2(46)

* Through Mahindra Intertrade Limited

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	3,49,35,000	3,49,35,000	51	–	3,49,35,000	3,49,35,000	51	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1):	–	**3,49,35,000**	**3,49,35,000**	**51**	–	**3,49,35,000**	**3,49,35,000**	**51**	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) **Foreign**									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Body Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**3,49,35,000**	**3,49,35,000**	**51**	–	**3,49,35,000**	**3,49,35,000**	**51**	–
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Cent. Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	3,35,65,000	3,35,65,000	49	–	3,35,65,000	3,35,65,000	49	–
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)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	**3,35,65,000**	**3,35,65,000**	**49**	–	**3,35,65,000**	**3,35,65,000**	**49**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**3,35,65,000**	**3,35,65,000**	**49**	–	**3,35,65,000**	**3,35,65,000**	**49**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**6,85,00,000**	**6,85,00,000**	**100**	–	**6,85,00,000**	**6,85,00,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% change in share-holding 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 Intertrade Limited	3,49,34,998	51	–	3,49,34,998	51	–	–
	*Mr. Harsh Kumar (Nominee of Mahindra Intertrade Limited)	1	–	–	–	–	–	–
	*Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)	1	–	–	1	–	–	–
	*Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)	–	–	–	1	–	–	–
	Total	**3,49,35,000**	**51**	–	**3,49,35,000**	**51**	–	–

* Held for Mahindra Intertrade Limited by its nominees

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

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mahindra Intertrade Limited**				
	At the beginning of the year - 01.04.2016	3,49,34,998	51	3,49,34,998	51
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2017	**3,49,34,998**	**51**	**3,49,34,998**	**51**
2	**Mr. Harsh Kumar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	**1**	–	**1**	–
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.) 12.08.2016 - Decrease on account of transfer of one share to Mr. Sumit Issar (As a nominee of Mahindra Intertrade Limited)	–	–	**(1)**	–
	At the End of the year - 31.03.2017	**0**	–	**0**	–
3	**Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	**0**	–	**0**	–
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.) 12.08.2016 - Increase on account of transfer of one share from Mr. Harsh Kumar (As a nominee of Mahindra Intertrade Limited)	–	–	**1**	–
	At the End of the year - 31.03.2017	–	–	**1**	–

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

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**CSGT International Corporation**				
	At the beginning of the year - 01.04.2016	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2017	**1,67,82,500**	**24.5**	**1,67,82,500**	**24.5**
2	**Mitsui & Co. (Asia-Pacific) Pte. Limited**				
	At the beginning of the year - 01.04.2016	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.) 21.07.2016 - Decrease on Account of transfer of shares to Mitsui & Co. Limited	–	–	(1,67,82,500)	(24.5)
	At the End of the year - 31.03.2017	**0**	–	**0**	–
3	**Mitsui & Co. Limited**				
	At the beginning of the year - 01.04.2016	**0**	–	**0**	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.) 21.07.2016 - Increase on account of transfer of shares from Mitsui & Co. (Asia-Pacific) Pte. Limited	–	–	1,67,82,500	24.5
	At the End of the year - 31.03.2017	–	–	**1,67,82,500**	**24.5**

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the End of the year - 31.03.2017	**1**	–	**1**	–
2	**Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2016	–	–	–	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) 12.08.2016 - Increase on account of transfer of one share from Mr. Harsh Kumar (As a nominee of Mahindra Intertrade Limited)	–	–	1	–
	At the End of the year - 31.03.2017	–	–	**1**	–

V. INDEBTEDNESS:

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

(Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	45.12	–	–	45.12
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.35	–	–	0.35
Total (i+ii+iii)	**45.47**	–	–	**45.47**
Change in Indebtedness during the financial year				
• Addition	3.10	–	–	3.10
• Reduction	(22.71)	–	–	(22.71)
Net change	**(19.61)**	–	–	**(19.61)**
Indebtedness at the end of the financial year				
i) Principal Amount	25.79	–	–	25.79
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.07	–	–	0.07
Total (i+ii+iii)	**25.86**	–	–	**25.86**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Sanjay Somkumar (Manager)	Total Amount
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	29.65	29.65
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.29	0.29
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	–
5.	Others, please specify		
	Stock Appreciations Rights	2.04	2.04
	Contribution to Other Funds	1.06	1.06
	Total (A)	**33.04**	**33.04**
	Ceiling as per the Act (being 5% of the net profits calculated as per section 198 of the Companies Act, 2013)		57.88

B. Remuneration of other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	**Independent Directors**	**Ms. Smita Mankad**	**Mr. P. R. Barpande**	
	• Fee for attending board/committee meetings	1.50	1.40	2.90
	• Commission	5.00	5.00	10.00
	• Others, please specify	–	–	–
	Total (1)	**6.50**	**6.40**	**12.90**

2.	**Other Non-Executive Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**6.50**	**6.40**	**12.90**
	# Total Managerial Remuneration (A + B)	–	–	**45.94**
	Overall Ceiling as per the Act (being 1% of the net profits calculated as per section 198 of the Companies Act, 2013)			11.58

Total remuneration to Manager and other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD **(Rs. in Lakhs)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total Amount
		–	Ms. Romali Malvankar	Mr. Percy Mahernosh	
1.	Gross Salary				
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–	–
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of Profit	–	–	–	–
5.	Others, please specify - Fees	–	4.00	–	4.00
	Total	–	**4.00**	–	**4.00**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Sumit Issar
Director

Mumbai, 27th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

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

Electricity Panel room requires a level of temperature to be maintained and in normal course Air Conditioner needs to be run on 24x7 basis. Two controllers have been fitted to two heavy duty Air Conditioners, which help conserve electricity when required temperature is maintained.

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **Nil**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Rs 9.41 lakhs

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

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

iv) The expenditure incurred on Research and Development: **Nil**

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

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**55.20**	167.31

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Sumit Issar
Director

Mumbai, 27th April, 2017

ANNEXURE VI TO THE DIRECTORS REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA AUTO STEEL PRIVATE LIMITED

1. A brief outline of the Company's CSR policy, including overview of projects or programs undertaken:

   The objective of the Company's CSR policy is to–

   - Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives and causes to work for thereby ensuring high social impact.
   - Encourage employees to participate actively in the company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

   The Company has pledged to contribute 2% of its average net profits during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

   Our commitment to CSR will be manifested by investing resources in the following thrust areas:

   a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;

   b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

   c. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

   d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;

   e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;

   f. Measures for the benefit of armed forces veterans, war widows and their dependents;

   g. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;

   h. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

   i. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

   j. Rural development projects;

   k. Slum area development;

   l. Such other activities as may be notified in future by the Central Government.

   The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

2. A reference to the web-link to the CSR Policy and projects or programs: Not Applicable

3. The Composition of the CSR Committee: Mr. Zhooben Bhiwandiwala (Chairman), Ms. Smita Mankad (Member) and Mr. Sumit Issar (Member)

4. Average net profit of the company for last three financial years: Rs. 2,13,25,879

5. Prescribed CSR Expenditure (2% of the amount as in Item 4 above): Rs. 4,26,518

6. Details of CSR spend during the financial year.

   (a) Total amount spent for the financial year: Rs. 4,27,100

   (b) Amount unspent, if any: - Nil

(c) Manner in which the amount was spent during the financial year is detailed below:

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or Programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
K-yan (e learning center)	Education	(1) Local (2) Pune district, Maharashtra	Rs. 1,50,000	Rs. 1,40,000	0	Rs. 1,40,000	Direct
Tree plantation	Environment	(1) Local (2) Pune district, Maharashtra	Rs. 10,000	Rs. 2,100	0	Rs. 2,100	Direct
Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	Education	(1) Others (2) Maharashtra and contiguous states	Rs. 2,85,000	Rs. 2,85,000	0	Rs. 2,85,000	Implementing Agency – KCMET*
Total	–	–	**Rs. 4,45,000**	**Rs. 4,27,100**	**0**	**Rs. 4,27,100**	–

* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

7. The company has spent 2% of the average net profit of the last three financial years on CSR - related activities.

8. Members of the CSR committee confirm that implementation and monitoring of the CSR policy of your Company is in compliance with the relevant provisions of the Companies Act, 2013.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Sumit Issar
Director

Mumbai, 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA AUTO STEEL PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA AUTO STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 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, of the state of affairs of the Company as at 31 March, 2017, and its profit, total 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 Section 143(3) of the Act, we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company 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.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 - Refer Note 43 to the Ind AS financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 27 April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Auto Steel Private Limited on the financial statements for the year ended 31 March, 2017)

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 Auto Steel Private Limited ("the Company") as of 31 March, 2017 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'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 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 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") 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March, 2017, based on the internal control over financial reporting criteria established by the respective 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 27 April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Auto Steel Private Limited on the financial statements for the year ended 31 March, 2017)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land which have been shown as fixed assets and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place: Mumbai
Date: 27 April, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

Amount (Rs.)

	Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
A	**ASSETS**				
	1 Non-current assets				
	(a) Property, Plant and Equipment	5	**626,814,033**	662,448,608	318,949
	(b) Capital work-in-progress		**–**	–	509,688,589
	(c) Financial Assets				
	Loans	6	**2,395,430**	2,395,430	1,023,030
	(d) Deferred tax assets (net)	23	**16,711,072**	33,397,835	17,381,851
	(e) Other non-current assets	7	**237,885,947**	239,090,196	233,654,983
	Total Non - Current Assets		**883,806,482**	937,332,069	762,067,402
	2 Current assets				
	(a) Inventories	8	**72,271,652**	156,784,899	–
	(b) Financial Assets				
	(i) Investments	9	**25,007,077**	4,707,016	80,028,574
	(ii) Trade receivables	10	**141,915,845**	125,695,377	–
	(iii) Cash and cash equivalents	11	**2,779,909**	9,480	51,338,491
	(iv) Others	12	**4,400,711**	10,909,957	327,329
	(c) Other current assets	7	**38,836,695**	78,724,565	66,192,813
	Total Current Assets		**285,211,889**	376,831,294	197,887,207
	Total Assets (1+2)		**1,169,018,371**	1,314,163,363	959,954,609
B	**EQUITY AND LIABILITIES**				
	1 Equity				
	(a) Equity Share capital	13	**685,000,000**	685,000,000	685,000,000
	(b) Other Equity	14	**104,243,589**	36,294,284	(31,743,619)
			789,243,589	721,294,284	653,256,381
	Total equity		**789,243,589**	721,294,284	653,256,381
	LIABILITIES				
	2 Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	15	**257,879,168**	413,684,411	220,391,989
	(ii) Trade payables	18	**305,144**	–	–
	(b) Provisions	16	**2,195,856**	2,136,350	1,339,942
	Total Non - Current Liabilities		**260,380,168**	415,820,761	221,731,931
	3 Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	17	**–**	37,497,905	–
	(ii) Trade payables	18	**88,609,417**	81,167,528	619,870
	(iii) Other financial liabilities (other than those specified in (b) below)	19	**2,793,558**	6,659,913	79,934,534
	(b) Provisions	16	**211,507**	180,678	138,722
	(c) Current Tax Liabilities (Net)	20	**–**	178,262	59,224
	(d) Other current liabilities	21	**27,780,132**	51,364,032	4,213,947
	Total Current Liabilities		**119,394,614**	177,048,318	84,966,297
	Total Equity and Liabilities (1+2+3)		**1,169,018,371**	1,314,163,363	959,954,609

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place: Mumbai
Date: 27 April, 2017

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary

For and on behalf of the Board of Directors

Sumit Issar
Rajeev Dubey
Smita Mankad
P. R. Barpande
} Directors

Place: Mumbai
Date: 27 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

	Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
I	Revenue from operations	24	**1,065,511,178**	694,266,193
II	Other Income	25	**9,090,867**	2,377,147
III	**Total Revenue (I + II)**		**1,074,602,045**	696,643,340
IV	**EXPENSES**			
	(a) Cost of materials consumed	26(a)	**702,804,501**	508,081,871
	(b) Changes in stock of finished goods	26(b)	**11,498,289**	(51,645,764)
	(c) Excise duty on sale of goods (including scrap sales)		**116,780,391**	78,490,512
	(d) Employee benefits expense	27	**15,920,013**	11,790,528
	(e) Finance costs	28	**20,894,259**	21,722,342
	(f) Depreciation [Net of Rs. Nil (Previous year Rs. 28,282) capitalised]	5	**36,039,170**	27,853,582
	(g) Other expenses	29	**58,038,054**	36,252,710
	Total Expenses (IV)		**961,974,677**	632,545,781
V	**Profit/(loss) before tax (III - IV)**		**112,627,368**	64,097,559
VI	**Tax Expense**			
	(a) Current tax	22	**23,700,000**	11,953,000
	(b) Deferred tax	23	**16,744,355**	(15,975,435)
	Total tax expense		**40,444,355**	(4,022,435)
VII	**Profit/(loss) for the year (V - VI)**		**72,183,013**	68,119,994
VIII	**Other comprehensive income**		**(111,458)**	(82,091)
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**169,050**	122,639
	(ii) Income tax relating to items that will not be reclassified to profit or loss	23	**(57,592)**	(40,548)
IX	**Total comprehensive income for the period (VII + VIII)**		**72,071,555**	68,037,903
	Earnings per equity share (of Rs. 10/- each)			
	Basic/Diluted	39	**1.05**	0.99

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Percy Mahernosh
Chief Financial Officer

Uday M. Neogi
Partner

Romali Malvankar
Company Secretary

Place: Mumbai
Date: 27 April, 2017

For and on behalf of the Board of Directors

Sumit Issar
Rajeev Dubey
Smita Mankad
P. R. Barpande
Directors

Place: Mumbai
Date: 27 April, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Cash flow from operating activities		
Profit after tax for the year	**72,183,013**	68,119,994
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss	**40,444,355**	(4,022,435)
(2) Depreciation	**36,039,170**	27,853,582
(3) Finance costs	**20,894,259**	21,722,342
(4) Unrealised (gain)/loss on foreign exchange transactions and translations	**(5,805,243)**	–
(5) Unrealised loss/(gain) on derivative contracts	**6,509,246**	(13,074,575)
(6) Interest income recognised in Statement of Profit and Loss	**(124,464)**	(181,849)
(7) Dividend income recognised in Statement of Profit and Loss	**(2,326,217)**	(2,065,582)
(8) Profit on sale of current investments	**(718,162)**	(151,274)
(9) Net gain arising on financial assets designated as FVTPL	**(61)**	21,558
(10) Loss on sale of property, plant and equipment	**64,688**	–
	167,160,584	98,221,761
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**(16,220,468)**	(125,695,377)
(2) (Increase)/decrease in inventories	**84,513,247**	(156,784,899)
(3) (Increase)/decrease in other assets	**42,784,031**	(26,662,475)
(4) Increase/(decrease) in trade payable	**7,747,033**	80,547,658
(5) Increase/(decrease) in provision	**(78,715)**	715,725
(6) Increase/(decrease) in other liabilities	**(23,583,900)**	47,450,085
	95,161,228	(180,429,283)
Cash generated from operations	**262,321,812**	(82,207,522)
Less: income taxes paid	**(25,570,174)**	(12,034,962)
Net cash generated by operating activities	**236,751,638**	(94,242,484)
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(3,581,053)**	(240,394,593)
(2) Proceed from disposal of property, plant and equipment	**160,000**	–
(3) Interest received	**124,464**	509,178
(4) Other dividend received	**2,326,217**	2,065,582
(5) Purchase of current investments	**(6,522,900,000)**	(1,739,100,000)
(6) Sale of current investments	**6,503,318,162**	1,814,579,848
Net cash used in investment activities	**(20,552,210)**	(162,339,985)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2017 (CONTD...)

Amount (Rs.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Cash flow from financing activities		
(1) Proceeds from long term borrowings	**–**	179,726,603
(2) Repayment of long term borrowings	**(150,000,000)**	–
(3) Proceeds from short term borrowings	**–**	37,497,905
(4) Repayment of short term borrowings	**(37,497,905)**	–
(5) Interest paid	**(21,808,844)**	(11,971,050)
(6) Dividend paid (including dividend distribution tax)	**(4,122,250)**	–
Net cash (used in)/generated from financing activities	**(213,428,999)**	205,253,458
Net (decrease)/increase in cash and cash equivalents	**2,770,429**	(51,329,011)
Cash and cash equivalents at the beginning	**9,480**	51,338,491
Cash and cash equivalents at the end of the year	**2,779,909**	9,480

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place: Mumbai
Date: 27 April, 2017

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary

For and on behalf of the Board of Directors

Sumit Issar
Rajeev Dubey
Smita Mankad
P. R. Barpande
Directors

Place: Mumbai
Date: 27 April, 2017

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Particulars	Amount (Rs.)
Balance at April 1, 2015	685,000,000
Changes in equity during the year	–
Balance at March 31, 2016	685,000,000
Changes in equity during the year	–
Balance at March 31, 2017	685,000,000

B. Other Equity

For the year ended 31 March, 2017

Particulars	Retained earnings
Balance at 1 April, 2015 (A)	(31,743,619)
Profit for the year (B)	68,119,994
Other comprehensive income (C)	(82,091)
Total comprehensive income for the year (D)=(B)+(C)	**68,037,903**
Balance at 31 March, 2016 (E)=(A)+(D)	**36,294,284**
Profit for the year (F)	72,183,013
Other comprehensive income (G)	(111,458)
Total comprehensive income for the year (H)=(F)+(G)	**72,071,555**
Dividend paid on Equity Shares(I)	(3,425,000)
Dividend Distribution Tax(J)	(697,250)
Balance at 31 March, 2017 (E)+(H)+(I)+(J)	**104,243,589**

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place: Mumbai
Date: 27 April, 2017

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary

For and on behalf of the Board of Directors

Sumit Issar
Rajeev Dubey
Smita Mankad
P. R. Barpande
Directors

Place: Mumbai
Date: 27 April, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1 Corporate information

Mahindra Auto Steel Private Limited ("the Company") is incorporated on December 12, 2013 under the Companies Act, 2013. The Company is a public company by virtue of proviso to Section 2(71) of Companies Act,2013 ("the 2013 Act") as it is a subsidiary of a public limited company. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018. The Company's main object is manufacturing, processing and trading of non-ferrous/ferrous material including various grades of steel. The Company's steel processing plant is located at Chakan.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation

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 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended 31 March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer to note 4 for information on how the Company adopted Ind AS.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 27 April, 2017.

2.2 Property, plant & equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following class based on the technical advise which has considered estimated usage and operating condition of the assets: (a) Blanking line (plant and equipment)-20 years(b) Vehicles - 5 years.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.4 Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.5 Foreign Currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.6 Financial assets and Financial liabilities:

Financial instruments

Financial assets and financial liabilities are recognised when a 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 recognised immediately in the Statement of Profit or Loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps. 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 period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.7 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services

Sale of services are recognised on rendering of such services.

Interest and dividend income

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

2.8 Employee benefits

Retirement benefit costs and termination benefits

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.9 Stock appreciation rights (SARs)

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.10 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 capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

2.11 Provisions

Provisions are recognised 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 recognised 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.

2.12 Taxes on income

Income Tax expense represents the sum of the tax currently payable and deferred tax

Current Tax

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 or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.13 Cash and cash equivalents:

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.

2.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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 flows from operating investing and financing activities of the Company are segregated based on the available information.

2.15 Earning 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.

2.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3.0 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.2.2 Property, plant & equipment

Note No.2.8 Employee benefits

4.0 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

4.1 Mandatory exceptions

4.1.1 Accounting estimates

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

4.1.2 De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

4.1.3 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as on the transition date.

4.1.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4.2 Optional exemptions:

4.2.1 Share-based payments

The Company has availed the exemption to apply IND-AS 102 to only those Share Based Payment options that remain unvested as on transition date.

4.2.2 Deemed cost for property, plant and equipment and intangible assets

The Company has not availed the option in para D7AA of considering previous GAAP carrying amount as deemed cost of Property Plant and Equipment. Accordingly the Company has determined the carrying amounts as on transition date as required by Ind AS. The difference if any has been adjusted to opening retained earning on Ind AS transition date.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Note No. 5 – Property, Plant and Equipment

Amount (Rs.)

Description of Assets	Buildings	Plant and Equipment	Electrical installations	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Cost or deemed cost								
Balance as at 1 April, 2016	**210,189,328**	**452,488,989**	**20,036,940**	**1,518,943**	**1,759,685**	**1,066,795**	**3,296,237**	**690,356,917**
Additions	–	478,441	33,000	–	–	117,843	–	629,284
Disposals	–	–	–	(5,462)	–	–	(325,000)	(330,462)
Balance as at 31 March, 2017	**210,189,328**	**452,967,430**	**20,069,940**	**1,513,481**	**1,759,685**	**1,184,638**	**2,971,237**	**690,655,739**
II. Accumulated depreciation								
Balance as at 1 April, 2016	**5,585,850**	**20,128,337**	**1,357,423**	**163,452**	**112,048**	**139,814**	**421,385**	**27,908,309**
Depreciation for the year	7,834,089	24,999,662	1,906,282	289,482	167,206	263,992	578,457	36,039,170
Eliminated on disposal of assets	–	–	–	(1,401)	–	–	(104,372)	(105,773)
Balance as at 31 March, 2017	**13,419,939**	**45,127,999**	**3,263,705**	**451,533**	**279,254**	**403,806**	**895,470**	**63,841,706**
Net carrying mount (I-II)								
Balance as on 31 March, 2017	**196,769,389**	**407,839,431**	**16,806,235**	**1,061,948**	**1,480,431**	**780,832**	**2,075,767**	**626,814,033**
Balance as on 31 March, 2016	204,603,478	432,360,652	18,679,517	1,355,491	1,647,637	926,981	2,874,852	662,448,608
I. Cost or deemed cost								
Balance as at 1 April, 2015	**–**	**–**	**–**	**–**	**–**	**20,394**	**325,000**	**345,394**
Additions (Refer 42 (Vi) (2))	210,189,328	452,488,989	20,036,940	1,518,943	1,759,685	1,046,401	2,971,237	690,011,523
Balance as at 31 March, 2016	**210,189,328**	**452,488,989**	**20,036,940**	**1,518,943**	**1,759,685**	**1,066,795**	**3,296,237**	**690,356,917**
II. Accumulated depreciation								
Balance as at 1 April, 2015	–	–	–	–	–	786	25,659	26,445
Depreciation for the year (Refer 42 (Vi) (2))	5,585,850	20,128,337	1,357,423	163,452	112,048	139,028	395,726	27,881,864
Balance as at 31 March, 2016	**5,585,850**	**20,128,337**	**1,357,423**	**163,452**	**112,048**	**139,814**	**421,385**	**27,908,309**
Net carrying mount (I-II)								
Balance as on 31 March, 2016	**204,603,478**	**432,360,652**	**18,679,517**	**1,355,491**	**1,647,637**	**926,981**	**2,874,852**	**662,448,608**
Balance as on 1 April, 2015	–	–	–	–	–	19,608	299,341	318,949

Notes:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 March, 2017 Rs. 10,742,602 (31 March, 2016 Rs. Nil) (31 March, 2015 Rs. 85,555,549).

(ii) Refer note 15 for details of securities.

Note No. 6 – Loans

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Financial assets at amortised cost			
Security Deposits			
Unsecured, considered good			
With others	**2,395,430**	2,395,430	1,023,030
Total	**2,395,430**	2,395,430	1,023,030

Note No. 7 – Other assets

Particulars	**As at 31 March, 2017** Current	Non-Current	Total	As at 31 March, 2016 Current	Non-Current	Total	As at 1 April, 2015 Current	Non-Current	Total
Capital advances	–	–	–	–	–	–	–	7,323,110	7,323,110
Total (A)	–	–	–	–	–	–	–	7,323,110	7,323,110
Advances other than capital advances									
Unsecured, considered good									
(i) Prepayments	**3,530,646**	**236,194,035**	**239,724,681**	3,837,522	239,090,196	242,927,718	3,416,855	226,331,873	229,748,728
(ii) Income tax assets (net)	–	**1,691,912**	–	–	–	–	–	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

		As at 31 March, 2017			As at 31 March, 2016			As at 1 April, 2015		
Particulars		**Current**	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
(iii)	Balances with government authorities (other than income taxes)									
(a)	CENVAT credit	**20,881,915**	–	**20,881,915**	62,166,256	–	62,166,256	57,499,795	–	57,499,795
(b)	Value added tax credit	**2,656,464**	–	**2,656,464**	2,656,464	–	2,656,464	2,656,895	–	2,656,895
(c)	Service Tax credit	**11,632,413**	–	**11,632,413**	9,257,395	–	9,257,395	1,672,556	–	1,672,556
Total (iii)		**35,170,792**	–	**35,170,792**	74,080,115	–	74,080,115	61,829,246	–	61,829,246
(iv)	Others advances									
(a)	Defined contribution plan assets receivable in respect of employees transferred to the company									
(b)	Recoverable from related parties	**135,257**	–	**135,257**	804,928	–	804,928	608,393	–	608,393
(c)	Advances to employee	–	–	–	–	–	–	328,319	–	328,319
		–	–	–	2,000	–	2,000	10,000	–	10,000
Total (B)		**38,836,695**	**237,885,947**	**275,030,730**	78,724,565	239,090,196	317,814,761	66,192,813	226,331,873	292,524,686
Total (A+B)		**38,836,695**	**237,885,947**	**275,030,730**	78,724,565	239,090,196	317,814,761	66,192,813	233,654,983	299,847,796

Note No. 8 – Inventories

Particulars		**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
(a)	Raw materials	**25,123,110**	102,132,715	–
(b)	Finished goods	**40,147,475**	51,645,764	–
(c)	Stores and spares	**7,001,067**	3,006,420	–
Total inventories at the lower of cost or net realisable value		**72,271,652**	156,784,899	–

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 714,302,790 (2016: Rs. 456,436,107).

(ii) The cost of inventories recognised as an expenses includes Rs. 626,147 (2016: Rs. 915,088) in respect of write-downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in note 2.4.

Note No. 9 – Investments

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Current			
Unquoted investments			
Investments in Mutual Funds			
111,448.876 (2016: Nil) units of Rs. 10 each in ICICI Prudential Money Market Fund- Growth	**25,007,077**	–	–
Nil (2016: 113,893.84) units of Rs. 10 each in JM High Liquidity Fund- Growth		4,707,016	–
Nil (2015: 52,915.407) units of Rs. 1,000 each in Taurus Liquid Fund-Existing Plan-Super Institutional-Growth	**–**	–	80,028,574
Aggregate carrying value of Unquoted investments	**25,007,077**	4,707,016	80,028,574

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Note No. 10 – Trade receivables

Amount (Rs.)

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Trade receivables			
Unsecured, considered good	**141,915,845**	125,695,377	–
Total	**141,915,845**	125,695,377	–

Notes:

(i) The average credit period for sales of products ranges between 10 to 90 days and for Job work processing ranges between 30 to 45 days.

(ii) At 31 March 2017, the Company had 5 customers that owed the Company more than INR 100 lacs each and accounted for approximately 96% of all the receivables outstanding. (At 31 March 2016, the Company had 4 customers that owed the Company more than INR 113 lacs each and accounted for approximately 96% of all the receivables outstanding).

Note No. 11 – Cash and cash equivalents

Particulars		**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
(a)	Cash in hand	**1,715**	2,523	–
(b)	Balances with banks			
	(i) In Current Account	**2,778,194**	6,957	1,338,491
	(ii) In Deposit Account	**–**	–	50,000,000
Total		**2,779,909**	9,480	51,338,491

Note No. 12 – Other financial assets

Particulars		**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
(A)	**Financial assets at amortised cost**			
	Interest Receivable			
	Interest accrued on deposits	**–**	–	327,329
		–	–	327,329
(B)	**Financial assets at fair value**			
	Derivative financial instruments			
	Cross currency interest rate swaps	**4,400,711**	10,909,957	–
		4,400,711	10,909,957	–
Total		**4,400,711**	10,909,957	327,329

Note No. 13 – Share capital

	Particulars	**As at 31 March, 2017**		As at 31 March, 2016		As at 1 April, 2015	
		Number of shares	**Amount (Rs.)**	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
(a)	**Authorised**						
	Equity Shares of Rs. 10 each	**76,000,000**	**760,000,000**	76,000,000	760,000,000	76,000,000	760,000,000
		76,000,000	**760,000,000**	76,000,000	760,000,000	76,000,000	760,000,000
(b)	**Issued, subscribed and fully paid up**						
	Equity Shares of Rs. 10 each	**68,500,000**	**685,000,000**	68,500,000	685,000,000	68,500,000	685,000,000
		68,500,000	**685,000,000**	68,500,000	685,000,000	68,500,000	685,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	**Opening Balance**	**Fresh issue**	**Buy back**	**Closing Balance**
Equity Shares of Rs. 10 each				
Year ended 31 March, 2017				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000
Year ended 31 March, 2016				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company:

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 31 March, 2015
	Number of shares	Number of shares	Number of shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	34,935,000	34,935,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	**As at 31 March, 2017**		As at 31 March, 2016		As at 1 April, 2015	
	Number of shares	**% of holding**	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	**51.00%**	34,935,000	51.00%	34,935,000	51.00%
CSGT International Corporation	**16,782,500**	**24.50%**	16,782,500	24.50%	16,782,500	24.50%
Mitsui & Co. (Asia Pacific) Pte Ltd	**–**	**–**	16,782,500	24.50%	16,782,500	24.50%
Mitsui & Co. Ltd	**16,782,500**	**24.50%**	–	–	–	–

Note No. 14 – Other Equity

Amount (Rs.)

Particulars	Retained earnings **As at 31 March, 2017**	Retained earnings As at 31 March, 2016
Balance at beginning of year (A)	**36,294,284**	(31,743,619)
Profit for the year (B)	**72,183,013**	68,119,994
Other comprehensive income (net of taxes) (C)	**(111,458)**	(82,091)
Total comprehensive income for the year (D)=(B)+(C)	**72,071,555**	68,037,903
Dividend (Rs. 0.05 per share) (E)	**(3,425,000)**	–
Dividend Distribution tax (DDT) (F)	**(697,250)**	–
Balance at end of year (A)+(D)+(E)+(F)...	**104,243,589**	36,294,284

Particulars	**As at 31 March, 2017**
Proposed dividends on Equity shares	
Final dividend for the year ended on 31 March, 2017: Rs. 0.22 per share	**15,070,000**
Dividend Distribution Tax on proposed dividend	**3,067,890**
	18,137,890

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31 March, 2017.

Note No. 15 – Non Current Borrowings

Amount (Rs.)

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Measured at amortised cost			
Unsecured			
Term loans from banks	**–**	150,000,000	–
Rupee term loan (Refer Note iii)			
Other loans and advances	**–**	263,684,411	220,391,989
Buyers credits (Refer Note i and ii)			
Secured			
Other loans and advances	**257,879,168**	–	–
Buyers credits (Refer Note i and ii)			
Total	**257,879,168**	413,684,411	220,391,989

Note i: The Company has taken buyer's credit of Rs. 228,220,685 (2016: Rs. 233,358,274) (2015: Rs. 220,391,989) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Cross currency interest rate swap taken to convert floating interest rate of LIBOR plus 75 bps under the loan agreement into fixed interest rate of 8.10% p.a.

The Company has taken buyer's credit of Rs. 29,658,483 (2016 : Rs. 30,326,137) (2015 : Nil) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Cross currency interest rate swap taken to convert floating interest rate of LIBOR plus 75 bps under the loan agreement into fixed interest rate of 8.60% p.a.

The buyers credit may be refinanced by Rupee Term Loan after 3 years, which will be repaid as follows:

	FY 2020	FY 2021	FY 2022	FY 2023
Q1	7,500,000	15,000,000	22,500,000	30,000,000
Q2	7,500,000	15,000,000	22,500,000	30,000,000
Q3	7,500,000	15,000,000	22,500,000	17,879,168
Q4	7,500,000	15,000,000	22,500,000	–
	30,000,000	60,000,000	90,000,000	77,879,168

Note ii: Secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has created negative lien on other fixed assets in favour of HDFC Bank limited. (2016 : To be secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has agreed to negative lien on other fixed assets in favour of HDFC Bank Limited).

Note iii: The Company had taken Rupee term loan of Rs. 150,000,000 during the previous year for capital expenditure at chakan plant from HDFC Bank Limited. The term loan was repayable in 16 quarterly installments commencing from June 2018 which has been repaid fully during the year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Note No. – 16: Provisions

Amount (Rs.)

	As at 31 March, 2017			As at 31 March, 2016			As at 1 April, 2015		
Particulars	**Current**	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits									
Long-term Employee Benefits									
(i) Provision for gratuity	–	**573,470**	**573,470**	–	853,997	853,997	33,606	590,649	624,255
(ii) Provision for compensated absences	**211,507**	**1,505,687**	**1,717,194**	180,678	1,222,454	1,403,132	105,116	741,206	846,322
(iii) Provision for post retirement medical benefit	–	**116,699**	**116,699**	–	59,899	59,899	–	8,087	8,087
Total	**211,507**	**2,195,856**	**2,407,363**	180,678	2,136,350	2,317,028	138,722	1,339,942	1,478,664

Note:

The provision for employee benefits includes privileged leave entitlements accrued. The increase in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 33.

Note No. – 17: Current borrowings

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Unsecured			
Loan repayable on demand from Banks	–	37,497,905	–
Total	–	37,497,905	–

Note – 18: Trade payables

	As at 31 March, 2017			As at 31 March, 2016			As at 1 April, 2015		
Particulars	**Current**	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
Trade payable for goods & services	**88,336,333**	–	**88,336,333**	81,161,907	–	81,161,907	515,835	–	515,835
Liability for Cash-settled share-based payments	**273,084**	**305,144**	**578,228**	5,621	–	5,621	104,035	–	104,035
Total	**88,609,417**	**305,144**	**88,914,561**	81,167,528	–	81,167,528	619,870	–	619,870

Note:

There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note No. – 19: Other financial liabilities

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Other Financial Liabilities Measured at Amortised Cost			
(a) Interest accrued but not due on borrowings	**687,614**	1,602,199	134,103
(b) Other liabilities			
(1) Dealer deposit	**300,000**	300,000	–
(2) Creditors for capital supplies/services	**1,805,944**	4,757,714	77,635,793
	2,793,558	6,659,913	77,769,896
Other Financial Liabilities Measured at Fair value			
(a) Foreign currency forward contracts	–	–	299,744
(b) Cross currency interest rate swaps	–	–	1,864,894
	–	–	2,164,638
Total	**2,793,558**	6,659,913	79,934,534

Note No. – 20: Current tax liabilities

Particulars	**As at 31 March, 2017**	**As at 31 March, 2016**	**As at 1 April, 2015**
Provision for tax (Net of advance income tax)	–	178,262	59,224
Total	–	178,262	59,224

Note No. – 21: Other current liabilities

Particulars	**As at 31 March, 2017**	**As at 31 March, 2016**	**As at 1 April, 2015**
(a) Advances received from customers	**1,417,629**	324,051	–
(b) Others			
(1) Employee Recoveries and Employer Contributions	**292,586**	319,682	445,249
(2) Statutory Dues (Service tax, sales tax, TDS etc)	**671,266**	334,949	3,768,698
(3) VAT payable	**25,398,651**	50,385,350	–
Total	**27,780,132**	51,364,032	4,213,947

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Note No. 22 – Current Tax and Deferred Tax

(a) Income Tax recognised in Statement of profit or loss

Amount (Rs.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Current Tax:		
In respect of current year	**23,700,000**	11,953,000
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**40,444,355**	(4,022,435)
Minimum Alternate Tax Credit	**(23,700,000)**	(11,953,000)
	16,744,355	(15,975,435)
Total	**40,444,355**	(4,022,435)

(b) Income Tax recognised in other comprehensive income

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**57,592**	40,548
Total	**57,592**	40,548
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**57,592**	40,548
– Items that will be reclassified to profit and loss	–	–
Total	**57,592**	40,548

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Profit before tax	**112,627,368**	64,097,559
Income tax expense calculated at 34.608% (2016: 33.063%)	**38,978,080**	21,192,576
Effect of income that is exempt from taxation	**(805,057)**	(682,943)
Effect of tax incentives and concessions (investment allowance)	–	(24,775,540)
Effect of expenses that is non-deductible in determining taxable profit	**844,224**	–
Others	**1,954,004**	243,472
Increase in tax rate	**(526,896)**	–
	40,444,355	(4,022,435)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss	**40,444,355**	(4,022,435)

Note:

The tax rate used for the 31 March 2017 reconciliations above is the corporate tax rate of 34.608% (including surcharge 12% and Education and higher education cess of 2% and 1% respectively) and 31 March 2016 reconciliations above is the corporate tax rate of 33.063% (including surcharge 7% and Education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 23 – Deferred Tax

For the Year ended 31 March, 2017

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(41,055,159)**	**14,583,868**	–	**(55,639,027)**
FVTPL financial asset including derivatives	**(3,609,744)**	**(2,084,297)**	–	**(1,525,447)**
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	**11,953,000**	**(23,700,000)**	–	**35,653,000**
Unabsorbed depreciation	**60,717,870**	**26,359,502**	–	**34,358,368**
Employee Benefits	**766,079**	**(9,469)**	**(57,592)**	**833,140**
Cash-Settled Share Based payments	**1,858**	**(198,255)**	–	**200,113**
FVTPL financial liabilities including derivatives	**4,623,931**	**1,793,006**	–	**2,830,925**
Net Tax Asset (Liabilities)	**33,397,835**	**16,744,355**	**(57,592)**	**16,711,072**

For the Year ended 31 March, 2016

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	16,655,803	57,710,962	–	(41,055,159)
FVTPL financial asset including derivatives	(9,712)	3,600,032	–	(3,609,744)
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	–	(11,953,000)	–	11,953,000
Unabsorbed depreciation	–	(60,717,870)	–	60,717,870
Employee Benefits	–	(725,531)	(40,548)	766,079
Cash-Settled Share Based payments	–	(1,858)	–	1,858
FVTPL financial liabilities including derivatives	735,760	(3,888,171)	–	4,623,931
Net Tax Asset (Liabilities)	17,381,851	(15,975,435)	(40,548)	33,397,835

Note No. 24 – Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount (Rs.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Revenue from sale of goods (Refer Note (i) below)	**1,030,898,415**	677,344,347
(b) Revenue from rendering of services (Refer Note (ii) below)	**9,676,287**	1,302,940
(c) Other operating revenue (Refer Note (iii) below)	**24,936,476**	15,618,906
Total	**1,065,511,178**	694,266,193

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Notes:

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(i)	Revenue from sale of goods comprises: Manufactured goods		
	– Steel products	**1,030,898,415**	677,344,347
(ii)	Revenue from rendering of services comprises:		
	– Job work processing	**9,676,287**	1,302,940
(iii)	Other operating revenue comprises:		
	– Scrap sales	**24,936,476**	15,618,906

Note No. 25 – Other income

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a)	Interest Income:		
	On fixed deposits	–	181,849
	On others	**124,464**	–
(b)	Dividend Income on current investments	**2,326,217**	2,065,582
(c)	Gain on sale of current investments	**718,162**	151,274
(d)	Net gain arising on financial assets designated as FVTPL	**61**	(21,558)
(e)	Net gain on foreign currency transactions	**5,921,963**	–
Total		**9,090,867**	2,377,147

Note No 26(a) – Cost of materials consumed

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Opening stock	**102,132,715**	–
Add: Purchases	**625,794,896**	610,214,586
	727,927,611	610,214,586
Less: Closing stock- Steel	**25,123,110**	102,132,715
Cost of materials consumed-Steel	**702,804,501**	508,081,871

Note No 26(b) – Change in stock of finished goods

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Inventories at the end of the year:		
Finished goods-Steel	**40,147,475**	51,645,764
	40,147,475	51,645,764
Inventories at the beginning of the year:		
Finished good-Steel	**51,645,764**	–
	51,645,764	–
Net (increase)/decrease	**11,498,289**	(51,645,764)

Note No 27 – Employee benefits expense

Amount (Rs.)

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a)	Salaries and wages	**12,856,311**	12,018,648
(b)	Contribution to provident and other funds	**739,228**	641,994
(c)	Share based payment to employees	**1,463,996**	1,014,695
(d)	Post retirement medical benefit expense	**15,407**	2,573
(e)	Staff welfare expenses	**845,071**	852,704
		15,920,013	14,530,614
Less-Capitalised		–	(2,740,086)
Total		**15,920,013**	11,790,528

Note No. 28 – Finance cost

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a)	Interest expense on		
	(i) Borrowings	**18,890,022**	13,097,530
	(ii) Other		
	– delayed/deferred payment of tax	**185,509**	201,000
(b)	Exchange differences regarded as an adjustment to borrowing costs	–	13,565,818
(b)	Other finance cost	**1,818,728**	341,616
		20,894,259	27,205,964
Less-Capitalised		–	(5,483,622)
Total		**20,894,259**	21,722,342

Analysis of interest expense by category

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest Expense			
(a)	On financial liability at amortised cost	**20,708,750**	21,521,342
(b)	On non-financial liabilities	**185,509**	201,000

Note No. 29 – Other Expenses

Amount (Rs.)

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a)	Stores and spares consumed	**1,380,790**	521,942
(b)	Power & fuel	**4,291,403**	4,164,255
(c)	Rates and taxes	**712,537**	844,183
(d)	Increase/(Decrease) of excise duty on inventory	**(1,840,204)**	7,635,144
(e)	Insurance charges	**922,244**	743,637
(f)	Repairs and maintenance – machinery	**434,408**	206,248
(g)	Repairs and maintenance – others	**721,977**	352,615
(h)	Rent	**2,613,958**	2,786,430
(i)	Freight and handling charges	**5,737,829**	3,779,825
(j)	Management fees	**4,227,682**	2,486,112
(k)	Auditors' remuneration (refer note below)	**838,825**	535,000
(l)	Directors' fees	**287,300**	321,000
(m)	Commission to non whole time directors	**1,066,000**	550,000
(n)	Net loss/(gain) on foreign currency transactions	–	1,510,970

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(o)	Net loss/(gain) on derivative contracts	**21,738,104**	1,382,940
(p)	Printing and stationery	**223,925**	353,267
(q)	Legal and professional	**5,054,590**	3,250,843
(r)	Loss on sale of Property, Plant and Equipment	**64,688**	–
(s)	Travelling expenses	**796,086**	421,226
(t)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013 (Refer note 40)	**427,100**	–
(u)	Other general expenses	**8,338,812**	8,924,596
		58,038,054	40,770,233
	Less-Capitalised	–	(4,517,523)
	Total	**58,038,054**	36,252,710

Note

	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	Payment to Auditor		
(a)	For audit	**500,000**	500,000
(b)	For company law matters	**35,000**	35,000
(c)	For other services	**300,000**	–
(d)	For reimbursement of expenses	**3,825**	–
		838,825	535,000

Note No. 30 – Value of imports calculated on CIF basis

Amount (Rs.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Spares	**5,520,394**	220,502
Raw materials	–	793,083

Note No. 31 – Expenditure in foreign currency

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Installation charges on imported machinery	–	15,718,150

Note No. 32 – Details of consumption of imported and indigenous raw materials and spares

	Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
		Amount (Rs.)	%	Amount (Rs.)	%
(a)	**Raw material**				
	Import	–	–	793,083	0.20
	Indigenous	**702,804,501**	**100.00**	507,288,788	99.80
		702,804,501	**100.00**	508,081,871	100.00
(b)	**Spares**				
	Import	**894,025**	**64.75**	220,502	42.25
	Indigenous	**486,765**	**35.25**	301,440	57.75
		1,380,790	**100.00**	521,942	100.00

Note No. 33 – Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in statement of profit and loss for the year, an amount of Rs. 429,219 (2016: 394,001) pertaining to defined contribution plans.

Amount (Rs.)

Benefit (Contribution to)	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Provident Fund	**252,907**	238,505
Pension Fund	**176,312**	155,496
Total	**429,219**	394,001

(b) Defined Benefit Plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENTS MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Regulatory framework

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Note No. 33 – Employee benefits

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Amount (Rs.)

Particulars	Funded Plan Gratuity 2017	Unfunded Plan Post retirement medical benefit 2017	Funded Plan Gratuity 2016	Unfunded Plan Post retirement medical benefit 2016
(iii) Expense recognised in the Statement of Profit and Loss for the year ended 31st March:				
1. Current service cost	**205,637**	**10,615**	181,452	1,922
2. Past Service Credit	–	–	–	–
3. Interest on net defined benefit liability/(asset)	**65,268**	**4,792**	66,541	651
	270,905	**15,407**	247,993	2,573
(iv). Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets	**110**	–	–	–
2. Actuarial (Gain)/Loss on account of :				
– Financial Assumptions	**126,652**	**(1,170)**	5,578	556
– Experience Adjustments	**895**	**42,563**	82,517	33,988
	127,657	**41,393**	88,095	34,544
(v). Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**1,461,974**	**116,699**	1,142,183	59,899
2. Fair value of plan assets as at 31st March	**888,504**	–	288,186	–
3. Surplus/(Deficit)	**(573,470)**	**(116,699)**	(853,997)	(59,899)
4. Current portion of the above	–	–	–	–
5. Non current portion of the above	**(573,470)**	**(116,699)**	(853,997)	(59,899)
(vi). Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**1,142,183**	**59,899**	624,255	8,087
2. Expenses Recognised in Statement of Profit and Loss Account				
– Current Service Cost	**205,637**	**10,615**	181,452	1,922
– Past Service Cost	–	–	–	–
– Interest Expense (Income)	**88,323**	**4,792**	66,541	651
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actuarial Gain (Loss) arising from:				
i. Financial Assumptions	**126,652**	**(1,170)**	5,578	556
ii. Experience Adjustments	**895**	**42,563**	82,517	33,988
4. Benefit payments	**(101,716)**	–	–	–
5. Impact of liability assumed or (settled)	–	–	181,840	14,695
6. Present value of defined benefit obligation at the end of the year	**1,461,974**	**116,699**	1,142,183	59,899
(vii). Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**288,186**	–	–	–
2. Expenses Recognised in Statement of Profit and Loss Account				
– interest on plan assets	**23,055**	–	–	–
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actual Return on plan assets in excess of the expected return	**(110)**	–	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

Particulars	Funded Plan Gratuity 2017	Unfunded Plan Post retirement medical benefit 2017	Funded Plan Gratuity 2016	Unfunded Plan Post retirement medical benefit 2016
4. Contributions by employer (including benefit payments recoverable)	**9,418**	–	288,186	–
5. Benefit payments	**(101,716)**	–	–	–
6. Assets acquired/(settled)	**669,671**	–	–	–
7. Fair value of plan assets at the end of the year	**888,504**	–	288,186	–
(viii). The Major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds	**888,504**	–	288,186	–
(ix). Actuarial assumptions				
1. Discount rate	**7.05%**	**7.05%**	8.00%	8.00%
2. Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
3. Medical premium inflation	–	**6.00%**	–	7.00%
4. Rate of increase in compensation levels	**10.00%**	**10.00%**	10.00%	10.00%
5. Mortality table	**IALM(2006–08) ult**	**IALM(2006–08) ult**	IALM(2006–08) ult	IALM(2006–08) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Amount (Rs.)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2017**	**1%**	**1,329,147**	**1,617,212**
	2016	1%	1,038,433	1,263,608
	2015	1%	558,573	702,604
Salary growth rate	**2017**	**1%**	**1,611,250**	**1,331,351**
	2016	1%	1,260,062	1,039,315
	2015	1%	700,333	559,098

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee/beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs.)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2017**	**1%**	**98,970**	**138,493**
	2016	1%	49,894	72,500
	2015	1%	6,491	10,174
Medical inflation rate	**2017**	**1%**	**138,504**	**98,658**
	2016	1%	72,500	49,726
	2015	1%	10,238	6,432

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. Nil to the gratuity trusts during the next financial year of 2017.

(xii) Maturity profile:

Gratuity

Maturity profile of defined benefit obligation:

Amount (Rs.)

	2017	2016	2015
Within 1 year	**89,674**	76,296	33,606
1 – 2 year	**92,646**	79,933	43,003
2 – 3 year	**100,522**	82,167	45,302
3 – 4 year	**104,832**	88,040	46,611
4 – 5 year	**109,552**	91,484	47,742
5 – 10 years	**788,790**	740,034	260,527
More than 10 years	**2,162,278**	1,978,633	1,583,933

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Post retirement medical benefits

Maturity profile of defined benefit obligation:

	2017	2016	2015
Within 1 year	**133**	83	14
1 – 2 year	**245**	151	49
2 – 3 year	**345**	211	66
3 – 4 year	**437**	267	81
4 – 5 year	**524**	320	96
5 – 10 years	**12,107**	7,196	706
More than 10 years	**443,994**	352,717	64,067

Note No. 34 – Segment Reporting:

The company has a single segment namely steel processing having operations in india. As such there is no other separate reportable segment as defined by IND AS 108 on segment reporting.

During the year, 97% (FY 2016 97%) of revenue from sale of steel arose from 5 largest customers.

Note No. 35 – Related Party Disclosures

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Intermediate Holding Company	Mahindra Vehicle Manufacturers Limited (MVML) w.e.f. 18 January, 2016
Holding Company	Mahindra Intertrade Limited (MIL)

Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries

Mahindra Integrated Business Solutions Private Limited (MIBS)
Mahindra Steel Service Centre Limited (MSSCL)
Mahindra First Choice Services Limited (MFCSL)
Mahindra Vehicle Manufacturers Limited (MVML) upto 17 January, 2016

(ii) Company which is Associate of Ultimate Holding Company

Mahindra CIE Limited (MCIE)

(iii) Company which is Joint venture of Ultimate Holding Company

Mahindra Logistics Limited (MLL)

(iv) Companies having significant influence

CSGT International Corporation (CSGT)
Mitsui & Co.(Asia Pacific) Pte Ltd (Mitsui Pte) upto 20 July, 2016
Mitsui & Co. Ltd (Mitsui) w.e.f. 21 July, 2016

(v) Key Management Personnel (KMP)

Mr. Sanjay Somkumar, Manager w.e.f. 29 April, 2015

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the period ended 31 March, 2017:

Amount (Rs.)

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having significant influence		A Company having significant influence	
	M&M		MVML		MIL		CSGT		Mitsui Pte	
	31 March, 2017	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016
Dividend paid	–	–	–	–	**1,746,750**	–	**839,125**	–	**839,125**	–
Purchase of Property, Plant and Equipment	–	1,815,052	–	–	–	–	–	–	–	–
Purchase of raw materials	–	–	–	–	**9,046,870**	60,166,769	–	–	–	793,083
Sale of finished goods	**672,384**	6,627,149	**412,862,511**	111,374,726	**15,826,913**	1,455,229	–	–	–	–
Job work processing	–	–	–	–	**3,751,200**	1,065,931	–	–	–	–
Project management fees (capitalised)	–	–	–	–	–	21,400,000	–	–	–	–
Deposit for appointment of director received	–	–	–	–	**100,000**	–	–	–	–	–
Deposit for appointment of director paid	–	–	–	–	**100,000**	–	–	–	–	–
Other expenses	**727,854**	–	–	–	–	–	–	–	–	–
Legal and professional	**770,002**	752,641	–	–	–	–	–	–	–	–
Management fees	–	–	–	–	**4,206,649**	2,486,112	–	–	–	–
Processing charges	–	–	–	–	**2,198**	–	–	–	–	–
Reimbursement of expenses by the Company	–	–	–	–	–	177,888	–	–	–	–
Reimbursement of expenses by related party	–	–	–	–	**1,697,536**	911,867	–	–	–	–

(C) Outstanding receivable from and payable to related parties

	Ultimate Holding Company			Intermediate Holding Company			Holding Company		
	M&M			MVML			MIL		
	31 March, 2017	31 March, 2016	1 April, 2015	**31 March, 2017**	31 March, 2016	1 April, 2015	**31 March, 2017**	31 March, 2016	1 April, 2015
Outstanding receivable	–	–	663,641	**12,046,501**	8,131,329	–	**2,561,313**	–	23,872
Outstanding payable	**628,147**	166,060	170,405	–	–	–	**1,789,640**	569,696	25,281,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Related Parties (Cont...)

Amount (Rs.)

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Company which is Joint venture of Ultimate Holding Company		Name of KMP*	
	MSSCL		MIBS		MFCSL		MVML		MCIE		MLL		Mr. Sanjay Somkumar	
	31 March, 2017	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016	**31 March, 2017**	31 March, 2016
Purchase of Property, Plant and Equipment	**28,679**	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of finished goods	–	–	–	–	–	–	–	135,888,706	**91,766,957**	69,811,709	–	–	–	–
Port charges for import of machinery (capitalised)	–	–	–	–	–	–	–	–	–	–	**4,526,265**	3,386,215	–	–
Legal and professional		–	**122,100**	108,000	–	–	–	–	–	–	–	–	–	–
Reimbursement of expenses by related party	**20,714**	–		–		–		–	–	–		–		–
Reimbursement of expenses by the Company	**1,082,985**	535,145	–	–	–	–	–	–	–	–	–	–	–	–
Processing charges	**210,872**	35,944	–	–	–	–	–	–	–	–	–	–	–	–
Freight charges		–	–	–	–	–	–	–	–	–	–	923,035	–	–
Other expenses		–	–	–	**8,203**	11,809	–	–	–	–	–	–	–	–
Managerial Remuneration		–	–	–	–	–	–	–	–	–	–	–	**3,304,410**	2,240,561

	Fellow Subsidiary			Fellow Subsidiary			Company which is Associate of Ultimate Holding Company			Company which is Joint venture of Ultimate Holding Company		
	MSSCL			MIBS			MCIE			MLL		
	31 March, 2017	31 March, 2016	1 April, 2015	**31 March, 2017**	31 March, 2016	1 April, 2015	**31 March, 2017**	31 March, 2016	1 April, 2015	**31 March, 2017**	31 March, 2016	1 April, 2015
Outstanding receivable	–	–	304,447	–	–	–	**7,560,619**	12,056,035	–	–	–	1,794,210
Outstanding payable	**251,430**	–	1,870	**33,600**	9,405	9,325	–	–	–	**1,049,749**	904,575	–

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: Rs. Nil, 1 April 2015: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 36 – Financial Instruments

[I] Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 15 and 17 and offset by cash and cash equivalents and current investments) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is Net Debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Amount (Rs.)

	31 March, 2017	31 March, 2016	31 March, 2015
Debt	**257,879,168**	451,182,316	220,391,989
Less:- Cash and Cash Equivalent including current investments	**27,786,986**	4,716,496	131,367,065
Net Debt	**230,092,182**	446,465,820	89,024,924
Equity	**789,243,589**	721,294,284	653,256,381
Gearing ratio	**29%**	62%	14%

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Companies's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit . At 31 March 2017, the Company had 5 customers that owed the Company more than INR 100 lacs each and accounted for approximately 96% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities							
31 March 2017							
Non-interest bearing		**91,020,505**	**–**	**–**	**–**	**91,020,505**	**91,020,505**
Variable interest rate instruments	**2.10%**	**9,267,968**	**77,392,010**	**181,256,205**	**71,144,293**	**339,060,476**	**258,566,782**
Total		**100,288,473**	**77,392,010**	**181,256,205**	**71,144,293**	**430,080,981**	**349,587,287**
31 March 2016							
Non-interest bearing		86,225,242	–	–	–	86,225,242	86,225,242
Variable interest rate instruments	5.02%	58,020,639	96,530,384	248,391,204	175,174,289	578,116,515	452,784,515
Total		144,245,881	96,530,384	248,391,204	175,174,289	664,341,757	539,009,757
01 April 2015							
Non-interest bearing		78,255,663	–	–	–	78,255,663	78,255,663
Variable interest rate instruments	1.15%	2,675,002	8,222,374	85,334,676	192,919,796	289,151,849	220,526,092
Total		80,930,665	8,222,374	85,334,676	192,919,796	367,407,512	298,781,755

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 2,585,668 for the year ended 31 March, 2017 (Rs. 4,527,845 for the year ended 31 March, 2016) (Rs. 2,205,261 for the year ended 31 March, 2015)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 2,585,668 for the year ended 31 March, 2017 (Rs. 4,527,845 for the year ended 31 March, 2016) (Rs. 2,205,261 for the year ended 31 March, 2015)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs.)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2017					
Gross settled:					
– foreign exchange forward contracts	**–**	**–**	**–**	**–**	**–**
– Cross currency interest rate swaps	**–**	**–**	**–**	**–**	**–**
31 March 2016					
Gross settled:					
– foreign exchange forward contracts	–	–	–	–	–
– Cross currency interest rate swaps	–	–	–	–	–
01 April 2015					
Gross settled:					
– foreign exchange forward contracts	299,744	–	–	–	299,744
– Cross currency interest rate swaps	1,864,894	–	–	–	1,864,894

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets						
31 March 2017						
Non-interest bearing	**169,702,831**	**–**	**–**	**–**	**169,702,831**	**169,702,831**
Variable interest rate instruments	**–**	**–**	**–**	**2,395,430**	**2,395,430**	**2,395,430**
Fixed interest rate instruments	**–**	**–**	**–**	**–**	**–**	**–**
Total	**169,702,831**	**–**	**–**	**2,395,430**	**172,098,261**	**172,098,261**
31 March 2016						
Non-interest bearing	130,411,873	–	–	–	130,411,873	130,411,873
Variable interest rate instruments	–	–	–	2,395,430	2,395,430	2,395,430
Fixed interest rate instruments	–	–	–	–	–	–
Total	130,411,873	–	–	2,395,430	132,807,303	132,807,303
01 April 2015						
Non-interest bearing	81,367,065	–	–	–	81,367,065	81,367,065
Variable interest rate instruments	–	–	–	1,023,030	1,023,030	1,023,030
Fixed interest rate instruments	50,545,548	–	–	–	50,545,548	50,327,329
Total	131,912,613	–	–	1,023,030	132,935,643	132,717,424

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs.)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2017					
Gross settled:					
– Cross currency interest rate swaps	**4,400,711**	**–**	**–**	**–**	**4,400,711**
31 March 2016					
Gross settled:					
– Cross currency interest rate swaps	10,909,957	–	–	–	10,909,957
01 April 2015					
Gross settled:					
– Cross currency interest rate swaps	–	–	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2017	31 March, 2016	1 April, 2015
Bank Overdraft/ WCDL facility	**100,000,000**	62,502,095	–
- Expiring within one year (Unsecured)	**100,000,000**	62,502,095	–
- Expiring beyond one year	–	–	–
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)	**525,000,000**	525,000,000	–
- Expiring within one year (Unsecured)	**525,000,000**	525,000,000	–
- Expiring beyond one year	–	–	–
Capex Rupee Term Loan	–	–	150,000,000
- Expiring within one year	–	–	150,000,000
- Expiring beyond one year (Unsecured)	–	–	–
Capex Non-Fund Based facility: (LC, BG, LUT, LER)	–	–	79,608,011
- Expiring within one year	–	–	79,608,011
- Expiring beyond one year (Unsecured)	–	–	–

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Currency	**31 March, 2017**	31 March, 2016	1 April, 2015
Payable for Property, Plant and Equipment	USD	**3,949,145**	3,949,145	3,509,557
	EURO	–	–	411,365
Spare parts	EURO	–	2,910	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

	Currency	**31 March, 2017**	31 March, 2016	1 April, 2015
Payable for Property, Plant and Equipment	USD	–	–	14,600
	EURO	–	–	–
Spare parts	EURO	–	2,910	–

(ii) Interest Rate Risk

Refer Note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to the customer through appropriate adjustments to selling prices

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 37 – Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs.)

Financial assets/financial liabilities		**Fair value hierarchy as at 31 March, 2017**		
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	**–**	**2,779,909**	**–**	**2,779,909**
– trade receivables	**–**	**141,915,845**	**–**	**141,915,845**
– deposits	**–**	**2,395,430**	**–**	**2,395,430**
Total	**–**	**147,091,184**	**–**	**147,091,184**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	**–**	**257,879,168**	**–**	**257,879,168**
– Short term deposits	**–**	**300,000**	**–**	**300,000**
– trade and other payables	**–**	**90,720,505**	**–**	**90,720,505**
– Interest payable		**687,614**	**–**	**687,614**
Total	**–**	**349,587,287**	**–**	**349,587,287**

Financial assets/financial liabilities		Fair value hierarchy as at 31 March, 2016		
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	9,480	–	9,480

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

	Fair value hierarchy as at 31 March, 2016			
	Level 1	Level 2	Level 3	Total
– trade receivables	–	125,695,377	–	125,695,377
– deposits	–	2,395,430	–	2,395,430
Total	–	128,100,287	–	128,100,287
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	451,182,316	–	451,182,316
– Short term deposits	–	300,000	–	300,000
– trade and other payables	–	85,925,242	–	85,925,242
– Interest payable		1,602,199	–	1,602,199
Total	–	539,009,757	–	539,009,757

Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	51,338,491	–	51,338,491
– deposits	–	1,023,030	–	1,023,030
– Interest receivable	–	327,329	–	327,329
Total	–	52,688,850	–	52,688,850
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	220,391,989	–	220,391,989
– trade and other payables	–	78,255,663	–	78,255,663
– Interest payable	–	134,103	–	134,103
Total	–	298,781,755	–	298,781,755

Financial assets/ financial liabilities measured at Fair value

Amount (Rs.)

Financial assets/financial liabilities	**Fair value as at 31 March, 2017**	31 March, 2016	1 April, 2015	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Financial assets							
Investments							
Mutual fund investments	**25,007,077**	4,707,016	80,028,574	Level 2	Net assets value declared by the respective asset management companies	NA	NA
Other Financial Assets							
Cross currency interest rate swaps	**4,400,711**	10,909,957	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates and forward exchange rate (from observable yield curves and forward exchange rate at the end of the reporting period) and contract interest rates and contract forward rate, discounted at a rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**29,407,788**	15,616,973	80,028,574				
Financial liabilities							
Other Financial Liabilities							
Cross currency interest rate swaps	–	–	1,864,894	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates and forward exchange rate (from observable yield curves and forward exchange rate at the end of the reporting period) and contract interest rates and contract forward rate, discounted at a rate that reflects the credit risk of various counter parties.	NA	NA

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

Financial assets/financial liabilities	Fair value as at 31 March, 2017	31 March, 2016	1 April, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Foreign currency forward contracts	–	–	299,744	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial liabilities	–	–	2,164,638				

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note 38 Lease premium:

The Company has taken land situated at Chakan on lease for 95 years. The premium paid for acquisition of these land has been disclosed as prepaid expenses and is being amortised over the period of lease on straight line basis. The amount charged to the Statement of Profit and Loss is Rs. 2,613,958 (2016: 2,786,430).

Note 39 Earnings per share

Amount (Rs.)

Particulars	For the Year ended 31 March, 2017	For the Year ended 31 March, 2016
Profit after tax (Rs.) (A)	**72,183,013**	68,119,994
Weighted average number of shares (B)	**68,500,000**	68,500,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**1.05**	0.99
Nominal value of equity share (Rs.)	**10.00**	10.00

Note 40 Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 426,518 . CSR amount spent during the year is Rs. 427,100.

Note 41 Stock Appreciation Rights:

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the Face Value of the Equity Share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31st March, 2015 and 31st March, 2016.

Details of stock appreciation rights outstanding as on 31st March 2017

	Number of Shares	Grant Date	Expiry Date	Exercise Price (Rs.)	Fair value at Grant Date (Rs.)
Cash settled					
F'15 grant	**3,506**	**18 Feb 2015**	**18 Feb 2021**	**10**	**83.70**
F'15 grant	**3,506**	**18 Feb 2015**	**18 Feb 2022**	**10**	**83.70**
F'15 grant	**3,507**	**18 Feb 2015**	**18 Feb 2023**	**10**	**83.70**
F'16 grant	**1,407**	**26 Feb 2016**	**26 Feb 2021**	**10**	**84.70**
F'16 grant	**1,407**	**26 Feb 2016**	**26 Feb 2022**	**10**	**84.70**
F'16 grant	**1,409**	**26 Feb 2016**	**26 Feb 2023**	**10**	**84.70**

Movement in Stock appreciation rights

		Number of Shares
1	The number of share options outstanding at the beginning of the year;	19,655
2	Granted during the period	–
3	Exercised during the period	4,913
4	Outstanding at the end of the period	14,742

Share Appreciation Right's exercised during the year

	Number of SAR's	Exercised date	Share price at Exercise date
Cash settled			
F'15 grant	3,506	15/03/2017	155.13
F'16 grant	1,407	15/03/2017	155.13

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

		Cash settled Share Appreciation Rights
1.	Share price	155.13
2.	Exercise price	10
3.	Expected volatility (weighted-average)	12.09%
4.	Expected life/Option Life (weighted-average)	4.91
5.	Expected dividends yield	6.54%
6.	Risk-free interest rate (based on government bonds)	6.84%

Note No. 42 - First-time adoption of In-AS

First Time In AS adoption reconciliations

(i) Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015:

Amount (Rs.)

Particulars	As at 31 March, 2016 (End of last period presented under previous GAAP)	As at 1 April, 2015 (Date of transition)
Equity as reported under previous GAAP	748,264,244	687,012,664
In AS: Adjustments increase (decrease):		
Net impact of Recognition of fair valuation of forward exchange contracts & derecognition of forward premium (net of tax)	–	(359,127)
Property, plant and equipment/ Capital work in progress: Decapitalisation of exchange differences and adjustment on account of interest rate swap element of derivative instrument (net of tax)	(29,808,577)	(31,528,349)
Recognition of cash settled share based payment liability at fair value (net of tax)	381,672	–
Adjustment on account of interest rate swap element of derivative instrument (net of tax)	1,284,599	519,929
Net impact of recognition of mutual fund investments at fair value (net of tax)	4,431	18,861
Net impact of recognition of fair valuation of Cross currency interest rate swap (net of tax)	(2,954,335)	(2,407,597)
Dividends not recognised as liability until declared (including tax on dividend)	4,122,250	–
Equity as reported under IND AS	721,294,284	653,256,381

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Year Ended 31 March, 2016
Profit or Loss as per previous GAAP	65,373,830
Ind AS: Adjustments increase (decrease):	
Net impact of Recognition of fair valuation of forward contracts & Derecognition of forward premium (net of tax)	359,127
Property, plant and equipment/Capital work in progress: Decapitalisation of exchange differences and adjustment on account of interest rate swap element of derivative instrument (net of tax)	1,719,772
Recognition of cash settled share based payment liability at fair value (net of tax)	381,672
Adjustment on account of interest rate swap element of derivative instrument (net of tax)	764,670
Net impact of recognition of mutual fund investments at fair value (net of tax)	(14,430)
Net impact of recognition of fair valuation of Cross currency interest rate swap (net of tax)	(546,738)
Remeasurements of the defined benefit liabilities/(asset) (net of tax)	(82,091)
Total adjustment to profit or loss	2,581,982
Profit under Ind AS	67,955,812
Other comprehensive income (net of tax)	82,091
Total comprehensive income under Ind AS	68,037,903

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Adjustments to the Statement of Cash Flows - No material adjustment with respect to previous GAAP cash flow.

(iv) Effect of Ind AS adoption on the balances sheet as at 31 March, 2016 and 1 April, 2015

Amount (Rs.)

	Notes	As at 31 March, 2016 (End of Last period presented under previous GAAP)			As at 01 April, 2015 (Date of transition)		
		Previous GAAP	Effect of transaction to Ind AS	As per Ind As balance Sheet	Previous GAAP	Effect of transaction to Ind AS	As per Ind AS balance Sheet
A. ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	42 (vi)(1) &(2)	949,054,919	(286,606,311)	662,448,608	228,800,096	(228,481,147)	318,949
(b) Capital work-in-progress					557,451,578	(47,762,989)	509,688,589
(c) Financial Assets							
(i) Loans		2,395,430	–	2,395,430	1,023,030	–	1,023,030
(d) Deferred tax assets (net)	42 (vi)(9)	17,361,858	16,035,977	33,397,835	–	17,381,851	17,381,851
(c) Other non-current assets	42 (vi)(1)	454,684	238,635,512	239,090,196	7,960,266	225,694,717	233,654,983
Total non-current Assets		969,266,891	(31,934,822)	937,332,069	795,234,970	(33,167,568)	762,067,402

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

	Notes	As at 31 March, 2016 (End of Last period presented under previous GAAP)			As at 01 April, 2015 (Date of transition)		
		Previous GAAP	Effect of transaction to Ind AS	As per Ind As balance Sheet	Previous GAAP	Effect of transaction to Ind AS	As per Ind AS balance Sheet
Current assets							
(a) Inventories		156,784,899	–	156,784,899	–	–	–
(b) Financial Assets							
(i) Investments	42 (vi)(3)	4,700,000	7,016	4,707,016	80,000,000	28,574	80,028,574
(ii) Trade receivables		125,695,377	–	125,695,377	–	–	–
(iii) Cash and cash equivalents		9,480	–	9,480	51,338,491	–	51,338,491
(iv) Others	42 (vi) (8)	15,348,247	(4,438,290)	10,909,957	2,109,757	(1,782,428)	327,329
(c) Other current assets	42 (vi)(1)	75,938,135	2,786,430	78,724,565	63,406,381	2,786,432	66,192,813
Total current assets		378,476,138	(1,644,844)	376,831,294	196,854,629	1,032,578	197,887,207
Total Assets		1,347,743,029	(33,579,666)	1,314,163,363	992,089,599	(32,134,990)	959,954,609
B. EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share capital		685,000,000	–	685,000,000	685,000,000	–	685,000,000
(b) Other Equity		63,264,244	(26,969,960)	36,294,284	2,012,664	(33,756,283)	(31,743,619)
Equity attributable to owners of the Company	42 (i)	748,264,244	(26,969,960)	721,294,284	687,012,664	(33,756,283)	653,256,381
LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		413,684,411	–	413,684,411	220,391,989	–	220,391,989
(b) Provisions		2,136,350	–	2,136,350	1,339,942	–	1,339,942
Total non-current liabilities		415,820,761	–	415,820,761	221,731,931	–	221,731,931
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		37,497,905	–	37,497,905	–	–	–
(ii) Trade payables	42 (vi)(5)	81,737,725	(570,197)	81,167,528	375,564	244,306	619,870
(iii) Other financial liabilities (other than those specified in (b) below)	42 (vi) (4) &(8)	8,577,172	(1,917,259)	6,659,913	78,557,547	1,376,987	79,934,534
(b) Provisions	42 (vi) (6)	4,302,928	(4,122,250)	180,678	138,722	–	138,722
(c) Current Tax Liabilities (Net)		178,262	–	178,262	59,224	–	59,224
(d) Other current liabilities		51,364,032	–	51,364,032	4,213,947	–	4,213,947
Total current liabilities		183,658,024	(6,609,706)	177,048,318	83,345,004	1,621,293	84,966,297
Total equity and liabilities		1,347,743,029	(33,579,666)	1,314,163,363	992,089,599	(32,134,990)	959,954,609

Note: Previous GAAP figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

(v) Effect of Ind AS adoption on the Statement of Profit and loss for the period ended on 31 March, 2016

Amount (Rs.)

		Notes	Year ended 31 March, 2016 (Last year presented under previous GAAP)		
			Previous GAAP	Effect of transaction to Ind AS	Ind AS
I	Revenue from operations	42 (vi)(11)	615,775,681	78,490,512	694,266,193
II	Other Income		2,398,705	(21,558)	2,377,147
III	**Total revenue (I + II)**		618,174,386	78,468,954	696,643,340
IV	Expenses				
	(a) Cost of materials consumed		508,081,871	–	508,081,871
	(b) Changes in stock of finished goods		(51,645,764)	–	(51,645,764)
	(c) Excise duty on sale of goods (including scrap sales)	42 (vi)(11)	–	78,490,512	78,490,512
	(d) Employee benefit expense	42 (vi) (5) &(7)	12,483,363	(692,835)	11,790,528
	(e) Finance costs	42 (vi) (8)	24,464,710	(2,742,368)	21,722,342
	(f) Depreciation	42 (vi)(1) & (2)	32,131,749	(4,278,167)	27,853,582

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Amount (Rs.)

		Notes	Year ended 31 March, 2016 (Last year presented under previous GAAP) Previous GAAP	Effect of transaction to Ind AS	Ind AS
	(g) Other expenses	42 (vi)(1),(4) & (8)	32,693,485	3,559,225	36,252,710
	Total expenses (IV)		558,209,414	74,336,367	632,545,781
V	**Profit before tax (III - IV)**		59,964,972	4,132,587	64,097,559
VI	**Tax Expense**				
	(1) Current tax		11,953,000	–	11,953,000
	(2) Deferred tax	42 (vi)(10)	(17,361,858)	1,386,423	(15,975,435)
	Total tax expense		(5,408,858)	1,386,423	(4,022,435)
VII	**Profit for the year/period (V - VI)**		65,373,830	2,746,164	68,119,994
VIII	**Other comprehensive income**		–	(82,091)	(82,091)
	(i) Items that will not be reclassified to profit or loss				
	Remeasurements of the defined benefit obligation	42 (vi) (7)	–	122,639	122,639
	(ii) Income tax relating to items that will not be reclassified to profit or loss	42 (vi) (7)	–	(40,548)	(40,548)
IX	**Total comprehensive income for the year (VII + VIII)**		65,373,830	2,664,073	68,037,903

Note: Previous GAAP figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

(vi) Notes to Reconciliation

(1) Under previous GAAP, lease hold land was considered as tangible fixed asset and was amortised over the period of the lease. Under Ind AS, interest in lease hold land is considered as leases as per definition and classification criteria in IND AS 17. Accordingly in respect of net written down value of leasehold land as at 31 March, 2016 Rs. 241,421,943 (As at 1 April, 2015 Rs. 228,481,147) has been classified under other non current assets Rs. 238,635,512 and under other current assets Rs. 2,786,430 (As at 1 April, 2015 Rs. 225,694,717 and Rs. 2,786,432 respectively). Similarly the amortisation of lease hold land for the year ended 31 March, 2016 of Rs. 2,786,430 has been classified under other expenses as Rent.

This change does not affect total equity as at 1 April, 2015 and 31 March, 2016, profit before tax or profit for the year ended 31 March, 2016.

(2) Under previous GAAP, the exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of Property, Plant and Equipment are added to or subtracted from the cost of depreciable Property, Plant and Equipment to which the monetary item relates and depreciated over the remaining useful life of such assets. Under Ind-As such exchange differences do not form part of cost of Property, Plant and Equipment in accordance with Ind-As 21. further, adjustment has been carried out on account of interest rate swap element of derivative instrument. Accordingly as on 1 April, 2015 (date of first time adoption of IND-AS) exchange differences and borrowing cost of Rs. 47,762,989 has been decapitalised from Capital Work-in-progress and Rs. 31,528,349 (net of deferred tax of Rs. 16,234,640) charged to equity (retained earnings). Similarly, The Company has for the year ended 31 March, 2016 added Rs. 476,742 to Property, Plant and Equipment and derecognised Rs. 2,101,879 (net) from depreciation on Property, Plant and Equipment.

The net effect of this changes is a decrease in total equity as at 31 March, 2016 of Rs. 29,808,577 (Rs. 31,528,349 as at 1 April, 2015), and increase of Rs. 2,578,619 in profit before tax and increase of Rs. 1,719,772 in profit for the year for the year ended 31 March, 2016.

(3) Under previous GAAP, current investments were measured at lower of cost or fair value. Under IND AS, these financial assets have been classified as FVTPL on the date of transition. The fair value changes are recognized in profit or loss. On transitioning to IND AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP, resulting in an increase in carrying amount by Rs. 7,016 as at 31 March, 2016 (Rs. 28,574 as at 1 April, 2015).

The net of this change is an increase in total equity as at 31 March, 2016 of Rs. 4,431 (As at 1 April, 2015 increase of Rs. 18,861), and decrease of Rs. 21,558 in profit before tax and decrease of Rs. 14,430 in profit for the year ended 31 March, 2016.

(4) Under previous GAAP, the Company recognised the movements in time value of forward element of forward contracts in Statement of Profit and Loss in the year in which they arose. Under Ind AS, derivatives are initially recognised at fair value at the date the derivative contract are entered into and are subsequently remeasured to their fair value at the end of each reporting period and resulting gain or loss is recognized in the Statement of Profit and Loss immediately.

The net effect of this change is an increase in total equity as at 31 March, 2016 of Rs. Nil (As at 1 April, 2015 decrease of Rs. 359,127), and increase of Rs. 544,049 in profit before tax and increase of Rs. 359,127 in profit for the year ended 31 March, 2016.

(5) Under previous GAAP the Company adopted intrinsic value method for accounting compensation cost of stock Appreciation Rights (SARs). Under the IND-AS fair value has been adopted to recognise liability under SAR for the service acquired.

Due to adoption of fair value the employee cost for the year ended 31 March, 2016 is decreased by Rs. 570,196.

The effect of this change is an increase in total equity as at 31 March, 2016 is Rs. 381,672 and increase of Rs. 570,196 in profit before tax and increase of Rs. 381,672 in profit for the year ended 31 March, 2016.

(6) Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under IND AS, such dividends are recognized when declared by the members in a general meeting. The effect of this change is an increase in total equity as at 31 March 2016 of Rs. 4,122,250 (1 April 2015 Rs. Nil) but does not affect profit before tax and total profit for the year ended 31 March 2016.

(7) Under previous GAAP, actuarial gains and losses on remeasurement of net defined benefit liabilities/ (asset) were recognized in statement of Profit or Loss. Under IND AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liabilities/ (asset) which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under IND AS instead of Statement of Profit and Loss. The actuarial loss for the year ended 31 March, 2016 was Rs. 122,639 and the tax effect thereon Rs. 40,548. This change does not affect total equity, but there is an increase in profit before tax and in profit for the year ended 31 March, 2016 of Rs. 122,639 and Rs. 82,091 respectively.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(8) Under previous GAAP, the Company recognised Cross currency interest rate swap at exchange rate prevailing as at balance sheet date . Under Ind AS, Cross currency interest rate swap are initially recognised at fair value at the date the derivative contract are entered into and are subsequently remeasured to their fair value at the end of each reporting period and resulting gain or loss is recognized in the Statement of Profit and Loss immediately.

The net effect of this change is an decrease in total equity as at 31 March, 2016 of Rs. 2,954,335 (As at 1 April, 2015 decrease of Rs. 2,407,597), and decrease of Rs. 790,968 in profit before tax and decrease of Rs. 546,738 in profit for the year ended 31 March, 2016.

Under previous GAAP Interest expenses on long term foreign currency monetary items were recognised at fixed interest rate as per cross currency interest rate swap. Under Ind-AS interest expense on the same are recognised at floating interest rate and the difference between fixed interest rate and floating interest rate is treated as derivative cost. The net effect of this change is an increase in total equity as at 31 March, 2016 of Rs. 1,284,599 (As at 1 April, 2015 increase of Rs. 519,929), and increase of Rs. 1,129,608 in profit before tax and increase of Rs. 764,670 in profit for the year ended 31 March, 2016.

(9) Due to transition to IND-AS from previous GAAP following adjustments were made to deferred tax Assets(DTA) (net) as on 31 March 2016 and 1 April 2015.

Particulars	As on 31 March 2016	As on 1 April 2015
Balance as per previous-GAAP	17,361,858	–
Increase in DTA on recognition of fair valuation of forward contracts & Derecognition of forward premium	–	184,922
Net increase in DTA on account of charge of net foreign currency loss on foreign currency monetary items used for financing or for acquisition of Property, Plant and Equipment and adjustment on account of interest rate swap element of derivative instrument	15,375,791	16,234,640
Decrease in DTA on recognition of cash settled share based payment liability at fair value	(188,524)	–
Decrease in DTA on adjustment on account of interest rate swap element of derivative instrument	(632,660)	(267,722)
Decrease in DTA on recognition of mutual fund investments at fair value	(2,584)	(9,712)
Increase in DTA on recognition of fair valuation of cross currency interest rate swap	1,483,954	1,239,723
Balance as per IND-AS	33,397,835	17,381,851

(10) Reconciliation of Deferred Tax Expenses/(income)

Deferred tax credit as per Previous GAAP	(17,361,858)
A. Charge/(credit) to Profit and loss account on account of:	
1) Expense on recognition of fair valuation of forward exchange contracts and Derecognition of forward premium	184,922
2) Foreign currency loss/gain on foreign currency monetary items used for financing or for acquisition of Property, Plant and Equipment and adjustment on account of interest rate swap element of derivative instrument	858,849
3) Credit on recognition of cash settled share based payment liability at fair value	188,524
4) Adjustment on account of interest rate swap element of derivative instrument	364,938
5) Income on recognition of mutual fund investments at fair value	(7,128)
6) recognition of fair valuation of Cross currency interest rate swap	(244,230)
B. Deferred tax impact on Remeasurements of the defined benefit liabilities/(asset) has been disclosed under Other Comprehensive Income.	40,548
Deferred tax income as per IND-AS	(15,975,435)

(11) Under previous GAAP, revenue from sale of product was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense of Rs. 78,490,512 for the year ended 31 March, 2016 is presented separately on the face of the statement of profit and loss as excise duty on sale of products (including scrap sale), however there is no impact of this change on the profit of the Company.

Note 43 Specified Bank Notes (SBN)

Amount (Rs.)

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8,2016	–	844	844
(+) Permitted receipts (withdrawn from bank)	–	39,000	39,000
(–) Permitted payments	–	35,702	35,702
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	4,142	4,142

For and on behalf of the Board of Directors

Percy Mahernosh
Chief Financial Officer

Sumit Issar
Rajeev Dubey
Smita Mankad
P. R. Barpande
Directors

Romali Malvankar
Company Secretary

Place: Mumbai
Date: 27 April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Tenth Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs.in Lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue	95.41	309.34
Profit/(Loss) before Interest, Depreciation and Tax	(77.49)	(13,976.01)
Less : Depreciation	1.20	4.93
Less: Impairment of Intangibles under development	395.00	–
Profit/(Loss) before Interest and Tax	(473.69)	(13,980.94)
Less : Interest Expense	51.53	45.35
Profit/(Loss) before Tax	(525.22)	(14,026.29)
Provision for Tax/tax of earlier years	26.00	20.79
Profit/(Loss) for the year	(551.22)	(14,047.08)
Other Comprehensive Income	(0.14)	4.43
Total Comprehensive Income	(551.36)	(14,042.65)
Retained earnings brought forward from earlier years	(14,985.30)	(942.65)
Profit/(Loss) carried to Balance Sheet	(15,536.66)	(14,985.30)
Net Worth	47,548.76	29,100.12

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

Operations:

Aircraft Division

GippsAero

The year FY 17 was a challenging year for General Aviation Aircraft as the market continued to soften. The Company's step-down subsidiary M/s. GippsAero Pty Ltd (GA) concentrated on a few successful regions, coupled with first sales into China to maintain market share. The Company continues to work with the regulator in India to take advantage of the growing demand for General Aviation aircraft in this region.

During the year GA finished all airworthiness, performance, and certification flight testing on the Airvan 10 program. Furthermore all type design reports have been submitted to the Civil Aviation Safety Authority (CASA) for approval and expecting to get the Type Certification from Civil Aviation Safety Authority, Australia (CASA) during first quarter FY18 and Federal Aviation Administration (FAA) in the second quarter.

CNM-5

Following the successful test flights of the CNM5 prototype in 2011, the Company and its development partner, National Aerospace Laboratories (NAL) had decided to approach the Civil Aviation Safety Authority in Australia (CASA) for Type Certification of the aircraft. Since this was a different approach to certification than was originally planned, National Aerospace Laboratories (NAL) was required to obtain formal clearance from its parent body, Council of Scientific and Industrial Research and other Government agencies. This approval was not forthcoming and therefore the certification program in Australia could not start. However, in the current financial year a new management team at CSIR and at NAL have restarted discussions on the project with the Company. The preferred plan given the elapsed time is to pursue certification in India. Once the final decision is taken by both parties and their respective parents, the program will be relaunched.

Aerostructures Division

During the year, the Company's subsidiary Mahindra Aerostructures Private Limited (MASPL) has ramped up significantly on serial production for various customers. The production volumes have increased from 20,000 parts per month in the beginning of the year to 100,000 parts per month by the end of the year. During the year MASPL has also been awarded its first direct contracts by Boeing and Airbus, making it a Tier 1 to both major OEMs. The Airbus contract will transition the Company from its existing soft metal (aluminum alloys) capabilities to hard metals (Titanium, aerospace steels, etc.). The MASPL also signed new work packages with three existing customers (PAG, Saab and Triumph) during the year, and has moved into delivery of control surface assemblies to GippsAero. The MASPL continues to pursue various opportunities in India and abroad for larger value work and these efforts are expected to yield results in the coming years.

Dividend

In view of the losses, your Directors have not considered declaration of dividend for the year under review.

Subsidiaries

As on 31st March, 2017, your company has the following subsidiaries.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company, is provided in Form AOC-1 which is attached to the Financial Statement and forms part of this Annual Report.

1. **Mahindra Aerostructures Private Limited:**

   The Company was incorporated in 2011 for the purpose of manufacture of aerospace components and aerostructures.

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 5238.00 Lakhs.

2. **Mahindra Aerospace Australia Pty Limited:**

   The Company was incorporated in 2010 for the purpose of holding the investments in Australian companies.

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 17.73 Lakhs.

3. **Aerostaff Australia Pty Limited:**

   The Company was acquired in 2010, which manufactures aircraft components.

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred profit of Rs. 10.25 Lakhs.

4. **Gipp Aero Investments Pty Ltd:**

   The Company was acquired in 2010, which is a holding Company of Gippsaero Pty Ltd and other companies.

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 5.18 Lakhs.

5. **Gipps Aero Pty Ltd:**

   The Company was acquired in 2010, which manufactures aircrafts.

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 2,771.84 Lakhs.

6. **Airvan Flight Services Pty Ltd**

   The Company was acquired in 2010, which holds "Air Operator Certificate".

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.91 Lakhs.

7. **GA8 Airvan Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate"

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.91 Lakhs.

8. **GA200 Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate"

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.91 Lakhs.

9. **Nomad TC Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate".

   Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.91 Lakhs.

10. **Airvan 10 Pty Ltd:**

    The Company was incorporated in 2015, for the purpose of holding the "Type Certificate".

    Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.91 Lakhs.

Consolidated Financial Statements

In accordance with Section 134(7) of the Companies Act, 2013 the audited consolidated financial statements of your Company forms part of this Annual Report.

Share Capital

During the year under review, the authorized share capital of the Company was increased from Rs.275 crores divided into 26,00,00,000 Equity Shares of Rs. 10 each and 1,50,00,000 5 % Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each to Rs. 605 crores divided into 40,00,00,000 Equity Shares of Rs. 10 each, 1,50,00,000 5 % Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each and 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/-each.

During the year under review your Company issued 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each for cash at par on rights basis. As a consequence thereof, the Paid up Share Capital of the Company, as at the end of the financial year under review, increased to Rs. 425,29,41,250/- consisting of Equity Shares of Rs. 230,29,41,250, 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 5,00,00,000 and 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs.190,00,00,000.

Board of Directors

The Composition of the Board of Directors of the Company is as under:

Sl. No.	Name of the Director	Designation	Executive/ Non-Executive	Independent/ Non Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman and Managing Director	Executive	Non Independent
2	Mr. V S Parthasarathy (DIN: 00125299)	Director	Non-Executive	Non Independent
3	Mr. S. Ramkrishna (DIN: 02091639)	Director	Non-Executive	Non Independent
4	Mr. Sudhir Yagnik (DIN: 07340019)	Director	Non-Executive	Non Independent
5	Mr. K V Ramakrishna (DIN: 00133248)	Director	Non-Executive	Non Independent
6	Mrs. Rajyalakshmi Rao Meka (DIN: 00009420)	Director	Non-Executive	Independent
7	Dr. Devi Singh (DIN: 00015681)	Director	Non-Executive	Independent
8	Mr. Arvind Kumar Mehra (DIN: 01039769)	Whole Time Director Designated as Executive Director and Chief Executive Officer	Executive	Non Independent
9	Mr. Dhiraj Rajendran (DIN: 06884408)*	Additional Director	Non-Executive	Non Independent

* Mr. Dhiraj Rajendran was appointed as Additional Director with effect from 25th April, 2017.

Mr. R Laxman resigned as Director of the Company with effect from 11th April, 2017. Your Board takes this opportunity to place on record the valuable contribution made by Mr. R Laxman during his association with the Company.

Mr. Dhiraj Rajendran(DIN: 06884408) was appointed as Additional Director with effect from 25th April, 2017 and holds office upto the ensuing Annual General Meeting. Your Company has received notice from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of Mr. Dhiraj Rajendran. The Board recommends to the shareholders his appointment as Director.

Mr. V S Parthasarathy (DIN: 00125299) and Mr. S Ramkrishna (DIN: 02091639), Directors, retire by rotation and being eligible offer themselves for reappointment.

Your Company has received declarations from Mrs. Rajyalakshmi Rao Meka and Dr. Devi Singh to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Pursuant to the formation of opinion by the Board that Mrs. Rajyalakshmi Rao Meka and Dr. Devi Singh are persons with integrity and possess relevant expertise and experience and receipt of declarations from them to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, Mrs. Rajyalakshmi Rao Meka (DIN: 00009420) and Dr. Devi Singh (DIN: 00015681), have been re-appointed as Independent Directors, subject to the approval of Shareholders, for a period of three years with effect from 30th March, 2017.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment/ reappointment as Directors.

Meetings of the Board of Directors and Annual General Meeting

Your Board of Directors met four times during the year under review i.e. on 17th May, 2016, 13th September, 2016, 11th November, 2016 and 1st March, 2017.

The 9th Annual General Meeting of the Shareholders was held on 13th September, 2016.

The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. V S Parthasarathy	2
Mr. Sudhir Yagnik	3
Mr. S. Ramkrishna	2
Mr. Arvind Mehra	3
Mr. K V Ramakrishna	4
Mr. R Laxman*	2
Mrs. Rajyalakshmi Rao Meka	4
Dr. Devi Singh	3

* Resigned with effect from 11th April, 2017.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013 the Board carried out an annual evaluation of performance of its own, its committees and individual Directors, including independent Directors. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation at the meeting held on 28th April, 2017.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with respective Code of Conduct.

Meeting of Independent Directors

The Independent Directors of the Company met on 28th December, 2016 without the presence of the Chairman or Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner 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, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), 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.

Committees of the Board:

Audit Committee

The Committee consists of Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Dr. Devi Singh, Independent Director and Mr. V.S.Parthasarathy, Director.

Mrs. Rajyalakshmi Rao Meka is the Chairperson of the Audit Committee.

The Committee met three times during the year under review i.e. on 17th May, 2016, 13th September, 2016 and 1st March, 2017 and complied with the terms of reference assigned to the Committee from time to time.

The attendance at the meetings of the Audit Committee was as under:-

Name of Directors	No. of meetings attended
Mr. V S Parthasarathy	2
Mrs. Rajyalakshmi Rao Meka	3
Dr. Devi Singh	3

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Dr. Devi Singh, Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Mr. S. P. Shukla and Mr. Dhiraj Rajendran, Directors. Dr. Devi Singh is the Chairman of the Nomination and Remuneration Committee.

The committee was reconstituted on 25th April, 2017 following the resignation of Mr. R Laxman w.e.f 11th April, 2017 and induction of Mr. Dhiraj Rajendran as director with effect from 25th April, 2017.

During the year under review, the Committee met four times during the year under review i.e., on 17th May, 2016, 13th September, 2016, 11th November, 2016 and 1st March, 2017.

The attendance at the meetings of the Nomination and Remuneration Committee was as under:-

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. R Laxman *	2
Dr. Devi Singh	3
Mrs. Rajyalakshmi Rao Meka	4

* Resigned as Director with effect from 11th April, 2017.

The Committee members at their meeting held on 28th April, 2017 carried out an evaluation of the performance of individual directors through a structured questionnaire process.

Key Managerial Personnel (KMP)

During the year under review, Mr. T Subrahmanya Sharma was appointed as Chief Financial Officer of the Company with effect from 18th May, 2016. Mr. Vilas Chaubal was appointed as Company Secretary with effect from 13th September, 2016.

Mr. Arvind Kumar Mehra has been reappointed as Whole Time Director designated as Executive Director and Chief Executive Officer for a further period of three years with effect from 10th May, 2017. His Reappointment is subject to approval of the shareholders at the ensuing Annual General Meeting.

Policy for Remuneration of Directors, Key Managerial Personnel, and other Employees and Criteria for appointment/ removal of Directors and Senior Management Personnel

Policies for the remuneration of Directors, Key Managerial Personnel and other Employees and the appointment/removal of Directors and Senior Management Personnel are in place. The same had been formulated keeping in view the principles of transparency and consistency and were approved by the Board as per recommendation of Nomination and Remuneration Committee.

These policies are furnished as **Annexure I** and form part of this Report.

Risk Management Policy

The Board has a Risk Management Policy in place. The Policy helps in identifying elements of risk, if any, which may threaten the existence of the Company and managing the risks associated with the business of the Company.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Statutory Auditors & Audit Report

In terms of the provisions of Section 139 of the Companies Act, 2013, an auditor who has completed two terms of five consecutive years is not eligible for reappointment for a period of five years from the completion of such term.

M/s. B K Khare & Co, Chartered Accountants, the retiring Auditors have completed the maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rule thereunder.

Your Board has recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Registration No. 101248W/W-100022) as Statutory Auditors of the Company.

The shareholders are requested to appoint Auditors for a term of 5 consecutive years from the conclusion of forthcoming Annual General Meeting until the conclusion of 15th Annual General Meeting to be held in the year 2022 and fix their remuneration.

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

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

Secretarial Auditor & Secretarial Audit Report.

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. M Siroya & Co., a firm of Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2017.

The Secretarial Audit Report for the financial year ended 31st March 2017, issued by the secretarial auditor pursuant to the aforesaid provisions, is provided as **Annexure II** and forms part of this report.

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

Reporting on Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Particular of investments made during the year under review have been disclosed in Note no. 4 of Financial Statement.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure IV** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 is attached herewith as **Annexure V** and forms part of this report.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Receipt of any remuneration or commission by Managing Director/Whole Time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. Particulars of employees, since Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Mr. S P Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerospace Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e. for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Appreciation Rights and/or Stock Options/Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Aerospace Private Limited

"Committee(s)" means Committees of the Board for the time being in force.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

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

Removal of Directors

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

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

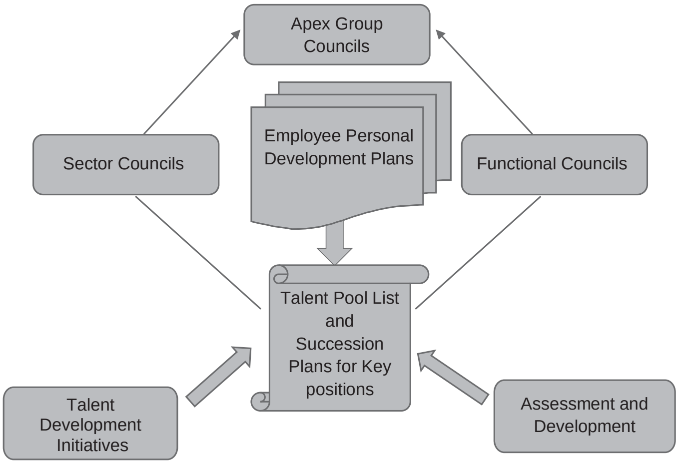
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Mr. S P Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Aerospace Private Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerospace Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; and

(iii) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

Other major Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

(i) Labour Laws and other incidental laws related to employees and labour appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Acts as prescribed under Direct Tax and Indirect Tax;

(iii) Land revenues Act;

(iv) Labour Welfare Act; and

(v) Such other Local laws etc. as may be applicable in respect of the office of the Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, w.e.f. July 1, 2015; and
2. The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

During the period under review, decisions were carried through unanimously and no dissenting views are observed, while reviewing the minutes.

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

We further report that during the audit period the Company has undertaken following major corporate events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) At the Extraordinary General Meeting held on September 27, 2016, inter-alia, the following resolutions were passed:

 (a) Increase in Authorised Share Capital of the Company from Rs. 2,750,000,000 (Rupees Two Hundred and Seventy Five Crores) to Rs. 6,050,000,000 (Rupees Six Hundred and Five Crores), thereby altering the Memorandum of Association of the Company; and

(b) Approved the issue of 19,00,00,000 (Nineteen Crores) 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each on right basis.

(ii) At the Board Meeting held on November 11, 2016, inter-alia, the following resolutions were passed:

(a) Approved the allotment of 10,00,00,000 (Ten Crores) 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each on Right Basis; and

(iii) At the Meeting of Right Issue Committee of Directors held on December 22, 2016, the following resolution was passed:

(a) Approved the allotment of 9,00,00,000 (Nine Crores) 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each on Right Basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 28, 2017
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Aerospace Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 28, 2017
Place: Mumbai

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

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

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

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

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

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

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

iv. the expenditure incurred on Research and Development: **NIL**

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

Total Foreign Exchange Earned and Used:

		(Rupees in Lakhs)
	For the Financial Year Ended 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange earned	**906.41**	NIL
Total Foreign Exchange used	**12,968.85**	412.50

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

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 transaction under third proviso thereto.

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

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any		Date of approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd	Holding Company	Services Received	1st April, 2016 to 31st, March, 2017	Allocation of corporate cost At actuals and personnel cost based on the time spent by respective personnel	101.28	N.A.	Nil
2	Mahindra Aerostructures Pvt Limited	Subsidiary Company	Lease taken	For a period of 5 years commencing from 10th July, 2014.	Payment of rent – At prevailing market rate	8.23	N.A.	Nil
			Services Rendered	1st April, 2016 to 31st March, 2017.	Allocation of corporate cost At actuals and personnel cost based on the time spent by respective personnel	145.30	N.A.	Nil
3	Gippsaero Pty Ltd	Subsidiary	Services Rendered	1st April, 2016 to 31st March, 2017.	Aircraft design services at market rates	5.41	N.A.	Nil
			Services rendered	1st April, 2016 to 31st March, 2017.	Allocation of corporate cost At actuals and personnel cost based on the time spent by respective personnel	60.95	N.A.	Nil
4	Mahindra Integrated Business Solutions Pvt Ltd	Fellow Subsidiary	Services Received	1st April, 2016 to 31st March, 2017.	Payroll processing service received – at market rates	0.96	N.A.	Nil

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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:-**	U63033MH2008PTC179520
ii)	**Registration Date**	28/02/2008
iii)	**Name of the Company**	Mahindra Aerospace Private Limited
iv)	**Category/Sub-Category of the Company**	Company limited by shares/Non-Government Indian Company
v)	**Address of the Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Pvt. Ltd. Karvy Computershare Pvt. Ltd. 7th Floor, 701, Hallmark Building Plaza St. Dnyaneshwar Marg, Off Bandra Kurla Complex, Bandra East, Mumbai 400051 Tel. Ph.: 9122 61491626

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main product/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Aircraft design services	74109	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding	81.95%	2(46)
2.	Mahindra Aerostructures Private Limited Mahindra Towers, P K Kurne, Chowk, Worli, Mumbai 400 018	U35122MH2011PTC212744	Subsidiary	100%	2(87)
3.	Mahindra Aerospace Australia Pty Ltd C/- PITCHER PARTNERS, LEVEL 19, 15 WILLIAM STREET, MELBOURNE VIC 3000	ACN 142 078 564	Subsidiary	100%	2(87)
4.	Aerostaff Australia Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ABN 81 007 374 790	Subsidiary	100%	2(87)
5.	Gipp Aero Investments Pty Ltd LATROBE VALLEY AIRFIELD PTY LTD, 75 AIRFIELD ROAD, TRARALGON VIC 3844	ACN 003 007 009	Subsidiary	100%	2(87)
6.	Gippsaero Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844 LATROBE VALLEY AIRFIELD PTY LTD, 75 AIRFIELD ROAD, TRARALGON VIC 3844	ABN 33 140 764 138	Subsidiary	100%	2(87)
7.	Airvan Flight Services Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 124 404 986	Subsidiary	100%	2(87)

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
8.	GA 8 Airvan Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 830	Subsidiary	100%	2(87)
9.	GA 200 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 821	Subsidiary	100%	2(87)
10.	Nomad TC Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 127 459 625	Subsidiary	100%	2(87)
11.	Airvan 10 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 609 777 273	Subsidiary	100%	2(87)

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

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	15,35,34,824	15,35,34,824	66.67	–	15,35,34,824	15,35,34,824	66.67	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**15,35,34,824**	**15,35,34,824**	**66.67**	–	**15,35,34,824**	**15,35,34,824**	**66.67**	–
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**15,35,34,824**	**15,35,34,824**	**66.67**	–	**15,35,34,824**	**15,35,34,824**	**66.67**	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	5,64,92,031	5,64,92,031	24.53	–	5,64,92,031	5,64,92,031	24.53	0
(ii) Overseas	–	2,02,67,270	2,02,67,270	8.80	–	2,02,67,270	2,02,67,270	8.80	0
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**7,67,59,301**	**7,67,59,301**	**33.33**	–	**7,67,59,301**	**7,67,59,301**	**33.33**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**23,02,94,125**	**23,02,94,125**	**100.00**	–	**23,02,94,125**	**23,02,94,125**	**100.00**	**0**

ii. Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share-holding 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 & Mahindra Limited	153,534,823	66.67	NIL	153,534,823	66.67	NIL	0
2	Mr. S P Shukla as nominee of Mahindra and Mahindra Limited.	1	0	NIL	1	0	NIL	0
	Total	**153,534,824**	**66.67**	**NIL**	**153,534,824**	**66.67**	**NIL**	**0**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	15,35,34,824	66.67		
	At the end of the year (or on the date of separation, if separated during the year)			15,35,34,824	66.67

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kotak Mahindra Trusteeship Services Limited (Trustee of Kotak India Growth Fund II)				
	At the beginning of the year	5,54,78,722	24.09		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			5,54,78,722	24.09

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	Kotak India Private Equity Fund				
	At the beginning of the year	2,02,67,270	8.80		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			2,02,67,270	8.80

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	Kotak Investment Advisors Limited				
	At the beginning of the year	10,13,309	0.44		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			10,13,309	0.44

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Mr. S P Shukla, Director, as nominee of Mahindra and Mahindra Limited				
	At the beginning of the year	1	0		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.): Transfer 4.3.2016	–	–	–	–
	At the end of the year			1	0

V. INDEBTEDNESS

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

(Rs. Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	NCCCPS	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)					
i) Principal Amount	–	–	–	346.53	346.53
ii) Interest due but not paid	–	–	–	–	–
iii) Interest accrued but not due	–	–	–	45.05	45.05
Total (i+ii+iii)	NIL	NIL	NIL	391.58	391.58
Change in Indebtedness during the financial year					
• Addition	–	–	–	–	–
• Reduction	–	–	–	–	–
Net change	NIL	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year 31.03.2016					
i) Principal Amount	–	–	–	346.53	346.53
ii) Interest due but not paid	–	–	–	–	–
iii) Interest accrued but not due	–	–	–	95.95	95.95
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**442.48**	**442.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. S P Shukla Managing Director	Mr. Arvind K Mehra Whole-Time Director (1.4.2016 – 31.03.2017)	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	60.00	60.00
	(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	–	–	–
	Total (A)	–	**60.00**	**60.00**
	Ceiling as per the Act		Rs. 84 Lakhs based on effective capital in accordance with Schedule V to the Companies Act, 2013, as amended.	

C. Remuneration to other directors:

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mrs. Rajyalakshmi Rao Meka	Dr. Devi Singh	
1. Independent Directors			
• Fee for attending board/committee meetings	1.50	1.20	2.70
• Commission	NIL	NIL	NIL
• Others, please specify	NIL	NIL	NIL
Total (1)			
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	NIL	NIL	NIL
• Commission	NIL	NIL	NIL
• Others, please specify	NIL	NIL	NIL
Total (2)	NIL	NIL	NIL
Total B = (1+2)	**1.50**	**1.20**	**2.70**
Total Managerial Remuneration	**1.50**	**1.20**	**2.70**
Ceiling as per the Act	–	–	Rs. 1 Lakh per meeting per Independent Director as per Companies Act, 2013

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

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. T Subrahmanya Sarma, Chief Financial Officer (from 17th May 2016 to 31st March, 2017	Mr. Vilas Chaubal Company Secretary	TOTAL
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.89	–	6.89
	(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	–	2.75	2.75
	Total	**6.89**	**2.75**	**9.64**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

A. Company

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

B. Directors

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

C. Other Officers in Default

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

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Aerospace Private Limited**

Report on the Financial Statements

1. We have audited the accompanying Standalone financial statements of Mahindra Aerospace Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 , as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw your attention to Note 37 of the financial statements wherein the Management has detailed the status of the Commercial launch of the prototype developed of the 5-seater aircraft jointly with NAL (National Aerospace Laboratories) in respect of which the approvals from the government and other statutory authorities is pending/ delayed but will not impact the technical or commercial feasibility of the project. Being a technical matter we have relied upon such representation.

   Our opinion is not qualified in respect of this matter.

10. We draw your attention to Note 38 of the financial statements wherein the Management has detailed the status of impairment of Investment in its wholly owned subsidiary Mahindra Aerospace Australia Pty. Limited (MAAPL). Based on the management estimates, impairment loss already provided in books is sufficient.

    Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns;

    c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e. On the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 II". Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 32 to the financial statements.

        ii. The Company did not have any long-term contracts including derivate 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.

        iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 35.

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

M.K. Saraogi
Partner
Membership Number - 054106

Mumbai, April 28, 2017

ANNEXURE I TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 11 under 'Report on others Legal and Regulatory Requirements' of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

   (c) There are no immovable properties held by the Company.

2. The Company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order is not applicable to the Company.

3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4 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 Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.

6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute except for:

Nature of statute	Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax	98.96	2011-12	Commissioner of Service Tax

8 The Company has not taken any loans or borrowings from banks,financial institutions and government and has not issued any debentures. Therefore, the provisions of Clause 3(viii) of the said Order are not applicable to the company.

9 The Company has not raised any money from initial public offer or further offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11 In our opinion and according to the information and explanations given to us, The Company has complied with the provisions of Section 197 read with Schedule V to the Companies Act,2013.

12 The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.

13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14 During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

16 To the best of our knowledge and as explained, the company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

M.K. Saraogi
Partner
Membership Number - 0541069

Mumbai, April 28, 2017

ANNEXURE "II" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 12(f) under 'Report on others Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Control 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 control over financial reporting of **Mahindra Aerospace Private Limited** ("the company") as of March 31, 2017 in conjunction with our audit of the 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 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conduct 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 Standard on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 control 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 control over financial reporting include 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 depends on the auditor's judgement, include 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose 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 statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility if 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, 2017, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

M.K. Saraogi
Partner
Membership Number - 0541069

Mumbai, April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rupees

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	3	**49,540**	2,05,467	5,54,177
Capital work in progress	3	**2,74,63,063**	2,74,63,063	2,74,63,063
Intangible assets	3	**81,958**	1,48,956	2,93,546
Intangible assets under development	3	**17,03,63,011**	20,98,63,011	20,98,63,011
Financial assets				
Investments	4	**4,56,09,58,590**	2,51,55,93,690	3,86,91,62,545
Bank balance other than cash and cash equivalents	5	**-**	-	4,46,83,500
Others financial assets	6	**5,000**	5,000	54,45,024
Non-current tax assets (net)	7	**67,26,053**	1,16,81,753	1,05,68,376
		4,76,56,47,215	2,76,49,60,940	4,16,80,33,242
Current assets				
Financial assets				
Investments	4	**-**	3,85,23,188	82,49,137
Trade receivables	8	**-**	1,46,29,063	65,03,847
Cash and cash equivalent	9	**1,12,85,178**	24,04,411	5,24,88,179
Bank balance other than cash and cash equivalents	5	**1,38,13,000**	5,10,57,273	4,43,38,839
Others financial assets	6	**2,43,87,562**	10,81,65,857	9,96,86,386
Other current assets	10	**9,35,631**	12,56,292	2,18,40,810
		5,04,21,371	21,60,36,084	23,31,07,198
Total assets		**4,81,60,68,586**	2,98,09,97,024	4,40,11,40,440
Equity and liabilities				
Equity				
Equity share capital	11	**2,30,29,41,250**	2,30,29,41,250	2,30,29,41,250
Other equity	12	**2,45,19,34,415**	60,70,70,425	2,01,13,35,710
Total equity		**4,75,48,75,665**	2,91,00,11,675	4,31,42,76,960
Non-current liabilities				
Financial liabilities				
Borrowings	13	**-**	3,91,57,334	3,46,52,508
Net employee benefit obligations	14	**1,74,144**	1,91,248	4,10,064
		1,74,144	3,93,48,582	3,50,62,572
Current liabilities:				
Financial liabilities				
Borrowings	13	**4,42,47,787**	-	-
Trade payable	15	**1,60,86,336**	3,08,21,592	4,68,77,490
Other current liabilities	16	**10,97,598**	9,26,867	42,22,223
Net employee benefit obligations	14	**(4,12,944)**	(1,11,692)	7,01,195
Dividend payable		-	-	-
		6,10,18,777	3,16,36,767	5,18,00,908
Total liabilities		**6,11,92,921**	7,09,85,349	8,68,63,480
Total equity and liabilities		**4,81,60,68,586**	2,98,09,97,024	4,40,11,40,440

See accompanying notes forming part of the financial statements

As per our report of even date
For **B. K. Khare & Co.**
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.

Mr. S .P. Shukla
Managing Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Date: April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Rupees

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	17	**5,40,600**	96,28,800
Other income	18	**35,47,972**	1,40,85,083
Finance Income	19	**54,52,349**	72,19,767
Total income		**95,40,921**	3,09,33,650
Expenses			
Employee benefits expense	20	**11,54,186**	64,94,474
Depreciation and amortization expense	21	**1,20,071**	4,93,300
Impairment of intangible under development	37	**3,95,00,000**	-
Finance cost	22	**51,53,130**	45,35,140
Other expenses	23	**1,61,35,509**	1,42,20,40,060
Total expenses		**6,20,62,896**	1,43,35,62,974
Profit/(loss) before tax		**(5,25,21,975)**	(1,40,26,29,324)
1) Current tax		**26,00,000**	20,78,887
Income tax expense		**26,00,000**	20,78,887
Profit for the year		**(5,51,21,975)**	(1,40,47,08,211)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		**(14,035)**	4,42,926
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(14,035)**	4,42,926
Other comprehensive income for the year		**(14,035)**	4,42,926
Total comprehensive income for the year		**(5,51,36,010)**	(1,40,42,65,285)
Earnings per equity share:			
Basic	33	**(0.24)**	(6.10)
Diluted	33	**(0.24)**	(6.10)

See accompanying notes forming part of the financial statements

As per our report of even date
For **B. K. Khare & Co.**
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.

Mr. S .P. Shukla
Managing Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Date: April 28, 2017

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Rupees

	Particulars		For the year ended March 31, 2017		For the year ended March 31, 2016
A.	**Cash flow from operating activities**				
	Net Profit/(Loss) before tax		**(5,25,21,975)**		(1,40,26,29,324)
	Adjustments for:				
	Depreciation and amortisation	**1,20,071**		4,93,300	
	Finance costs	**51,53,130**		45,35,140	
	Finance income	**(54,52,349)**		(72,19,767)	
	Fair value gain on financial instruments at FVTPL	**(18,06,831)**		(17,04,790)	
	Profit on sale of fixed assets	**(13,831)**		-	
	Provision for diminution in value of Long term investments	**-**		1,39,17,52,855	
	Provision for Doubtful service tax receivables	**5,56,252**		1,61,78,768	
	Impairment of intangible under construction	**3,95,00,000**		-	
	Provision for Doubtful advances others	**-**		8,21,221	
	Net unrealised exchange (gain) / loss	**-**		(30,33,728)	
			3,80,56,442		1,40,18,22,999
	Operating profit/(loss) before working capital changes		**(1,44,65,533)**		(8,06,325)
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	**1,46,29,063**		(58,00,276)	
	Current financial and non-financial assets	**7,84,76,188**		(30,56,224)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**(1,47,35,256)**		(1,60,55,898)	
	Current financial and non-financial liabilities	**1,70,731**		(32,95,356)	
	Net employee defined employee liabilities	**(3,32,391)**		(5,88,777)	
			7,82,08,335		(2,87,96,531)
	Cash generated from operations		**6,37,42,802**		(2,96,02,856)
	Net income tax (paid)/refunds		**23,55,700**		(31,92,264)
	Net cash flow from/(used in) operating activities (A)		**6,60,98,502**		(3,27,95,120)
B.	**Cash flow from investing activities**				
	Proceeds from sale of fixed assets	**1,16,685**		-	
	(Purchase) / sale of current investments	**4,03,30,019**		(2,85,69,261)	
	Additional investment in subsidiaries	**(2,04,53,64,900)**		(3,81,84,000)	
	Margin money deposits	**3,72,44,273**		3,79,65,066	
	Finance income received	**1,05,18,865**		1,15,29,861	
	Net cash flow from/(used in) investing activities (B)		**(1,95,71,55,058)**		(1,72,58,334)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (CONTINUED)

Rupees

	Particulars		For the year ended March 31, 2017		For the year ended March 31, 2016
C.	**Cash flow from financing activities**				
	Proceeds from issue of equity shares	**1,90,00,00,000**		-	
	Proceeds from borrowings	**-**		-	
	Finance cost	**(62,677)**		(30,314)	
	Net cash flow from/(used in) financing activities (C)		**1,89,99,37,323**		(30,314)
	Net increase/(decrease) in Cash and cash equivalents (A+B+C)		**88,80,767**		(5,00,83,768)
	Cash and cash equivalents at the beginning of the year		**24,04,411**		5,24,88,179
	Cash and cash equivalents at the end of the year		**1,12,85,178**		24,04,411

See accompanying notes forming part of the financial statements

As per our report of even date
For **B. K. Khare & Co.**
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.

Mr. S .P. Shukla
Managing Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Date: April 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital:

Equity shares of INR 10 each issued, subscribed and fully paid

	Nos	Rupees
At 1st April 2015	23,02,94,125	2,30,29,41,250
At 31st March 2016	23,02,94,125	2,30,29,41,250
At 31st March 2017	23,02,94,125	2,30,29,41,250

b. Other equity **Rupees**

Particulars	Equity component of financial instruments	Reserves and surplus		Total
		Securities premium	Retained earnings	
As at 1 April 2015	1,53,47,492	2,09,02,53,074	(9,42,64,856)	2,01,13,35,710
Profit/(loss) for the period	–	–	(1,40,47,08,211)	(1,40,47,08,211)
Other comprehensive income	–	–	4,42,926	4,42,926
Total comprehensive income	**–**	**–**	**(1,40,42,65,285)**	**(1,40,42,65,285)**
As at 31 March 2016	**1,53,47,492**	**2,09,02,53,074**	**(1,49,85,30,141)**	**60,70,70,425**

Particulars	Equity component of financial instruments	Reserves and surplus		Total
		Securities premium	Retained earnings	
As at 1 April 2016	1,53,47,492	2,09,02,53,074	(1,49,85,30,141)	60,70,70,425
Profit/(loss) for the period	–	–	(5,51,21,975)	(5,51,21,975)
Additions during the year	1,90,00,00,000	–	–	1,90,00,00,000
Other comprehensive income	–	–	(14,035)	(14,035)
Total comprehensive income			**(5,51,36,010)**	**1,84,48,63,990**
As at 31 March 2017	**1,91,53,47,492**	**2,09,02,53,074**	**(1,55,36,66,151)**	**2,45,19,34,415**

Note: Other comprehensive income during the year pertains to income due to remeasurement of defined benefit asset/(liability) of gratuity

As per our report of even date
For **B. K. Khare & Co.**
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.

Mr. S .P. Shukla
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Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Date: April 28, 2017

Notes to Financial Statements for the year ended 31st March, 2017

1. Corporate Information

Mahindra Aerospace Private Limited (the ‘Company’) was incorporated on 28th February, 2008 with an objective of exploring various opportunities available in the Aerospace Sector. Presently the Company is engaged in design and development of 5 seat aircraft in technical collaboration with National Aerospace Laboratories (NAL). Also the company is exporting design services. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The registered office of the company is located at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018.

The financial statements were authorised for issue in accordance with a resolution of the directors on 28th April 2017.

2. Significant accounting policies

2.1 Basis of preparation

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

For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2017 are the first the company has prepared in accordance with Ind AS. Refer to Note 31 for information on how the Company adopted Ind AS.

These financial statements have been prepared on the historical cost basis as explained in the accounting policies below except for certain financial instruments which are measured at fair values 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.

The financial statements are presented in INR.

2.2 Significant accounting estimates and assumptions

The preparation of the company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

The present value of the defined benefit gratuity plan and Long term leave en-cashable at retirement /cessation are provided for based on Actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

The Company fully contributes all ascertained liabilities to the “Employee Group Gratuity Assurance Scheme” Trustee administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India

The company recognises the net obligation of a defined benefit plan in its Balance sheet as an asset or liability.

Gains or losses through re-measurements of the net defined benefit liability/assets are recognised in other comprehensive income.

Further details about gratuity obligations are given in Note 24.

2.3 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in balance sheet based on current/non-current classification.

An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

b. Foreign currencies

The company determined the functional currency and items included in the financial statements are measured using the functional currency. The company's financial statements are presented in INR, which is the company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the spot rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

c. Fair Value Measurement

The Company measures financial instruments, such as current investments at fair value at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:-

Disclosure for fair valuation methods, significant estimates and judgements - Note 26

Financial Instruments (including at carrying Cost) – Note 26

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's operating team determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

d. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Rendering of services

Revenue from the rendering of services is recognized upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognized pro-rata over the period of contract as and when services are rendered.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f. Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Property, plant and equipment

Property plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over the estimated useful life using the straight-line method.

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset Type	Useful Life
Plant and Equipment	5 years
Office Equipment	2 years, 5 years, 10 years, 15 years
Furniture	3 years
Vehicles	5 years
Computers	3 years

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful life of intangible assets are assessed as either finite or indefinite. The company does not have intangible asset whose useful life is assumed as indefinite.

Intangible assets with finite life are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Software
Useful life	3-5 years
Amortisation method used	Amortised on a straight-line basis

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

k. Impairment

Financial assets
Trade receivables

The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties

Non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognizes the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

m. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

  Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

  Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind AS 17
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 13.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Accounting Treatment
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Fair value at reclassification date becomes its new amortised cost carrying amount. However cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.

Compound Financial Instruments (Compulsorily Convertible cumulative preference shares):

Convertible preference shares are treated as equity instrument based on the terms of the contract. On issue of convertible preference shares.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.4 Recent Accounting Pronouncements

a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Note 3: Property, plant and equipment

Rupees

Particulars	Tangible assets							Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total	Capital Work–in–progress	Computer software	Total	Intangible assets under development
Cost										
At April 01, 2015	**5,05,822**	**5,28,198**	**17,275**	**12,83,500**	**1,50,804**	**24,85,599**	**2,74,63,063**	**76,20,643**	**76,20,643**	**20,98,63,011**
Additions	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–
At March 31, 2016	**5,05,822**	**5,28,198**	**17,275**	**12,83,500**	**1,50,804**	**24,85,599**	**2,74,63,063**	**76,20,643**	**76,20,643**	**20,98,63,011**
Additions	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	(12,83,500)	–	(12,83,500)	–	–	–	–
At March 31, 2017	**5,05,822**	**5,28,198**	**17,275**	**–**	**1,50,804**	**12,02,099**	**2,74,63,063**	**76,20,643**	**76,20,643**	**20,98,63,011**
Accumulated Depreciation & impairment										
At April 01, 2015	**4,83,338**	**4,88,439**	**17,270**	**8,10,540**	**1,31,835**	**14,48,084**	**–**	**73,27,097**	**73,27,097**	**–**
Charge for the year	–	18,726	–	3,20,875	9,109	3,48,710	–	1,44,590	1,44,590	–
Disposals	–	–	–	–	–	–	–	–		
At March 31, 2016	**4,83,338**	**5,07,165**	**17,270**	**11,31,415**	**1,40,944**	**17,96,794**	**–**	**74,71,687**	**74,71,687**	**–**
Charge for the year	1,127		49,231	2,715	53,073		66,998	66,998		
Impairment loss (Refer Note No. 37)									3,95,00,000	
Disposals			(11,80,646)		(11,80,646)			–		
At March 31, 2017	**4,83,338**	**5,08,292**	**17,270**	**–**	**1,43,659**	**6,69,221**	**–**	**75,38,685**	**75,38,685**	**3,95,00,000**
Net block										
At April 01, 2015	22,484	39,759	5	4,72,960	18,969	5,54,177	2,74,63,063	2,93,546	2,93,546	20,98,63,011
At March 31, 2016	22,484	21,033	5	1,52,085	9,860	2,05,467	2,74,63,063	1,48,956	1,48,956	20,98,63,011
At March 31, 2017..	**22,484**	**19,906**	**5**	**–**	**7,145**	**49,540**	**2,74,63,063**	**81,958**	**81,958**	**17,03,63,011**

Net book value	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment	**49,540**	2,05,467	5,54,177
Capital work in progress	**2,74,63,063**	2,74,63,063	2,74,63,063
Intangibles	**81,958**	1,48,956	2,93,546
Intangibles assets under development	**17,03,63,011**	20,98,63,011	20,98,63,011

Note: Movable fixed assets (present and future) are hypothecated to Axis Bank Limited for the SBLC facilities sanctioned.

Note 4: Investments

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-curremt			
Unquoted equity shares (at cost)			
Investment in wholly owned subsidiaries			
Mahindra Aerospace Australia PTY Ltd	**3,59,91,11,445**	2,30,37,46,545	2,26,55,62,545
[70,738,500 (2016: 45,538,500, 2015: 44,738,500) Shares of AU $ 1 each]			
Less: Provision for Diminution in value of investment	**(1,39,17,52,855)**	(1,39,17,52,855)	–
	2,20,73,58,590	91,19,93,690	2,26,55,62,545
Mahindra Aerostructures Pvt Ltd	**2,35,36,00,000**	1,60,36,00,000	1,60,36,00,000
[235,360,000 (2016: 160,360,000, 2015: 160,360,000) Equity Shares of Rs.10 each]			
	2,35,36,00,000	1,60,36,00,000	1,60,36,00,000
	4,56,09,58,590	2,51,55,93,690	3,86,91,62,545
Current			
Investments carried at FVTPL			
ICICI Prudential Liquid Plan -Regular Growth	–	1,97,53,847	40,50,444
[NIL (2016:88,244; 2015:19,581) units]			
Axis Liquid Fund Direct - Growth	–	1,87,69,341	41,98,693
[NIL (2016:11,199; 2015:2,711) units]			
	–	3,85,23,188	82,49,137

Note 5: Bank balance other than cash and cash equivalents

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Restricted Cash and bank balances - Non Current			
Earmarked deposit accounts with banks	–	–	4,46,83,500
	–	–	4,46,83,500
Restricted Cash and bank balances - Current			
Earmarked deposit accounts with banks	**1,38,13,000**	5,10,57,273	4,43,38,839
	1,38,13,000	5,10,57,273	4,43,38,839

Note 6: Other financial assets

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non current			
Security deposits	**5,000**	5,000	5,000
Interest accrued on deposits, loans and advances	–	–	54,40,024
	5,000	5,000	54,45,024

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Security deposits	**7,20,000**	7,20,000	7,20,000
Dues from related parties	**2,36,67,562**	10,23,79,341	9,50,29,800
Interest accrued on deposits, loans and advances	–	50,66,516	39,36,586
	2,43,87,562	10,81,65,857	9,96,86,386

Note 7: Non-current tax assets (net)

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
TDS receivable (net of provision for taxation)	**67,26,053**	1,16,81,753	1,05,68,376
	67,26,053	1,16,81,753	1,05,68,376

Note 8: Trade receivables

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Dues from related parties	–	1,46,29,063	65,03,847
	–	1,46,29,063	65,03,847

Note 9: Cash and cash equivalent

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance with banks			
In current accounts	**10,31,795**	23,90,558	24,85,101
In deposit accounts with maturity of less than three months	**1,02,48,751**	–	5,00,00,000
Cash on hand	**4,632**	13,853	3,078
	1,12,85,178	24,04,411	5,24,88,179

Note 10: Other current assets

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance with Government Authorities			
Service tax receivable	**1,67,35,019**	1,61,78,768	1,65,18,688
Less: Provision	**(1,67,35,019)**	(1,61,78,768)	–
	–	–	1,65,18,688
Others	**17,56,852**	20,77,513	53,22,122
Less: Provision for doubtful advances	**(8,21,221)**	(8,21,221)	–
	9,35,631	12,56,292	53,22,122
	9,35,631	12,56,292	2,18,40,810

Note 11 - Share Capital

Rupees

	Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
		Nos	**Amount**	Nos	Amount	Nos	Amount
1	Authorised :						
	Equity shares of Rs.10 each	**40,00,00,000**	**4,00,00,00,000**	26,00,00,000	2,60,00,00,000	23,50,00,000	2,35,00,00,000
	5% Non–Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**1,50,00,000**	**15,00,00,000**	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**19,00,00,000**	**1,90,00,00,000**	–	–	–	–
	Total	**60,50,00,000**	**6,05,00,00,000**	27,50,00,000	2,75,00,00,000	25,00,00,000	2,50,00,00,000
2	Issued,subscribed and fully paid up :						
	Equity shares of Rs 10 each :						
	Opening Balance	**23,02,94,125**	**2,30,29,41,250**	23,02,94,125	2,30,29,41,250	18,55,39,690	1,85,53,96,900
	Add: Issued during the year	**–**	**–**	–	–	4,47,54,435	44,75,44,350
	Closing balance	**23,02,94,125**	**2,30,29,41,250**	23,02,94,125	2,30,29,41,250	23,02,94,125	2,30,29,41,250

Additional information:

1) Out of the total equity shares, 153,534,824 (2016: 153,534,824, 2015: 153,534,824) equity shares are held by Mahindra and Mahindra Ltd., the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
Nos	**%**	**Nos**	%	Nos	%	
Mahindra and Mahindra Limited	**15,35,34,824**	**66.67%**	15,35,34,824	66.67%	15,35,34,824	66.67%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	**5,54,78,722**	**24.09%**	5,54,78,722	24.09%	5,54,78,722	24.09%
Kotak India Private Equity Fund	**2,02,67,270**	**8.80%**	2,02,67,270	8.80%	2,02,67,270	8.80%

3) Rights, preferences and restrictions attached to shares:

a) Equity Shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares (compound financial instruments):

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of Rs. 10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible in to equity shares within a period of 3 years at a price to be determined as per terms of the issue.

c) 0.10% Cumulative Compulsorily Convertible Preference shares:

190,000,000, 0.1% Cumulative Compulsorily Convertible Preference shares(CCCPS) of Rs.10 each were issued during September 2016 & December 2016 to the holding Company, Mahindra & Mahindra Ltd. The CCCPS holders will not entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The CCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The CCCPS of Rs.10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The CCCPS are convertible in to equity shares as of 30th June 2017 at a price higher of (i) Rs.14.50 or (ii) 8 times 'earnings before interest, tax, depreciation and amortization' based on the audited financial results of the Company less total debt as on 31st March 2017.

Note 12: Other equity

A) Securities premium account

Rupees

Particulars	**Amount**
At April 1, 2015	**2,09,02,53,074**
Additions during the year	–
At March 31, 2016	**2,09,02,53,074**
Additions during the year	–
Less: Preference share issue expenses	–
At March 31, 2017	**2,09,02,53,074**

Security premium account is used to record the premium on issue of equity shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013

B) Retained earnings

Rupees

Particulars	Amount
At April 1, 2015	**(9,42,64,856)**
Remeasurement gains and losses	4,42,926
Profit/(loss) for the year	(1,40,47,08,211)
At March 31, 2016	**(1,49,85,30,141)**
Remeasurement gains and losses	(14,035)
Profit/(loss) for the year	(5,51,21,975)
At March 31, 2017	**(1,55,36,66,151)**

C) Equity components of 5% Non-Cumulative Compulsorily Convertible Preference shares

Rupees

Particulars	Amount
At April 1, 2015	**1,53,47,492**
Additions during the year	–
At March 31, 2016	**1,53,47,492**
Additions during the year	–
At March 31, 2017	**1,53,47,492**

D) 0.10% Cumulative Compulsorily Convertible Preference shares

Rupees

Particulars	Amount
At April 1, 2015	**–**
Additions during the year	–
At March 31, 2016	**–**
Additions during the year	1,90,00,00,000
At March 31, 2017	**1,90,00,00,000**

Total other equity

Rupees

At April 1, 2015	2,01,13,35,710
At March 31, 2016	60,70,70,425
At March 31, 2017	**2,45,19,34,415**

Note 13: Borrowings

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
5% Non-cumulative compulsorily convertible preference shares - Non Current			
Opening Balance		3,46,52,508	–
Issued during the year	–	–	3,46,52,508
Closing Balance	–	3,46,52,508	3,46,52,508
Interest accrued	–	45,04,826	–
	–	3,91,57,334	3,46,52,508
5% Non-cumulative compulsorily convertible preference shares - Current			
Opening Balance	**3,91,57,334**	–	–
Issued during the year	–	–	–
Closing Balance	**3,91,57,334**	–	–
Interest accrued	**50,90,453**	–	–
	4,42,47,787	–	–

Repayment terms and interest

(a) Non-cumulative compulsorily convertible preference shares are to be converted into equity shares within three years from the date of issue (i.e. within 29th March 2018).

Note 14: Net employee benefit obligations

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Non Current			
Gratuity			–
Leave benefits	**1,74,144**	1,91,248	4,10,064
	1,74,144	1,91,248	4,10,064
Current			
Gratuity	**(4,47,304)**	(1,43,892)	6,49,125
Leave benefits	**34,360**	32,200	52,070
	(4,12,944)	(1,11,692)	7,01,195

Note 15: Trade payable

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Trade payables			
Dues to micro & small enterprises	**–**	–	–
Dues to related parties	**1,32,50,505**	2,64,68,338	4,25,66,500
Others	**28,35,831**	43,53,254	43,10,990
	1,60,86,336	3,08,21,592	4,68,77,490

Note 16: Other current liabilities

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Interest payable on 5% NCCCPS	**–**	–	–
Statutory dues	**10,76,312**	9,19,379	41,14,730
Others	**21,286**	7,488	1,07,493
	10,97,598	9,26,867	42,22,223

Note 17: Revenue from operations

Rupees

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Income from services	**5,40,600**	96,28,800
	5,40,600	96,28,800

Note 18: Other non operative income

Rupees

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Gain on Foreign Exchange Translation (Net)	**–**	33,62,920
Fair value gain on financial instruments at FVTPL	**18,06,831**	17,04,790
Profit on sale of fixed assets	**13,831**	–
Other miscellaneous income	**17,27,310**	90,17,373
	35,47,972	1,40,85,083

Note 19: Finance income

Rupees

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Interest income on bank deposits and others	**54,52,349**	72,19,767
	54,52,349	72,19,767

Note 20: Employee benefits expense

Rupees

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Salaries, wages and bonus	**8,97,545**	53,10,422
Contribution to provident and other funds	**2,07,705**	5,34,406
Gratuity	**47,087**	1,95,379
Staff welfare expenses	**1,849**	4,54,267
	11,54,186	64,94,474

Note 21: Depreciation and amortisation expense

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets	**53,073**	3,48,710
Amortization of intangible assets	**66,998**	1,44,590
	1,20,071	4,93,300

Note 22: Finance costs

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Bank Charges	**62,677**	30,314
Interest on NCCCPS	**50,90,453**	45,04,826
	51,53,130	45,35,140

Note 23: Other expenses

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Rent	**8,30,333**	7,63,426
Rates and taxes	**61,90,482**	19,57,124
Insurance	**2,59,313**	2,55,346
Communication expenses	**13,731**	52,311
Travelling and conveyance	**6,21,486**	66,29,826
Legal and other professional charges	**48,36,069**	12,85,512
Auditors' remuneration (refer note below)	**15,57,077**	10,35,990
Directors' sitting fees	**2,70,000**	2,40,000
Loss on Foreign Exchange Translation (Net)	**7,27,463**	–
Provision for diminution of Investments	**–**	1,39,17,52,855
Provision for loans and advances	**–**	8,21,221
Provision for doubtful service tax receivable	**5,56,252**	1,61,78,768
Other miscellaneous expenses	**2,73,303**	10,67,681
	1,61,35,509	1,42,20,40,060

Note:

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Auditors' remuneration includes:		
Statutory audit	**3,00,000**	2,50,000
Consolidation	**3,00,000**	2,00,000
Tax audit and taxation matters	**5,25,000**	60,000
Other services and certifications	**4,32,077**	5,22,240
Reimbursement of expenses	**–**	3,750
	15,57,077	10,35,990

Note 24: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 2,07,705/- (2016 : Rs. 5,34,406/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

	Funded Plan Gratuity	
Particulars	**31–Mar–17**	31–Mar–16
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**44,731**	1,67,376
Interest cost	**2,356**	28,003
	47,087	1,95,379
II. Amounts recognised in comprehensive income		
Return on Plan Assets (Greater) / Less than Discount rate		
Actual Return on plan assets in excess of the expected return	**–**	1,68,188
Actuarial (Gain)/Loss on account of :		
- Financial Assumptions	**(17,571)**	38,438
- Experience Adjustments	**3,536**	2,36,300
	(14,035)	4,42,926
Total	**33,052**	6,38,305
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
- Present value of defined benefit obligation as at 31st March	**8,26,270**	10,29,494
- Fair value of plan assets as at 31st March	**12,73,574**	11,73,386
Surplus/(Deficit)	**(4,47,304)**	(1,43,892)
Current portion of the above	**(4,47,304)**	(1,43,892)
Non current portion of the above	**–**	–
IV. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**10,29,494**	16,57,813
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer of employees to MASPL	**(3,45,379)**	(5,45,512)
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**44,731**	1,67,376
- Interest Expense (Income)	**83,389**	1,18,335
4. Recognised in Other Comprehensive Income		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**17,571**	(38,438)
ii. Experience Adjustments	**(3,536)**	(236,300)
5. Benefit payments	**–**	(93,780)
Present value of defined benefit obligation at the end of the year	**8,26,270**	10,29,494
V. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**11,73,386**	10,08,646
2. Expenses Recognised in Profit and Loss Account		

Particulars	Funded Plan Gratuity 31–Mar–17	31–Mar–16
- Expected return on plan assets	**81,033**	90,332
3.Recognised in Other Comprehensive Income		
- Actual Return on plan assets in excess of the expected return	**–**	1,68,188
4. Contributions by employer (including benefit payments recoverable)	**19,155**	
5. Benefit payments	**–**	(93,780)
Fair value of plan assets at the end of the year	**12,73,574**	11,73,386

Plan Assets:
The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:
The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	**31-Mar-17**	31-Mar-16
Discount rate	**6.85%**	8.10%
Future salary increases	**8.00%**	10.00%
Employee turnover	**5.00%**	5.00%
Estimated rate of return on plan assets	**6.85%**	8.08%

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Particulars	**Gratuity**			
Assumptions	**Discount Rate**		**Further Salary Increase**	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease
	INR	INR	INR	INR
Impact on defined benefit obligation - Gratuity	7,64,340	8,95,904	8,59,658	7,95,216

The following payments are expected contributions by the Company to the defined benefit plan in future years:

Particulars	**Gratuity 31-Mar-17**	31-Mar-16
Within the next 12 months	**35,666**	44,893
Between 2 and 5 years	**1,30,913**	1,66,761
Between 6 and 10 years	**4,29,447**	1,78,900

Note 25: Related Party Information

i) Related parties where control exists along with nature of relationship

Name of the party	Nature of Relationship
Mahindra & Mahindra Ltd.	Holding Company
Mahindra Aerostructures Pvt. Ltd.	Subsidiary
Mahindra Aerospace Australia Pty Ltd	Subsidiary
Aerostaff Australia Pty Ltd	Step Down Subsidiary
Gipp Aero Investments Pty Ltd	Step Down Subsidiary
Gipps Aero Pty Ltd	Step Down Subsidiary
Airvan Flight Services Pty Ltd	Step Down Subsidiary
GA 8 Airvan Pty Ltd	Step Down Subsidiary
GA 200 Pty Ltd	Step Down Subsidiary
Nomad TC Pty Ltd	Step Down Subsidiary
Airvan 10 Pty Ltd	Step Down Subsidiary

ii) Related parties under Ind AS 24 and as per Companies Act, 2013.

Key management personnel

Mr. S. P. Shukla	Managing Director (from 1st March 2017)
Mr. Arvind Kumar Mehra	Chief Executive Officer & Executive Director
Mr.Ajay Mantry	Chief Financial Officer (till March 31, 2016)
Mr.T S Sarma	Chief Financial Officer (from 17th May 2016)

Other parties with whom transaction have taken place during the year:

Name of Related Party Company	**Nature of Relationship**
Mahindra Integrated Business solution Pvt Ltd	Fellow Subsidiary

iii) Details of the transactions with the related parties during the year ended March 31, 2017

Particulars	**2016–17**	Rupees 2015–16
I. Transactions with Group entities		
Purchase of services		
Mahindra & Mahindra Ltd	**90,24,634**	85,95,538
Mahindra Integrated Business Solutions Pvt Ltd.	**96,000**	96,200
	91,20,634	86,91,738
Reimbursement of expenses made to:		
Mahindra & Mahindra Ltd	**11,02,933**	6,78,816
Mahindra Aerostructures Private Limited	**61,74,501**	76,10,946
	72,77,434	82,89,762
Sale ofservices		
Mahindra Aerostructures Private Limited	**–**	18,03,804
GippsAero Pty Ltd	**5,40,600**	83,78,595
	5,40,600	1,01,82,399
Rent expenses		
Mahindra Aerostructures Pvt Ltd	**8,22,751**	7,61,806
	8,22,751	7,61,806
Reimbursement of expenses received		
Mahindra Aerostructures Pvt Ltd	**1,45,29,950**	2,36,42,049
Mahindra Aerospace Australia Pty Ltd	**23,16,463**	54,97,486
GippsAero Pty Ltd	**60,94,650**	88,90,981
	2,29,41,062	3,80,30,516
Investment in equity		
Mahindra Aerospace Australia Pty Ltd	**1,29,53,64,900**	3,81,84,000
Mahindra Aerostructures Pvt Ltd	**75,00,00,000**	–
	2,04,53,64,900	3,81,84,000
Preference shares issued		
Mahindra & Mahindra Ltd	**1,90,00,00,000**	–
	1,90,00,00,000	–
II. Transactions with key managerial personnel		
Salary and perquisites*		
Mr. Arvind Kumar Mehra	**60,00,000**	60,00,000
Mr. Ajay Mantry	**–**	48,96,272
Mr. T S Sarma	**6,89,000**	–

* The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are as follows:

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. Balances receivable from and payable to group companies			
Trade Receivables			
GippsAero Pty Ltd	–	1,46,29,063	65,03,847
	–	1,46,29,063	65,03,847
Trade payables			
Mahindra & Mahindra Ltd.	**62,98,905**	1,95,00,570	99,48,365
Mahindra Aerostructures Pvt Ltd	**68,92,800**	69,42,583	3,26,00,138
Mahindra Integrated Business Solutions Pvt Ltd.	**58,800**	25,185	17,997
	1,32,50,505	2,64,68,338	4,25,66,500
Loans and advances			
Mahindra Aerostructures Pvt Ltd	**1,52,56,450**	2,38,73,892	3,49,33,844
Mahindra Aerospace Australia Pty Ltd	**23,16,463**	97,38,463	40,44,691
GippsAero Pty Ltd	**60,94,650**	6,87,66,985	5,60,51,265
	2,36,67,562	10,23,79,341	9,50,29,800
Security deposits			
Mahindra Aerostructures Pvt Ltd	**7,20,000**	7,20,000	7,20,000
	7,20,000	7,20,000	7,20,000

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Compensation of key management personnel:

Rupees

	31-Mar-17	31-Mar-16
Short-term employee benefits	**66,89,000**	1,08,96,272
Total compensation paid to key management personnel	**66,89,000**	1,08,96,272

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Note 26: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rupees

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Note	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
Financial assets							
Current investments- Mutual Fund	32 a	–	–	3,85,23,188	3,85,23,188	82,49,137	82,49,137
Non-current investments	32 a	**4,56,09,58,590**	**4,56,09,58,590**	2,51,55,93,690	2,51,55,93,690	3,86,91,62,545	3,86,91,62,545
Restricted Cash and bank balances	32 c	**1,38,13,000**	**1,38,13,000**	5,10,57,273	5,10,57,273	8,90,22,339	8,90,22,339
Dues from related parties	32 c	**2,36,67,562**	**2,36,67,562**	10,23,79,341	10,23,79,341	9,50,29,800	9,50,29,800
Security deposits	32 c	**7,25,000**	**7,25,000**	7,25,000	7,25,000	7,25,000	7,25,000
Interest accrued on deposits, loans and advances	32 c	–	–	50,66,516	50,66,516	93,76,610	93,76,610
Trade Receivables	32 c	–	–	1,46,29,063	1,46,29,063	65,03,847	65,03,847
Cash and cash equivalents and other bank balances	32 c	**1,12,85,178**	**1,12,85,178**	24,04,411	24,04,411	5,24,88,179	5,24,88,179
		4,61,04,49,330	**4,61,04,49,330**	2,69,18,55,294	2,69,18,55,294	4,12,23,08,320	4,12,23,08,320
Financial liabilities							
Trade Payables	32 c	**1,60,86,336**	**1,60,86,336**	3,08,21,592	3,08,21,592	4,68,77,490	4,68,77,490
NCCCPS	32 d	**4,42,47,787**	**4,42,47,787**	3,91,57,334	3,91,57,334	3,46,52,508	3,46,52,508
CCCPS	32 e	**1,90,00,00,000**	**1,90,00,00,000**				
		1,96,03,34,123	**1,96,03,34,123**	6,99,78,926	6,99,78,926	8,15,29,998	8,15,29,998

Note 32 a) The fair value of current Investment carried out based on quoted market prices or dealer quotes for similar instruments

Note 32 b) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires a management to make certain assumptions about the model inputs. The fair value of investments were calculated based on cash flow discounted using a current lending rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk. The probabilities of various estimates Within the range can be reasonably assessed and used in management's estimate of fair value for these unquoted equity Investments refer note below ***

Note 32 c) The management assessed that carrying value of trade receivables, trade payables, Interest accrued on deposits, security deposit and cash and cash equivalents are considered to be the same as their fair value, due to there short term in nature.

Note 32 d) NCCCPS are to be converted into equity shares within 3 years from the date of issue (i.e, within 29th March 2018). The interest rate is 13%

Note 32 e) Compulsorily convertible Preference Shares are equity instruments

*** The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

Description of significant unobservable inputs to valuation:

	Valuation Techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted Equity Shares	DCF Method	Average growth rate of sale price	March 2016: 0% to 3% March 2015: 3% to 3.5%	Increase in sales value, discount rate and foreign currency exchange rate can change the valuation.
		Average cost of sales	March 2016: (2.8%) to 4.1% March 2015: (0.5%) to (4.1%)	
		Terminal Value Growth	March 2016: 2.5% March 2015: 2.%	
		USD vs AUD exchange rate	March 2016: 0.8 March 2015: 1.0	
		Discount Rate	March 2016: 15% March 2015: 15% -17%	
		Sales volume	As anticipated by the management	
NCCCPS	Amortized cost	Discount rate	March 2016: 13.0% March 2017: 13.0%	Fixed discount rate as per Terms & conditions

Note 27: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Quantitative disclosures for fair value measurement hierarchy of the company's assets as at April 1, 2015

Rupees

	Date of valuation	Total	Fair value Level I	Level II	Level III
Financial assets at amortized cost:	1st Apr'15				
Non-current investments		3,86,91,62,545			3,86,91,62,545
Financial assets at FVTPL:					
Current investments		82,49,137	82,49,137		
		3,87,74,11,682	82,49,137	–	3,86,91,62,545
Financial liabilities at amortized cost:					
NCCCPS		3,46,52,508	3,46,52,508		
		3,46,52,508	3,46,52,508		–

Company's assets and liabilities which are measure at amortised cost for which fair value are disclosed at March 31, 2016

Rupees

	Date of valuation	Total	Fair value Level I	Level II	Level III
Financial assets at amortized cost:	31st Mar'16				
Non-current investments		2,51,55,93,690			2,51,55,93,690
Financial assets at FVTPL:					
Current investments		3,85,23,188	3,85,23,188		
		2,55,41,16,878	3,85,23,188	–	2,51,55,93,690
Financial liabilities at amortized cost:					
NCCCPS		3,91,57,334	3,91,57,334		
		3,91,57,334	3,91,57,334	–	–

Company's assets and liabilities which are measure at amortised cost for which fair value are disclosed at March 31, 2017

	Date of valuation		Fair value		Rupees
		Total	Level I	Level II	Level III
Financial assets at amortized cost:	31st Mar'17				
Non-current investments		4,56,09,58,590			4,56,09,58,590
Current investments		–	–		
		4,56,09,58,590	–	–	4,56,09,58,590
Financial liabilities at amortized cost:					
NCCCPS		4,42,47,787	4,42,47,787		
CCCPS		1,90,00,00,000	1,90,00,00,000		
		1,94,42,47,787	1,94,42,47,787	–	–

Note 28: Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a concerned employees that advises on financial risks and the appropriate financial risk governance framework for the Company. The concerned employees provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analysis exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Increase/ decrease in basis points	Rupees Effect of profit before tax
March 31, 2016		
AUD	+50	3,40,911
AUD	-60	4,09,093
March 31, 2017		
AUD	**+50**	**42,055**
AUD	**–60**	**50,467**

iii. Credit risk

Credit risk is the risk that counterparty will not meet the obligations under financial instruments or customer contract leading to a financial loss. The company is exposed to credit risks from its investing activities and foreign exchange transactions.

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade Receivable

The average credit period on sale of goods is 30 days. No interest is charged on trade receivables. Trade receivables as of March 2017 is Nil (2016: Rs. 14,629,063, 2015: 6,503,847) The company's customers are its subsidiaries and accordingly amounts were considered recoverable and subsequently collected also.

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operating management in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks and Mutual funds within limits assigned. These limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2017 and 2016 is the carrying amounts.

iv. Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, preference shares, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 1 year	1 to 2 years	> 3 years	Total
Year ended 31st March 2017					
Convertible preference shares		**1,95,00,00,000**		**–**	**1,95,00,00,000**
Trade and other payables	**–**	**1,60,86,336**	**–**	**–**	**1,60,86,336**
	–	**1,96,60,86,336**	**–**	**–**	**1,96,60,86,336**
Year ended 31st March 2016					
Convertible preference shares		–	5,00,00,000	–	5,00,00,000
Trade and other payables	–	3,08,21,592		–	3,08,21,592
	–	3,08,21,592	5,00,00,000	–	8,08,21,592
As at 1 April 2015					
Convertible preference shares	–	–	–	5,00,00,000	5,00,00,000
Trade and other payables	–	4,68,77,490	–	–	4,68,77,490
	–	4,68,77,490	–	5,00,00,000	9,68,77,490

Note 29: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 'The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as gearing ratio, debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	**–**	–	–
Trade payables	**1,60,86,336**	3,08,21,592	4,68,77,490
Less: cash and cash equivalents	**(1,12,85,178)**	(24,04,411)	(5,24,88,179)
	48,01,158	2,84,17,181	(56,10,689)
Equity share capital	**2,30,29,41,250**	2,30,29,41,250	2,30,29,41,250
Share Premium	**2,09,02,53,074**	2,09,02,53,074	2,09,02,53,074
Equity portion of NCCCPS	**1,53,47,492**	1,53,47,492	1,53,47,492
CCCPS	**1,90,00,00,000**	–	–
	6,30,85,41,816	4,40,85,41,816	4,40,85,41,816
Gearing ratio	**0%**	1%	0%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing laons, if any. During the year, there are no interest bearing loans No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

Note 30: First time Ind AS adoption reconciliations

a) Reconciliation of retained earnings

Particulars	As at March 31, 2016	Rupees As at April 1, 2015
Retained earnings as reported under previous GAAP	(1,49,51,31,196)	(9,43,20,849)
Ind AS adjustments Increase/(Decrease)		
Fair value changes of current investments (other than equity instruments designated as at FVTOCI)	11,05,881	55,993
Interest recognized on 5% Non-cumulative compulsorily convertible preference shares	(45,04,826)	–
Retained earnings as reported under Ind AS	(1,49,85,30,141)	(9,42,64,856)

b) Reconciliation of total comprehensive income

Particulars	**Rupees** As at March 31, 2016
Profit/(Loss) after tax as reported under previous GAAP	(1,40,08,10,347)
Fair value changes of current investments (other than equity instruments designated as at FVTOCI)	10,49,888
Interest recognized on 5% Non-cumulative compulsorily convertible preference shares	(45,04,826)
Total comprehensive income as reported under Ind AS......	(1,40,42,65,285)

c) The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Note 31: First time adoption

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemption applied

I The Company has elected to apply exemption related to classification of financial assets. Under Ind AS 109, all financial assets are classified into three principal categories for measurement purpose. There categories are:

Amortized cost.

Fair value through profit and loss account.

Fair value through Other Comprehensive Income

Amortized cost measurement is applicable only for debt instruments. An entity may use FVTPL and FVOCI categories both for debt and equity instruments. The classification depends on the following two criteria:

The entity's business model for managing the financial assets, and The contractual cash flow characteristics of the financial assets. Ind AS 109 requires an entity to decide classification on initial recognition. The Company is allowed to designate a financial assets as at FVTPL on the basis of facts and circumstances existing on the date of transition to Ind AS.

II Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assesement should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assesement on the basis of the facts and circumstances existing at the date of transtion to Ind AS.

III An entity estimates in accordance with Ind AS at the date of tranastion to Ind AS shall be consisitant with estimate made for the same date in accordance with previouse GAAP, Unless there is objective evidence that those estimates were in error.

IV Ind AS 101 requires a first time adopters to apply the de-recognistion provission of Ind AS 109 prospectively for transactions occurring on or after the date of transtion to Ind AS 101 allows a first time adopter to apply the derecognitation requirements in Ind AS 109 retrospetivly from the date of the entitiy choosing, provided that the information needed to apply Ind AS109 to financial liabilities derecognised as as result of past transactions was obtained at the time of intially accounting for those transactions.

32. Contingent Liabilities

a. Corporate Guarantees issued in respect of borrowings availed by subsidiary companies – Rs. 104,00,00,000 (2016: Rs. 104,00,00,000)

b. Guarantee given to Banks in consideration of the Standby Letter of Credit (SBLC) opened by them in favor of certain overseas banks as security for loan granted by such overseas banks to the Australian subsidiaries of the Company – Rs. 23,53,62,500 (2016: Rs. 23,53,62,500) [equivalent to AUD 4.75 mn (2016: AUD 4.75 mn)]

c. Service tax matter – During the year 2010, th eCompany had placed a PO on Gipps Aero Pty Ltd to build prototype of NM5 aircraft as per design provided by MAPL. MAPL has incurred Rs. 960,81,659 for this activity. Department contends that the building prototype of aircraft is a service and company has to pay service tax of Rs. 98,96,411 (2016: Rs. 98,96,411) on reverse charge mechanism. The company contends that there is no service tax applicability on manufacture hence there is no liability and reply to SCN filed with Commissioner of Service Tax. The matter is pending with the service tax authorities.

d. Income tax matters under appeal – Rs. 5,08,480/- (2016: NIL)

33. Earnings Per Share

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Earnings per Share-basic and diluted

Particulars	**March 2017**	Rupees March 2016
Earnings attributable to Equity holders of the Company	**(5,51,21,975)**	(1,40,47,08,211)
Weighted Average Number of Equity Shares used as the denominator in calculating the Basic Earnings Per share	**23,02,94,125**	23,02,94,125
Basic Earnings per Share- Earnings attributable to Equity holders of the Company	**(0.24)**	(6.10)
Basic and Diluted Earnings per Share	**(0.24)**	(6.10)

34. Dues to micro and small enterprises

There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors.

35. Specified Bank Notes

Disclosure of details of Specified Bank Notes and notes of other denominations, held and transacted during the period from 8 November 2016 to 31 December 2016, required to be given as per amendment to Schedule III of Companies Act 2013:

Particulars	**SBNs**	**Other denomination notes**	**Rupees** **Total**
Closing Cash in hand as on 8 November 2016	7,500	2	7,502.00
(+) permitted Receipts	–	10,000	10,000
(-) permitted Payments	–	–	–
(-) Amount Deposited in Banks	7,500	–	7,500
Closing Cash in hand as on 30 December 2016	–	10,002	10,002

36. Dividend on 0.10% Cumulative Compulsorily Convertible Preference shares amounting to Rs. 627,672/- was not provided for on account of loss during the year.

37. NM5 Project

During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset.

The Company has built a prototype of the aircraft which has carried out a successful test flight. The Company is in the process of obtaining the required certification.

The Company had so far incurred an expenditure of Rs. 20,98,63,011/- (2016: Rs. 20,98,63,011/-, 2015: Rs. 20,98,63,011/-) towards the design & development and building one prototype aircraft and included in 'Intangibles under development'. During the year, the Management has evaluated the carrying value of this project and recognized an impairment of Rs. 3,95,00,000 in the Statement of Profit and Loss.

38. During the current year, the management assessed the carrying value of the investments made in wholly owned subsidiaries. Based such assessment, no impairment is recognised during the current year. (2016: Rs. 139,17,52,855).

39. Deferred tax asset on the business loss of Rs. 319,84,258 (2016: Rs. 319,84,258) is not recognized as the Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

40. Previous year figures have been regrouped/reclassified wherever required to conform to current year classification/grouping.

As per our report of even date
For **B. K. Khare & Co.**
(Registration No. 105102W)

M. K. Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: 28th April 2017

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.

Mr. S .P. Shukla
Managing Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: 28th April 2017

FORM AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART A – SUBSIDIARIES

Rs. In Lakhs

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Aerostaff Australia Pty Ltd	Gipp Aero Investemnts Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd	Airvan 10 Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.		AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55	AUD= Rs.49.55
Share capital	23,536.00	35,050.93	2,452.73	31,859.30	28,367.38	–	–	–	5.60	–
Reserves & Surplus	(18,181.37)	(13,105.61)	(2,730.61)	(10,775.91)	(23,537.88)	-3.82	-3.82	-3.82	-10.24	-3.82
Total assets	20,299.47	31,495.09	353.58	21,091.99	25,057.21	–	–	–	–	–
Total Liabilities	14,944.84	9,549.78	631.47	8.60	20,227.71	-3.82	-3.82	-3.82	-4.63	-3.82
Investments	–	21,781.69	–	21,081.56	–	–	–	–	–	–
Turnover	3,022.29	598.18	767.80	–	6,735.12	–	–	–	–	–
Profit before taxation	(5,238.00)	(17.73)	10.25	(5.18)	(2,771.84)	-1.91	-1.91	-1.91	-1.91	-1.91
Provision for taxation	–	–	–	–	–	–	–	–	–	–
Profit after taxation	(5,238.00)	(17.73)	10.25	(5.18)	(2,771.84)	-1.91	-1.91	-1.91	-1.91	-1.91
Proposed Dividend	–	–	–	–	–	–	–	–	–	–
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Airvan 10 Pty Ltd

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

PART B – ASSOCIATES & JOINT VENTURES : None

1) Names of associates or joint ventures which are yet to commence operations : Nil

2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Ltd.

Mr. S .P. Shukla
Managing Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: 28th April 2017

DIRECTORS' REPORT

The directors present their report together with the financial report of Mahindra Aerospace Australia Pty Ltd (the "company") for the year ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Shriprakash Shukla

Arvind Mehra (appointed 27 April 2017)

Partha Mukherjee

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$35,782 (Rs 1,772,998) (2016: AUD$27,440,617 Loss, Rs 1,359,682,573).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holding of investments in subsidiaries.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Arvind Mehra	**Ajay Mantry**
Director	Director

Place: Melbourne
Dated: 27th April, 2017

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*: and
   (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
   b) give a true and fair view of the financial position as at 31 March 2017 and performance for the year ended on that date of the entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra	**Ajay Mantry**
Director	Director

Place: Melbourne
Dated: 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Mahindra Aerospace Australia Pty Ltd (the "company"), which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other 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, and the directors' declaration.

In our opinion, the accompanying financial report of Mahindra Aerospace Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 auditor's report to the related disclosures in the financial report 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 report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL
Partner

PITCHER PARTNERS
Melbourne

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Revenue and other income					
Revenue	4	**1,207,217**	**59,817,602**	1,033,837	51,226,623
		1,207,217	**59,817,602**	1,033,837	51,226,623
Less: expenses					
Finance costs	5	**(1,187,195)**	**(58,825,512)**	(1,033,827)	(51,226,128)
Professional fees		**(55,804)**	**(2,765,088)**	(19,627)	(972,518)
Impairment loss		**–**	**–**	(27,421,000)	(1,358,710,550)
		(1,242,999)	**(61,590,600)**	(28,474,454)	(1,410,909,196)
Profit/(loss) before income tax expense		**(35,782)**	**(1,772,998)**	(27,440,617)	(1,359,682,573)
Income tax expense		**–**	**–**	–	–
Net income/(loss) from continuing operations		**(35,782)**	**(1,772,998)**	(27,440,617)	(1,359,682,573)
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive income		**(35,782)**	**(1,772,998)**	(27,440,617)	(1,359,682,573)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents	6	–	–	726	35,973
Receivables	7	**479,934**	**23,780,729**	371,581	18,411,838
Total current assets		**479,934**	**23,780,729**	372,307	18,447,811
Non-current assets					
Receivables	7	**19,123,304**	**947,559,713**	24,778,752	1,227,787,162
Investments in subsidiaries	8	**43,959,004**	**2,178,168,648**	18,779,004	930,499,648
Total non-current assets		**63,082,308**	**3,125,728,361**	43,557,756	2,158,286,810
Total assets		**63,562,242**	**3,149,509,090**	43,930,063	2,176,734,621
Current liabilities					
Payables	9	**170,423**	**8,444,459**	206,872	10,250,508
Borrowings	10	**19,102,590**	**946,533,335**	24,598,180	1,218,839,819
Total current liabilities		**19,273,013**	**954,977,794**	24,805,052	1,229,090,327
Total liabilities		**19,273,013**	**954,977,794**	24,805,052	1,229,090,327
Net assets		**44,289,229**	**2,194,531,296**	19,125,011	947,644,294
Equity					
Share capital	11	**70,738,500**	**3,505,092,675**	45,538,500	2,256,432,675
Retained Earnings	12	**(26,449,271)**	**(1,310,561,379)**	(26,413,489)	(1,308,788,381)
Total equity		**44,289,229**	**2,194,531,296**	19,125,011	947,644,294

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity AUD$	Retained earnings AUD$	Total equity AUD$
Australian dollars			
Balance as at 1 April 2015	44,250,500	1,027,128	45,277,628
Profit for the year	–	(27,440,617)	(27,440,617)
Total comprehensive income for the year	–	(27,440,617)	(27,440,617)
Transfers	–	–	–
Transactions with owners in their capacity as owners:			
Contributions	1,288,000	–	1,288,000
Total transactions with owners in their capacity as owners	1,288,000	–	1,288,000
Balance as at 31 March 2016	45,538,500	(26,413,489)	19,125,011
Balance as at 1 April 2016	45,538,500	(26,413,489)	19,125,011
Loss for the year	–	(35,782)	(35,782)
Total comprehensive income for the year	–	(35,782)	(35,782)
Transactions with owners in their capacity as owners:			
Contributions	25,200,000	–	25,200,000
Total transactions with owners in their capacity as owners	25,200,000	–	25,200,000
Balance as at 31 March 2017	**70,738,500**	**(26,449,271)**	**44,289,229**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity Rupees	Retained earnings Rupees	Total equity Rupees
Indian rupees			
Balance as at 1 April 2015	2,192,612,275	50,894,192	2,243,506,467
Profit for the year	–	(1,359,682,573)	(1,359,682,573)
Total comprehensive income for the year	–	(1,359,682,573)	(1,359,682,573)
Transfers	–	–	–
Transactions with owners in their capacity as owners:			
Contributions	63,820,400	–	63,820,400
Total transactions with owners in their capacity as owners	63,820,400	–	63,820,400
Balance as at 31 March 2016	2,256,432,675	(1,308,788,381)	947,644,294
Balance as at 1 April 2016	2,256,432,675	(1,308,788,381)	947,644,294
Loss for the year	–	(1,772,998)	(1,772,998)
Total comprehensive income for the year	–	(1,772,998)	(1,772,998)
Transactions with owners in their capacity as owners:			
Contributions	1,248,660,000	–	1,248,660,000
Total transactions with owners in their capacity as owners	1,248,660,000	–	1,248,660,000
Balance as at 31 March 2017	**3,505,092,675**	**(1,310,561,379)**	**2,194,531,296**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Cash flow from operating activities					
Receipts from customers		**17,850**	**884,468**	16,112	798,350
Payments to suppliers		**–**	**–**	(205,750)	(10,194,913)
Interest received		**1,207,217**	**59,817,602**	1,033,837	51,226,623
Finance costs		**(1,187,195)**	**(58,825,512)**	(849,168)	(42,076,274)
Net cash provided by/(used in) operating activities		**37,872**	**1,876,558**	(4,969)	(246,214)
Cash flow from investing activities					
Payment for investments		**(25,179,999)**	**(1,247,668,950)**	(800,000)	(39,640,000)
Net cash used in investing activities		**(25,179,999)**	**(1,247,668,950)**	(800,000)	(39,640,000)
Cash flow from financing activities					
Proceeds from share issue		**25,200,000**	**1,248,660,000**	1,288,000	63,820,400
Proceeds from borrowings		**(5,500,000)**	**(272,525,000)**	5,000,000	247,750,000
Loans to related entities		**5,436,991**	**269,402,903**	(5,489,404)	(271,999,968)
Net cash provided by financing activities		**25,136,991**	**1,245,537,903**	798,596	39,570,432
Reconciliation of cash					
Cash at beginning of the financial period		**(997,454)**	**(49,423,846)**	(991,081)	(49,108,064)
Net (decrease)/increase in cash held		**(5,136)**	**(254,489)**	(6,373)	(315,782)
Cash at end of financial period		**(1,002,590)**	**(49,678,335)**	(997,454)	(49,423,846)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Mahindra Aerospace Australia Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 10:	Consolidated Financial Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accouting accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3.

(b) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1.00 as advised by the ultimate parent entity.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of AUD$35,782 (Rs 1,772,998) during the year ended 31 March 2017, however this was primarily due to a non-cash write back of deferred consideration (note 12).

The company is dependant on ongoing financial support of the ultimate parent entity to meet its financial obligations at 31 March 2017. As at the date of signing the company has received confirmation of ongoiing financial support from its ultimate parent company.

At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(d) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Investments in subsidiaries

Non-current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(g) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

For an asset measured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) *Investment in Subsidiaries*

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, the investments in subsidiaries are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

A formal valuation has been prepared by management in order to test for any impairment to the value of investments in subsidiaries. In performing the valuation, management has soughta review from our independent internal expert on the appropriateness of the discount rate for the CGU. The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years.

The present value of the future cashflows has been calculated using the following key assumptions:

- average growth rate between 0% and 3% for the sale price of aircraft (2016: 0% 3%);
- average cost of sales growth rate between 2.1% to 4.0% (2016: 2.8% 4.1%);
- terminal value growth rate of 2.5% (2016: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);
- discount rate to be 14.3%, (2016: 15%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
NOTE 4: REVENUE AND OTHER INCOME				
Interest income	**1,207,217**	**59,817,602**	1,033,837	51,226,623
NOTE 5: OPERATING (LOSS)/PROFIT				
Profit / (loss) before income tax has been determined after:				
Finance costs	**1,187,195**	**58,825,512**	1,033,837	51,226,623
Impairment				
– Impairment losses	**–**	**–**	27,421,000	1,358,710,550
NOTE 6: CASH AND CASH EQUIVALENTS				
Cash at bank	–	–	726	35,973
NOTE 7: RECEIVABLES				
CURRENT				
Other receivables	**228,217**	**11,308,152**	228,217	11,308,152
Amounts receivable from				
– GippsAero Pty Ltd	**251,717**	**12,472,577**	143,364	7,103,686
	479,934	**23,780,729**	371,581	18,411,838
NON-CURRENT				
Loans to associates				
– GippsAero Pty Ltd	**18,073,304**	**895,532,213**	23,672,752	1,172,984,862
– Aerostaff Australia Pty Ltd	**1,050,000**	**52,027,500**	1,106,000	54,802,300
	19,123,304	**947,559,713**	24,778,752	1,227,787,162

NOTE 8: INVESTMENT IN SUBSIDIARIES

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
NON-CURRENT				
Investment - Aerostaff Australia Pty Ltd	**6,350,004**	**314,642,698**	6,350,004	314,642,698
Investment - Gipp Aero Investments Pty Ltd	**65,030,000**	**3,222,236,500**	39,850,000	1,974,567,500
Provision for impairment loss	**(27,421,000)**	**(1,358,710,550)**	(27,421,000)	(1,358,710,550)
Total financial assets at fair value through profit or loss	**43,959,004**	**2,178,168,648**	18,779,004	930,499,648

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 0% and 3% for the sale price of aircraft (2016: 0% 3%);
- average cost of sales growth rate between 2.1% to 4.0% (2016: 2.8% 4.1%);
- terminal value growth rate of 2.5% (2016: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);
- discount rate to be 14.3%, (2016: 15%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has also been completed by management for the investments in the subsidiary companies which has used as its assessment of impairment. In performing the valuation, management has soughta review from our independent internal expert on the appropriateness of the discount rate for the CGU. No further impairment was raised in the current financial year.

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
NOTE 9: PAYABLES				
CURRENT				
Unsecured liabilities				
Amounts payable to:				
– Mahindra Aerospace Private Ltd	**46,747**	**2,316,314**	191,872	9,507,258
Accrued expenses	**123,676**	**6,128,145**	15,000	743,250
	170,423	**8,444,459**	206,872	10,250,508
NOTE 10: BORROWINGS				
CURRENT				
Unsecured liabilities				
Bank overdraft	**1,002,590**	**49,678,335**	998,180	49,459,819
Secured liabilities				
Bank loans	**18,100,000**	**896,855,000**	23,600,000	1,169,380,000
	19,102,590	**946,533,335**	24,598,180	1,218,839,819
NOTE 11: SHARE CAPITAL				
Issued and paid-up capital				
70738500 (2016: 45,538,500) Ordinary shares	70,738,500	3,505,092,675	45,538,500	2,256,432,675

NOTE 12: RETAINED EARNINGS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Retained earnings at beginning of year	**(26,413,489)**	**(1,308,788,381)**	1,027,128	50,894,192
Net (loss)/profit for the year	**(35,782)**	**(1,772,998)**	(27,440,617)	(1,359,682,573)
	(26,449,271)	**(1,310,561,379)**	(26,413,489)	(1,308,788,381)

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 14: COMPANY DETAILS

The registered office of the entity is:

Mahindra Aerospace Australia Pty Ltd
Pitcher Partners
Level 19, 15 William Street
MELBOURNE VIC 3000

DIRECTORS' REPORT

The directors present their report together with the financial report of Aerostaff Australia Pty Ltd (the "company"), for the year ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Keith Douglas (CEO)

Nikhil Sohoni (appointed 13 May 2016)

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the company for the year after providing for income tax amounted to AUD$20,695 (Rs 1,025,437), (2016: AUD$216,017 loss, Rs 10,703,643 loss).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was aircraft sheet metal manufacture and assembly.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising from performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AEROSTAFF AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Aerostaff Australia Pty Ltd (the company) which comprises the statement of financial position as at 31 March 2017, 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, and the directors' declaration.

In our opinion, the accompanying financial report of Aerostaff Australia Pty Ltd, is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 auditor's report to the related disclosures in the financial report 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 report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL
Partner

PITCHER PARTNERS
Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Revenue and other income					
Sales revenue	2	**1,549,543**	**76,779,856**	1,981,664	98,191,451
Other revenue	2	**3,550**	**175,903**	9,724	481,824
		1,553,093	**76,955,759**	1,991,388	98,673,275
Less: expenses					
Cost of sales	3	**(956,875)**	**(47,413,156)**	(1,329,482)	(65,875,833)
Administration expenses		**(294,853)**	**(14,609,966)**	(504,921)	(25,018,836)
Occupancy expenses		**(60,000)**	**(2,973,000)**	(63,391)	(3,141,024)
Finance costs	3	**(44,851)**	**(2,222,367)**	(55,288)	(2,739,520)
Depreciation	3	**(31,979)**	**(1,584,559)**	(41,034)	(2,033,235)
Other expenses		**(143,840)**	**(7,127,274)**	(213,289)	(10,568,470)
		(1,532,398)	**(75,930,322)**	(2,207,405)	(109,376,918)
Profit/(Loss) before income tax expense		**20,695**	**1,025,437**	(216,017)	(10,703,643)
Income tax expense		**–**	**–**	–	–
Net loss from continuing operations		**20,695**	**1,025,437**	(216,017)	(10,703,643)
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive loss		**20,695**	**1,025,437**	(216,017)	(10,703,643)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents	4	**2,107**	**104,402**	11,107	550,352
Receivables	5	**357,874**	**17,732,657**	223,054	11,052,326
Inventories	6	**184,281**	**9,131,123**	482,311	23,898,511
Other assets	7	**967**	**47,915**	3,671	181,898
Total current assets		**545,229**	**27,016,097**	720,143	35,683,087
Non-current assets					
Plant and equipment	8	**168,359**	**8,342,188**	206,595	10,236,781
Total non-current assets		**168,359**	**8,342,188**	206,595	10,236,781
Total assets		**713,588**	**35,358,285**	926,738	45,919,868
Current liabilities					
Payables	9	**161,898**	**8,022,046**	334,354	16,567,241
Provisions	10	**57,627**	**2,855,418**	64,150	3,178,633
Total current liabilities		**219,525**	**10,877,464**	398,504	19,745,874
Non-current liabilities					
Payables	9	**1,050,000**	**52,027,500**	1,106,000	54,802,300
Provisions	10	**4,880**	**241,804**	3,746	185,614
Total non-current liabilities		**1,054,880**	**52,269,304**	1,109,746	54,987,914
Total liabilities		**1,274,405**	**63,146,768**	1,508,250	74,733,788
Net assets		**(560,817)**	**(27,788,483)**	(581,512)	(28,813,920)
Equity					
Share capital	11	**4,950,004**	**245,272,698**	4,950,004	245,272,698
Accumulated losses	12	**(5,510,821)**	**(273,061,181)**	(5,531,516)	(274,086,618)
Total equity		**(560,817)**	**(27,788,483)**	(581,512)	(28,813,920)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Australian dollars	Contributed equity	Reserves	Accumulated losses	Total equity
	AUD$	AUD$	AUD$	AUD$
Balance as at 1 April 2015	2,250,004	2,700,000	(5,315,499)	(365,495)
Loss for the year	–	–	(216,017)	(216,017)
Total comprehensive income for the year	–	–	(216,017)	(216,017)
Transfers	2,700,000	(2,700,000)	–	–
Balance as at 31 March 2016	4,950,004	–	(5,531,516)	(581,512)
Balance as at 1 April 2016	4,950,004	2,700,000	(5,531,516)	2,118,488
Profit for the year	–	–	20,695	20,695
Total comprehensive income for the year	–	–	20,695	20,695
Transactions with owners in their capacity as owners:				
Total transactions with owners in their capacity as owners	–	–	–	–
Balance as at 31 March 2017	**4,950,004**	**2,700,000**	**(5,510,821)**	**2,139,183**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Indian rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 April 2015	111,487,698	113,785,000	(263,382,975)	(38,110,277)
Loss for the year	–	–	10,703,642	10,703,642
Total comprehensive income for the year	–	–	10,703,642	10,703,642
Transfers	133,785,000	(133,785,000)	–	–
Balance as at 31 March 2016	245,272,698	(20,000,000)	(252,679,333)	(27,406,635)
Balance as at 1 April 2016	245,272,698	113,785,000	(274,086,618)	84,971,080
Profit for the year	–	–	1,025,437	1,025,437
Total comprehensive income for the year	–	–	1,025,437	1,025,437
Transactions with owners in their capacity as owners:				
Total transactions with owners in their capacity as owners	–	–	–	–
Balance as at 31 March 2017	**245,272,698**	**113,785,000**	**(273,061,181)**	**85,996,517**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Cash flow from operating activities				
Receipts from customers	**1,704,899**	**84,477,745**	2,190,527	108,540,613
Payments to suppliers and employees	**(1,487,988)**	**(73,729,805)**	(2,551,098)	(126,406,906)
Finance costs	**(44,851)**	**(2,222,367)**	(55,288)	(2,739,520)
Net cash provided by operating activities	**172,060**	**8,525,573**	(415,859)	(20,605,813)
Cash flow from investing activities				
Proceeds/(payments) for plant and equipment	**9,760**	**483,608**	(41,079)	(2,035,464)
Net cash used in investing activities	**9,760**	**483,608**	(41,079)	(2,035,464)
Cash flow from financing activities				
Net repayments of borrowings	**–**	**–**	(4,011)	(198,745)
Advances/(payments) from parent, associated and director related entities	**(190,820)**	**(9,455,131)**	470,981	23,337,109
Net cash used in financing activities	**(190,820)**	**(9,455,131)**	466,970	23,138,364
Reconciliation of cash				
Cash at beginning of the financial year	**11,107**	**550,352**	1,075	53,265
Net increase/(decrease) in cash held	**(9,000)**	**(445,950)**	10,032	497,087
Cash at end of financial year	**2,107**	**104,402**	11,107	550,352

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Aerostaff Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the measurement and recognition requirements of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company earned a profit from ordinary activities of AUD$20,695 (Rs: 1,025,437) during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$560,817 (Rs: 26,591,157).

The company is dependent on the ongoing financial support at of its ultimate parent entity to meet its financial obligations 31 March 2017. At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements of the entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and Balances

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs. 49.55 = AUD$1.00 as advised by the ultimate parent entity.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in progress and finished goods.

Raw materials are valued at moving average cost price.

(h) Work in progress

Work in progress is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	4%	Diminishing value
Plant and equipment at cost	10-40%	Diminishing value
Motor vehicles at cost	22.5%	Diminishing value
Office equipment at cost	10-50%	Diminishing value

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(m) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(n) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: REVENUE AND OTHER INCOME

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Sale of goods	**1,549,543**	**76,779,856**	1,981,664	98,191,451
Other revenue	**47**	**2,329**	9,724	481,824
Profit on sale of non current assets	**3,503**	**173,574**	–	–
	1,553,093	**76,955,759**	1,991,388	98,673,275

NOTE 3: OPERATING PROFIT/(LOSS)

Losses before income tax has been determined after:				
Cost of sales				
– Purchases/materials used	**133,183**	**6,599,218**	355,588	17,619,385
– Direct labour costs	**543,703**	**26,940,484**	1,162,086	57,581,361
– Movement in inventory	**279,989**	**13,873,455**	(188,192)	(9,324,914)
	956,875	**47,413,157**	1,329,482	65,875,832
Finance costs	**44,851**	**2,222,367**	55,288	2,739,520
Depreciation	**31,979**	**1,584,559**	41,034	2,033,235
Impairment of inventory	**18,041**	**893,932**	50,844	2,519,320
Indirect employee benefit expenses	**206,193**	**9,392,091**	423,043	19,269,609

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	2,107	104,402	11,107	550,352

NOTE 5: RECEIVABLES

CURRENT				
Amounts receivables from:				
– GippsAero Pty Ltd	357,874	17,732,657	223,054	11,052,326

NOTE 6: INVENTORIES

CURRENT				
At cost				
Raw materials	43,946	2,177,524	57,432	2,845,756
Work in progress	158,376	7,847,531	475,723	23,572,075
Impairment provision	(18,041)	(893,932)	(50,844)	(2,519,320)
	184,281	9,131,123	482,311	23,898,511

NOTE 7: OTHER ASSETS

CURRENT				
Prepayments	967	47,915	2,956	146,470
Other current assets	–	–	715	35,428
	967	47,915	3,671	181,898

NOTE 8: PLANT AND EQUIPMENT

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Leasehold improvements				
At cost	**102,057**	**5,056,924**	102,057	5,056,924
Accumulated depreciation	**(19,491)**	**(965,779)**	(16,050)	(795,278)
	82,566	**4,091,145**	86,007	4,261,646
Plant and equipment				
Plant and equipment at cost	**1,256,743**	**62,271,616**	1,256,743	62,271,616
Accumulated depreciation	**(1,178,093)**	**(58,374,508)**	(1,162,670)	(57,610,299)
	78,650	**3,897,108**	94,073	4,661,317
Motor vehicles at cost	**–**	**–**	20,000	991,000
Accumulated depreciation	**–**	**–**	(13,238)	(655,943)
	–	**–**	6,762	335,057
Office equipment at cost	**259,497**	**12,858,076**	259,497	12,858,076
Accumulated depreciation	**(252,354)**	**(12,504,141)**	(239,744)	(11,879,315)
	7,143	**353,935**	19,753	978,761
Total plant and equipment	**168,359**	**8,342,188**	206,595	10,236,781

(a) **Reconciliations**

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Leasehold improvements				
Opening carrying amount	**86,007**	**4,261,647**	50,489	2,501,730
Additions	**–**	**–**	39,454	1,954,946
Depreciation expense	**(3,441)**	**(170,502)**	(3,936)	(195,029)
Closing carrying amount	**82,566**	**4,091,145**	86,007	4,261,647
Plant and equipment				
Opening carrying amount	**94,073**	**4,661,317**	115,711	5,733,480
Depreciation expense	**(15,423)**	**(764,209)**	(21,638)	(1,072,163)
Closing carrying amount	**78,650**	**3,897,108**	94,073	4,661,317
Motor vehicles				
Opening carrying amount	**6,762**	**335,057**	8,786	435,346
Write offs/disposals	**(6,257)**	**(310,034)**	(2,024)	(100,289)
Depreciation expense	**(505)**	**(25,023)**	–	–
Closing carrying amount	**–**	**–**	6,762	335,057
Office equipment				
Opening carrying amount	**19,753**	**978,761**	31,564	1,563,996
Additions	**–**	**–**	1,625	80,519
Depreciation expense	**(12,610)**	**(624,826)**	(13,436)	(665,754)
Closing carrying amount	**7,143**	**353,935**	19,753	978,761
Total plant and equipment				
Carrying amount at 1 April	**206,595**	**10,236,782**	206,550	10,234,552
Additions	**–**	**–**	41,079	2,035,465
Write offs/disposals	**(6,257)**	**(310,034)**	(2,024)	(100,289)
Depreciation expense	**(31,979)**	**(1,584,559)**	(39,010)	(1,932,946)
Carrying amount at 31 March	**168,359**	**8,342,189**	206,595	10,236,782

NOTE 9: PAYABLES

		2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT					
Unsecured liabilities					
Trade creditors		**74,423**	**3,687,660**	139,760	6,925,108
Sundry creditors and accruals		**87,475**	**4,334,386**	194,594	9,642,133
		161,898	**8,022,046**	334,354	16,567,241
NON CURRENT					
Unsecured liabilities					
Loan from associates					
– Mahindra Aerospace Australia Pty Ltd		**1,050,000**	**52,027,500**	1,106,000	54,802,300

NOTE 10: PROVISIONS

		2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT					
Employee benefits	(a)	**57,627**	**2,855,418**	64,150	3,178,633
NON CURRENT					
Employee benefits	(a)	**4,880**	**241,804**	3,746	185,614
(a) Aggregate employee benefits liability		**62,507**	**3,097,222**	67,896	3,364,247

NOTE 11: SHARE CAPITAL

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Issued and paid-up capital				
4,950,010 (2016: 4,950,010) Ordinary shares	**4,950,004**	**245,272,698**	4,950,004	245,272,698

NOTE 12: ACCUMULATED LOSSES

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Accumulated losses at beginning of year	**(5,531,516)**	**(274,086,618)**	(5,315,499)	(263,382,975)
Net loss	**20,695**	**1,025,437**	(216,017)	(10,703,643)
	(5,510,821)	**(273,061,181)**	(5,531,516)	(274,086,618)

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 14: COMPANY DETAILS

The registered office of the company is:

Aerostaff Australia Pty Ltd
Latrobe Regional Airport
43 Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of GippsAero Pty Ltd (the "company") for the year ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Keith Douglas (CEO)
Partha Mukherjee
George Morgan
Nikhil Sohoni (appointed 13 May 2016)
Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$5,594,023, (Rs. 277,183,840) (2016: AUD$14,174,275 Loss, Rs. 702,335,326).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was the manufacture and sale of aircraft.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings against the company

In February 2016, a lawsuit was filed against the company for breach of contract. The board of directors and the company's legal representative are of the opinion that the claim is unlikely to result in any damages and the company is confident of success.

Signed on behalf of the board of directors.

	Keith Douglas	**Ajay Mantry**
Place: Melbourne	Director	Director

Dated: 27th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*: and
   (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
   (b) give a true and fair view of the financial position as at 31 March 2017 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Place: Melbourne
Dated: 27th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GIPPSAERO PTY LTD — IND STAT

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GippsAero Pty Ltd Ind Stat (the "company"), which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, statements 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, and the directors' declaration.

In our opinion, the accompanying financial report of GippsAero Pty Ltd — Ind Stat, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 auditor's report to the related disclosures in the financial report 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 report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL
Partner

PITCHER PARTNERS
Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017 AUD$**	**2017 Rupees**	2016 AUD$	2016 Rupees
Revenue and other income					
Sales revenue	4	**13,592,568**	**673,511,744**	8,033,162	398,043,177
Other revenue	4	**3,257,863**	**161,427,112**	1,964,333	97,332,700
		16,850,431	**834,938,856**	9,997,495	495,375,877
Less: expenses					
Materials and consumables used	5	**(8,865,852)**	**(439,302,967)**	(8,107,297)	(401,716,566)
Depreciation and amortisation expense	5	**(910,751)**	**(45,127,712)**	(943,563)	(46,753,547)
Employee benefits expense	5	**(6,920,813)**	**(342,926,284)**	(9,445,328)	(468,016,002)
Occupancy expense		**(345,070)**	**(17,098,219)**	(393,204)	(19,483,258)
Marketing and promotional expense		**(331,379)**	**(16,419,829)**	(1,011,514)	(50,120,519)
Finance costs	5	**(2,307,041)**	**(114,313,882)**	(2,162,137)	(107,133,888)
Travel expense		**(399,049)**	**(19,772,878)**	(498,413)	(24,696,364)
Foreign exchange (gains)/losses	5	**(23,415)**	**(1,160,213)**	372,342	18,449,546
Other expenses		**(2,341,084)**	**(116,000,712)**	(1,982,656)	(98,240,605)
		(22,444,454)	**(1,112,122,696)**	(24,171,770)	(1,197,711,203)
Loss before income tax expense		**(5,594,023)**	**(277,183,840)**	(14,174,275)	(702,335,326)
Income tax expense		**–**	**–**	–	–
Loss for the year		**(5,594,023)**	**(277,183,840)**	(14,174,275)	(702,335,326)
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive income		**(5,594,023)**	**(277,183,840)**	(14,174,275)	(702,335,326)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents	6	**172,123**	**8,528,695**	293,326	14,534,303
Receivables	7	**2,036,791**	**100,922,994**	1,150,406	57,002,617
Inventories	8	**12,314,880**	**610,202,304**	12,754,452	631,983,097
Other assets	9	**788,417**	**39,066,063**	1,180,505	58,494,023
Total current assets		**15,312,211**	**758,720,056**	15,378,689	762,014,040
Non-current assets					
Receivables	7	**899,151**	**44,552,932**	1,059,792	52,512,694
Intangible assets	10	**31,805,389**	**1,575,957,025**	26,076,515	1,292,091,318
Plant and equipment	11	**2,552,791**	**126,490,794**	2,878,476	142,628,485
Total non-current assets		**35,257,331**	**1,747,000,751**	30,014,783	1,487,232,497
Total assets		**50,569,542**	**2,505,720,807**	45,393,472	2,249,246,537
Current liabilities					
Payables	12	**4,553,807**	**225,641,139**	6,962,443	344,989,050
Borrowings	13	**15,152,863**	**750,824,361**	15,912,291	788,454,018
Provisions	14	**1,441,048**	**71,403,928**	1,102,072	54,607,667
Other liabilities	15	**598,559**	**29,658,598**	382,916	18,973,488
Total current liabilities		**21,746,277**	**1,077,528,026**	24,359,722	1,207,024,223
Non-current liabilities					
Payables	12	**18,073,304**	**895,532,213**	23,672,752	1,172,984,862
Borrowings	13	**868,747**	**43,046,414**	3,733,805	185,010,038
Provisions	14	**134,488**	**6,663,881**	1,486,444	73,653,300
Total non-current liabilities		**19,076,539**	**945,242,508**	28,893,001	1,431,648,200
Total liabilities		**40,822,816**	**2,022,770,534**	53,252,723	2,638,672,423
Net assets		**9,746,726**	**482,950,273**	(7,859,251)	(389,425,886)
Equity					
Share capital	16	**57,250,010**	**2,836,737,996**	10	496
Reserves	17	**–**	**–**	34,050,000	1,687,177,500
Accumulated losses	18	**(47,503,284)**	**(2,353,787,723)**	(41,909,261)	(2,076,603,882)
Total equity		**9,746,726**	**482,950,273**	(7,859,251)	(389,425,886)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity AUD$	Reserves AUD$	Accumulated losses AUD$	Total equity AUD$
Australian dollars				
Balance as at 1 April 2015	496	33,250,000	(27,734,986)	5,515,510
Loss for the year	–	–	(14,174,275)	(14,174,275)
Total comprehensive income for the year	–	–	(14,174,275)	(14,174,275)
Transactions with owners in their capacity as owners:				
Contributions	–	800,000	–	800,000
Total transactions with owners in their capacity as owners	–	800,000	–	800,000
Balance as at 31 March 2016	496	34,050,000	(41,909,261)	(7,858,765)
Balance as at 1 April 2016	496	34,050,000	(41,909,261)	(7,858,765)
Loss for the year	–	–	(5,594,023)	(5,594,023)
Total comprehensive income for the year	–	–	(5,594,023)	(5,594,023)
Transactions with owners in their capacity as owners:				
Contributions	**23,200,000**	**–**	**–**	**23,200,000**
Transfer to equity	**34,050,000**	**(34,050,000)**	**–**	**–**
Total transactions with owners in their capacity as owners	**57,250,000**	**(34,050,000)**	**–**	**23,200,000**
Balance as at 31 March 2017	**57,250,496**	**–**	**(47,503,284)**	**9,747,212**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Indian rupees	Contributed equity Rupees	Reserves Rupees	Accumulated losses Rupees	Total equity Rupees
Balance as at 1 April 2015	496	1,647,537,500	(1,374,268,556)	273,269,440
Loss for the year	–	–	(702,335,326)	(702,335,326)
Total comprehensive income for the year	–	–	(702,335,326)	(702,335,326)
Transactions with owners in their capacity as owners:				
Contributions	–	39,640,000	–	39,640,000
Total transactions with owners in their capacity as owners	–	39,640,000	–	39,640,000
Balance as at 31 March 2016	496	1,687,177,500	(2,076,603,882)	(389,425,886)
Balance as at 1 April 2016	496	1,687,177,500	(2,076,603,883)	(389,425,887)
Loss for the year	–	–	(277,183,840)	(277,183,840)
Total comprehensive income for the year	–	–	(277,183,840)	(277,183,840)
Transactions with owners in their capacity as owners:				
Contributions	**1,149,560,000**	**–**	**–**	**1,149,560,000**
Transfer to equity	**1,687,177,500**	**(1,687,177,500)**	**–**	**–**
Total transactions with owners in their capacity as owners	**2,836,737,500**	**(1,687,177,500)**	**–**	**1,149,560,000**
Balance as at 31 March 2017	**2,836,737,996**	**–**	**(2,353,787,723)**	**482,950,273**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Cash flow from operating activities				
Receipts from customers	**14,516,440**	**719,289,602**	14,541,936	720,552,929
Payments to suppliers and employees	**(20,110,614)**	**(996,480,925)**	(26,385,366)	(1,307,394,885)
Interest received	**117,886**	**5,841,251**	134,778	6,678,250
Finance costs	**(2,307,041)**	**(114,313,882)**	(2,154,271)	(106,744,128)
Net cash used in operating activities	**(7,783,329)**	**(385,663,954)**	(13,862,923)	(686,907,834)
Cash flow from investing activities				
Proceeds from sale of plant and equipment	**–**	**–**	576,328	28,557,052
Payment for plant and equipment	**(170,793)**	**(8,462,792)**	(20,182)	(1,000,018)
Payment for capitalised project & development costs	**(6,143,147)**	**(304,392,934)**	(4,682,314)	(232,008,659)
Net cash used in investing activities	**(6,313,940)**	**(312,855,726)**	(4,126,168)	(204,451,625)
Cash flow from financing activities				
Proceeds from share issue	**23,200,000**	**1,149,560,000**	–	–
Proceeds from borrowings	**–**	**–**	11,930,526	591,157,563
Repayment of borrowings	**(3,624,486)**	**(179,593,281)**	(799,928)	(39,636,432)
Funds received from parent entity	**–**	**–**	800,000	39,640,000
Loans (to)/from associated entities	**(5,599,448)**	**(277,452,648)**	5,685,255	281,704,385
Net cash provided by financing activities	**13,976,066**	**692,514,071**	17,615,853	872,865,516
Reconciliation of cash				
Cash at beginning of the financial year	**293,326**	**14,534,304**	666,564	33,028,246
Net decrease in cash held	**(121,203)**	**(6,005,609)**	(373,238)	(18,493,943)
Cash at end of financial year	**172,123**	**8,528,695**	293,326	14,534,303

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the *Corporations Act 2001*. The directors have determined that the company is not a reporting entity.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the requirements of the all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accouting accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of AUD$5,594,023 (Rs. 277,183,840) during the year ended 31 March 2017, and as at that date the company's current liabilities exceeded current assets by AUD$6,434,066 (Rs. 318,807,970).

The company is dependant on the ongoing financial support of its ultimate parent entity at 31 March 2017. As at the date of signing the company has received confirmation of on going financial support from its ultimate parent company.

The going concern basis above assumes the continued support of its ultimate parent entity, the ability to source alternative finance if required, and the Company's ability to generate sufficient cash flows from future trading. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected.

At this time, directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs. 49.55 = AUD$1.00 as advised by the ultimate parent entity.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Revenue from sale and lease back transactions is deferred and amortised over the term of the lease.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected loss are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in porgress and finished goods.

Raw materials are valued at a moving average cost price.

(h) Work in progress

Work in progress is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Hangar at cost	5-20%	Straight line
Leasehold improvements at cost	9-11%	Straight line
Plant and equipment at cost	6-21%	Straight line
Aircraft under lease	10-16%	Straight line
Aircraft at cost	10%	Straight line
Motor vehicles at cost	5-13%	Straight line
Computer equipment at cost	22-100%	Straight line

(j) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Patents

Patents are recognised at cost and are not amortised. Patents are carried at cost less any impairment losses.

Intangibles are carried at their fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary or with sufficient regularity but at least triennial, the asset is revalued by an independent valuer to reflect its fair value.

The net revaluation Increase in the carrying amount of the intangible asset is recognised in other comprehensive income and accumulated in equity as a revaluation reserve. To the extent that the net revaluation increase reverses a net revaluation decrease of the same intangible previously recognised in profit or loss, the net revaluation increase is recognised in profit or loss.

A decrease in the carrying amount of the intangible asset is recognised in profit or loss. To the extent a credit balance exists in a revaluation surplus in respect of the same asset, the net revaluation decrease is recognised in other comprehensive income and reduces the amount accumulated in equity as a revaluation reserve.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that is will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during it development. Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible asset over its estimated useful life, which range from 5 to 10 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Project expenses are capitalised as incurred once identified as relating to a project that will deliver future economic benefits than can be measured reliably.

(l) Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statements of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statements of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statements of financial position.

(p) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(q) Goods and Services Tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Intangible assets

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, all of the company's intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

A formal valuation has been prepared by management in order to test for any impairment to the value of the intangible assets. In performing the valuation, management has sought a review from our independent internal expert on the appropriateness of the discount rate for the CGU. The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years.

The present value of the future cashflows has been calculated using the following key assumptions:

- average growth rate between 0% and 3% for the sale price of aircraft (2016: 0%–3%);
- average cost of sales growth rate between -2.1% to 4.0% (2016: 2.8% – 4.1%);
- terminal value growth rate of 2.5% (2016: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);
- discount rate to be 14.3%, (2016: 15%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

NOTE 3: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

AASB 15: Revenue from Contracts with Customers, AASB 2014–5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015 8: Amendments to Australian Accounting Standards Effective Date of AASB 15 and AASB 2016 3: Amendments to Australian Accounting Standards Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5 step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 4: REVENUE AND OTHER INCOME

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Sale of goods	**12,350,596**	**611,972,032**	6,080,574	301,292,442
Spare parts and maintenance	**1,241,972**	**61,539,713**	1,952,588	96,750,735
	13,592,568	**673,511,745**	8,033,162	398,043,177
Other revenue				
Interest income	**117,886**	**5,841,251**	186,001	9,216,350
Aircraft hire income	**1,558,872**	**77,242,108**	1,541,502	76,381,424
Other revenue	**223,799**	**11,089,240**	236,830	11,734,927
Other Income	**1,357,306**	**67,254,512**	–	–
	16,850,431	**834,938,856**	9,997,495	495,375,878

Other income relates to the write back of the retention bonus provision raised in FY15 to George Morgan. This amount is no longer payable and has been written back as a result.

NOTE 5: OPERATING LOSS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Losses before income tax has been determined after:				
Expenses:				
Cost of sales	**8,866,587**	**439,339,386**	8,107,297	401,716,566
Finance costs	**2,307,041**	**114,313,882**	2,154,271	106,744,128
Depreciation	**496,478**	**24,600,485**	601,145	29,786,735
Amortisation of non-current assets				
– research and development	**414,273**	**20,527,227**	342,418	16,966,812
Bad and doubtful debts	**500,000**	**24,775,000**	60,075	2,976,716
Impairment				
– Inventory	–	–	(286,555)	(14,198,800)
Foreign currency translation (gains)/losses	**23,415**	**1,160,213**	(372,342)	(18,449,546)
Employee benefits	**6,920,813**	**342,926,284**	9,445,328	468,016,002

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	**171,140**	**8,479,987**	292,091	14,473,109
Petty cash	**983**	**48,708**	1,235	61,194
	172,123	**8,528,695**	293,326	14,534,303

NOTE 7: RECEIVABLES

CURRENT				
Trade debtors	**2,448,184**	**121,307,517**	942,247	46,688,339
Provision for doubtful debts	**(572,968)**	**(28,390,564)**	(72,121)	(3,573,596)
	1,875,216	**92,916,953**	870,126	43,114,743
Finance lease receivable	**161,575**	**8,006,041**	239,214	11,853,054
Amounts receivables from:				
– Gipp Aero Investments Pty Ltd	–	–	9,000	445,950
– Mahindra Aerospace Australia Pty Ltd	–	–	32,066	1,588,870
	–	–	41,066	2,034,820
	2,036,791	**100,922,994**	1,150,406	57,002,617
NON CURRENT				
Finance lease receivable	**899,151**	**44,552,932**	1,059,792	52,512,694

NOTE 8: INVENTORIES

CURRENT				
At cost				
Raw materials and stores	**6,217,272**	**308,065,828**	4,097,251	203,018,787
Work in progress	**3,400,866**	**168,512,910**	4,576,549	226,768,003
Completed aircraft	**2,696,742**	**133,623,566**	4,080,652	202,196,307
	12,314,880	**610,202,304**	12,754,452	631,983,097

NOTE 9: OTHER ASSETS

CURRENT				
Prepayments	**459,845**	**22,785,320**	1,088,671	53,943,648
Other current assets	**328,572**	**16,280,743**	91,834	4,550,375
	788,417	**39,066,063**	1,180,505	58,494,023

NOTE 10: INTANGIBLE ASSETS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Goodwill at cost	**788,669**	**39,078,549**	788,669	39,078,549
Patents at cost	**46,043**	**2,281,431**	46,043	2,281,431
Capitalised costs	**4,559,269**	**225,911,779**	4,092,717	202,794,127
Accumulated amortisation	**(1,570,780)**	**(77,832,149)**	(1,156,507)	(57,304,922)
	2,988,489	**148,079,630**	2,936,210	145,489,205
Projects currently in development at cost	**27,982,188**	**1,386,517,415**	22,305,593	1,105,242,133
Total intangible assets	**31,805,389**	**1,575,957,025**	26,076,515	1,292,091,318

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

– average growth rate between 0% and 3% for the sale price of aircraft (2016: %0–3%);
– average cost of sales growth rate between -2.1% to 4.0% (2016: 2.8%–4.1%);
– terminal value growth rate of 2.5% (2016: 2.5%);
– the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);
– discount rate to be 14.3%, (2016: 15%) and;
– sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has been prepared by management in order to test for any impairment to the value of the intangible assets. In performing their valuation management has sought a review from our independent internal expert on the appropriateness of the discount rate for the CGU.

NOTE 11: PLANT AND EQUIPMENT

Hangar				
At cost	**51,503**	**2,551,974**	51,503	2,551,974
Accumulated depreciation	**(16,206)**	**(803,007)**	(13,476)	(667,736)
	35,297	**1,748,967**	38,027	1,884,238
Leasehold improvements				
At cost	**96,089**	**4,761,210**	90,778	4,498,050
Accumulated depreciation	**(40,259)**	**(1,994,833)**	(31,148)	(1,543,383)
	55,830	**2,766,377**	59,630	2,954,667
Plant and equipment				
Plant and equipment at cost	**1,251,034**	**61,988,735**	1,199,107	59,415,752
Accumulated depreciation	**(906,007)**	**(44,892,647)**	(796,542)	(39,468,656)
	345,027	**17,096,088**	402,565	19,947,096
Aircraft under lease at cost	**2,794,128**	**138,449,042**	2,794,128	138,449,042
Accumulated depreciation	**(864,190)**	**(42,820,615)**	(540,504)	(26,781,973)
	1,929,938	**95,628,427**	2,253,624	111,667,069
Aircraft at cost	**154,740**	**7,667,367**	154,740	7,667,367
Accumulated depreciation	**(96,612)**	**(4,787,125)**	(81,138)	(4,020,388)
	58,128	**2,880,242**	73,602	3,646,979
Motor vehicles at cost	**42,395**	**2,100,672**	42,395	2,100,672
Accumulated depreciation	**(42,392)**	**(2,100,524)**	(42,392)	(2,100,524)
	3	**148**	3	148

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Computer equipment at cost	**974,816**	**48,302,133**	865,759	42,898,358
Accumulated depreciation	**(846,248)**	**(41,931,588)**	(814,734)	(40,370,070)
	128,568	**6,370,545**	51,025	2,528,288
Total plant and equipment	**2,552,791**	**126,490,794**	2,878,476	142,628,485

(a) Reconciliations

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Hangar				
Opening carrying amount	**38,027**	**1,884,238**	40,882	2,025,703
Depreciation expense	**(2,730)**	**(135,272)**	(2,855)	(141,465)
Closing carrying amount	**35,297**	**1,748,966**	38,027	1,884,238
Leasehold improvements				
Opening carrying amount	**59,630**	**2,954,667**	68,481	3,393,234
Additions	**5,311**	**263,159**	–	–
Depreciation expense	**(9,111)**	**(451,449)**	(8,851)	(438,567)
Closing carrying amount	**55,830**	**2,766,377**	59,630	2,954,667
Plant and equipment				
Opening carrying amount	**402,565**	**19,947,096**	520,492	25,790,379
Additions	**56,425**	**2,795,859**	–	–
Depreciation expense	**(113,963)**	**(5,646,867)**	(117,927)	(5,843,283)
Closing carrying amount	**345,027**	**17,096,088**	402,565	19,947,096
Aircraft under lease				
Opening carrying amount	**2,253,624**	**111,667,069**	3,210,872	159,098,708
Disposals	**–**	–	(576,328)	(28,557,052)
Depreciation expense	**(323,686)**	**(16,038,641)**	(380,920)	(18,874,587)
Closing carrying amount	**1,929,938**	**95,628,428**	2,253,624	111,667,069
Aircraft				
Opening carrying amount	**73,602**	**3,646,979**	89,076	4,413,716
Additions	–	–	–	–
Depreciation expense	**(15,474)**	**(766,737)**	(15,474)	(766,737)
Closing carrying amount	**58,128**	**2,880,242**	73,602	3,646,979
Motor vehicles				
Opening carrying amount	**3**	**149**	4,158	206,029
Depreciation expense	–	–	(4,155)	(205,880)
Closing carrying amount	**3**	**149**	3	149
Computer equipment				
Opening carrying amount	**51,025**	**2,528,289**	101,806	5,044,487
Additions	**109,057**	**5,403,774**	20,182	1,000,018
Depreciation expense	**(31,514)**	**(1,561,519)**	(70,963)	(3,516,216)
Closing carrying amount	**128,568**	**6,370,544**	51,025	2,528,289
Total plant and equipment				
Carrying amount at 1 April	**2,878,476**	**142,628,487**	4,035,767	199,972,256
Additions	**170,793**	**8,462,792**	20,182	1,000,018
Disposals	–	–	(576,328)	(28,557,052)
Depreciation expense	**(496,478)**	**(24,600,485)**	(601,145)	(29,786,735)
Carrying amount at 31 March	**2,552,791**	**126,490,794**	2,878,476	142,628,487

NOTE 12: PAYABLES

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT				
Unsecured liabilities				
Trade creditors	**205,773**	**10,196,054**	1,890,781	93,688,198
Amounts payable to:				
– Mahindra Aerostructures Pvt Ltd	**220,143**	**10,908,086**	60,146	2,980,234
– Tech Talenta Inc (formerly Mahindra Technologies Services Inc)	**203,680**	**10,092,344**	481,875	23,876,906
– Mahindra Vehicle Manufactures Ltd	–	–	14,345	710,795
– Mahindra Aerospace Australia Pty Ltd	**251,717**	**12,472,577**	143,364	7,103,686
– Gipp Aero Investments Pty Ltd	**357,874**	**17,732,657**	223,054	11,052,326
– Mahindra Aerospace Ltd	**123,000**	**6,094,650**	1,507,314	74,687,409
– Mahindra Business Solutions	**10,028**	**496,887**	–	–
– Mahindra & Mahindra Ltd	**1,686,470**	**83,564,589**	1,300,860	64,457,613
Sundry creditors and accruals	**1,495,122**	**74,083,295**	1,340,704	66,431,883
	4,553,807	**225,641,139**	6,962,443	344,989,050
NON CURRENT				
Unsecured liabilities				
Loan from associates				
– Mahindra Aerospace Australia Pty Ltd	**18,073,304**	**895,532,213**	23,672,752	1,172,984,862

NOTE 13: BORROWINGS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT				
Secured liabilities				
Bank loans	**12,300,000**	**609,465,000**	12,300,000	609,465,000
Trade finance loan	–	–	3,187,926	157,961,733
Debtor financing	**1,227,439**	**60,819,602**	123,208	6,104,956
Finance lease liability	**1,625,424**	**80,539,759**	301,157	14,922,329
	15,152,863	**750,824,361**	15,912,291	788,454,018
NON CURRENT				
Secured liabilities				
Debtor financing	–	–	1,223,936	60,646,029
Finance lease liability	**868,747**	**43,046,414**	2,509,869	124,364,009
	868,747	**43,046,414**	3,733,805	185,010,038

NOTE 14: PROVISIONS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT				
Employee benefits	1,110,149	55,007,883	934,706	46,314,682
Warranties	120,899	5,990,545	167,366	8,292,985
Other	210,000	10,405,500	–	–
	1,441,048	71,403,928	1,102,072	54,607,667

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
NON CURRENT				
Employee benefits	67,692	3,354,139	1,424,149	70,566,583
Warranties	66,796	3,309,742	62,295	3,086,717
	134,488	6,663,881	1,486,444	73,653,300

(a) Description of provisions

Included within the provision balance are amounts provided in relation to the following:

(i) A provision for AUD$210,000 was raised for for inspection of the material used in struts on aircraft that has been sold. A contingent liability has been disclosed in Note 20 in relation to this and explained further.

NOTE 15: OTHER LIABILITIES

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
CURRENT				
Customer deposits	598,559	29,658,598	382,916	18,973,488

NOTE 16: SHARE CAPITAL

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Issued and paid-up capital				
57,250,010 Ordinary shares (2016: 10)	57,250,010	2,836,737,996	10	496

NOTE 17: RESERVES

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
General reserve	–	–	34,050,000	1,687,177,500

The general reserve is used to record funds transferred from the ultimate parent to GippsAero Pty Ltd for operational purposes which takes the form of equity. During the year, 34,050,000 shares were issued at AUD$1 each for the balance within this reserve resulting in a nil balance at year.

NOTE 18: ACCUMULATED LOSSES

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Accumulated losses at beginning of year	(41,909,261)	(2,076,603,883)	(27,734,986)	(1,374,268,556)
Net loss for the year	(5,594,023)	(277,183,840)	(14,174,275)	(702,335,326)
Accumulated losses at end of year	(47,503,284)	(2,353,787,723)	(41,909,261)	(2,076,603,882)

NOTE 19: CAPITAL AND LEASING COMMITMENTS

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
(a) Finance leasing commitments				
Payable				
– not later than one year	1,826,818	90,518,832	544,001	26,955,250
– later than one year and not later than five years	881,577	43,682,140	2,703,758	133,971,209
Minimum lease payments	2,708,395	134,200,972	3,247,759	160,926,459
Less future finance charges	(214,224)	(10,614,799)	(456,666)	(22,627,800)
Total finance lease liability	2,494,171	123,586,173	2,791,093	138,298,659
Represented by:				
Current liability	1,625,424	80,539,759	301,157	14,922,329
Non-current liability	868,747	43,046,414	2,489,936	123,376,330
	2,494,171	123,586,173	2,791,093	138,298,659

Finance leasing commitments relate to aircraft.

NOTE 20: CONTINGENT LIABILITIES

Inspection of different batches of material used in struts on aircraft prior to balance date is currently underway. A provision of AUD$210,000 was raised for inspection of the material used in struts on aircraft that has been sold (refer to note 14). Management has prepared an analysis of costs that will be incurred if the Inspection report is negative and the maximum amount expected to be incurred in this event has been disclosed below. The inspection report has not yet been received as at the date the financial report has been signed.

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
A contingent liability exists relative to any future claims which may be made against the company.				
Estimates of the maximum amounts of contingent liabilities that may become payable:				
Replacement of struts	450,000	22,297,500	–	–
	450,000	22,297,500	–	–

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 22: COMPANY DETAILS

The registered office of the company is:

GippsAero Pty Ltd
Latrobe Valley Airfield Pty Ltd
75 Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of GA 8 Airvan Pty Ltd (the "company"), for the year ended 31 March 2017 and auditor's report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$3,850 (Rs. 190768) (2016: AUD$3,850 Loss, Rs. 190768).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Arvind Mehra	**Keith Douglas**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra	**Keith Douglas**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GA8 AIRVAN PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GA8 Airvan Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of GA8 Airvan Pty Ltd as at 31 March 2017, and its financial performance for the year then ended in accordance with applicable accounting standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of GA8 Airvan Pty Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the GA8 Airvan Pty Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the GA8 Airvan Pty Ltd or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the GA8 Airvan Pty Ltd's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 GA8 Airvan Pty Ltd'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 GA8 Airvan Pty Ltd'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 report 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 GA8 Airvan Pty Ltd to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL
Partner

PITCHER PARTNERS
Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Revenue		–	–	–	–
Less: expenses					
Professional fees		(3,850)	(190,768)	(3,850)	(190,768)
		(3,850)	(190,768)	(3,850)	(190,768)
Loss before income tax expense		(3,850)	(190,768)	(3,850)	(190,768)
Income tax expense		–	–	–	–
Loss for the year		(3,850)	(190,768)	(3,850)	(190,768)
		(3,850)	(190,768)	(3,850)	(190,768)
Total comprehensive loss		(3,850)	(190,768)	(3,850)	(190,768)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents		3	149	3	149
Total current assets		3	149	3	149
Total assets		3	149	3	149
Current liabilities					
Payables	2	7,700	381,536	3,850	190,768
Total current liabilities		7,700	381,536	3,850	190,768
Total liabilities		7,700	381,536	3,850	190,768
Net assets		(7,697)	(381,387)	(3,847)	(190,619)
Equity					
Share capital	3	3	149	3	149
Accumulated losses	4	(7,700)	(381,536)	(3,850)	(190,768)
Total equity		(7,697)	(381,387)	(3,847)	(190,619)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Australian dollars	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Balance as at 1 April 2015	3	–	3
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2016	3	(3,850)	(3,847)
Balance as at 1 April 2016	3	(3,850)	(3,847)
Loss for the year	–	(3,850)	(3,850)
Total comprehensive loss for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	3	(7,700)	(7,697)
Indian rupees			
Balance as at 1 April 2015	147	–	147
Profit/(loss) for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2016	147	(190,768)	(190,621)
Balance as at 1 April 2016	147	(190,768)	(190,621)
Loss for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2017	147	(381,536)	(381,389)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA8 Airvan Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of AUD$3,850 (Rs: 190,768) during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$7,697 (Rs: 381,437).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2017. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1 as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: PAYABLES

CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	7,700	381,536	3,850	190,768

NOTE 3: SHARE CAPITAL

Issued and paid-up capital				
3 Ordinary shares (2016: 3)	3	149	3	149

NOTE 4: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(3,850)	(190,768)	–	–
Net profit	(3,850)	(190,768)	(3,850)	(190,768)
Accumulated losses at end of year	(7,700)	(381,536)	(3,850)	(190,768)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

GA8 Airvan Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of GA 200 Pty Ltd (the "company") and the company, for the year ended 31 March 2017 and auditor's report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$3,850 (Rs. 190768) (2016: AUD$3,850 Loss, Rs. 190768).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Arvind Mehra
Director

Keith Douglas
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra
Director

Keith Douglas
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GA 200 PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GA200 Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of GA8 Airvan Pty Ltd as at 31 March 2017, and its financial performance for the year then ended in accordance with applicable accounting standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of GA200 Pty Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the GA200 Pty Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the GA200 Pty Ltd or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the GA200 Pty Ltd's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 GA200 Pty Ltd'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 GA200 Pty Ltd'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 report 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 GA200 Pty Ltd to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

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.

N R BULL	**PITCHER PARTNERS**
Partner	Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupee
Revenue		**–**	**–**	–	–
Less: expenses					
Professional fees		**(3,850)**	**(190,768)**	(3,850)	(190,768)
		(3,850)	**(190,768)**	(3,850)	(190,768)
Loss before income tax expense		**(3,850)**	**(190,768)**	(3,850)	(190,768)
Income tax expense		**–**	**–**	–	–
Loss for the year		**(3,850)**	**(190,768)**	(3,850)	(190,768)
Total comprehensive loss		**(3,850)**	**(190,768)**	(3,850)	(190,768)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents		**3**	**149**	3	149
Total current assets		**3**	**149**	3	149
Total assets		**3**	**149**	3	149
Current liabilities					
Payables	2	**7,700**	**381,536**	3,850	190,768
Total current liabilities		**7,700**	**381,536**	3,850	190,768
Total liabilities		**7,700**	**381,536**	3,850	190,768
Net assets		**(7,697)**	**(381,387)**	(3,847)	(190,619)
Equity					
Share capital	3	**3**	**149**	3	149
Accumulated losses	4	**(7,700)**	**(381,536)**	(3,850)	(190,768)
Total equity		**(7,697)**	**(381,387)**	(3,847)	(190,619)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Australian Dollars			
Balance as at 1 April 2015	3	–	3
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2016	3	(3,850)	(3,847)
Balance as at 1 April 2016	3	(3,850)	(3,847)
Loss for the year	–	(3,850)	(3,850)
Total comprehensive loss for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	3	(7,700)	(7,697)
Indian rupees			
Balance as at 1 April 2015	147	–	147
Profit/(loss) for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2016	147	(190,768)	(190,621)
Balance as at 1 April 2016	147	(190,768)	(190,621)
Loss for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2017	147	(381,536)	(381,389)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA 200 Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of AUD$3,850 (Rs: 190,768) during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$7,697 (Rs: 381,437).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2017. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1 as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
NOTE 2: PAYABLES				
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**7,700**	**381,536**	3,850	190,768
NOTE 3: SHARE CAPITAL				
Issued and paid-up capital				
3 Ordinary shares (2016: 3)	**3**	**149**	3	149
NOTE 4: ACCUMULATED LOSSES				
Accumulated losses at beginning of year	**(3,850)**	**(190,768)**	–	–
Net profit	**(3,850)**	**(190,768)**	(3,850)	(190,768)
Accumulated losses at end of year	**(7,700)**	**(381,536)**	(3,850)	(190,768)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

GA 200 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Airvan Flight Services Pty Ltd (the "company") for the year ended 31 March 2017 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra (resigned 27 April 2017)
Keith Douglas (CEO)
George Morgan
Ajay Mantry (appointed 26 April 2017)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$3,850 (Rs. 190768) (2016: AUD$3,850 Loss, Rs. 190768).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was to hold the Air Operators Certificate. .

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Ajay Mantry
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Ajay Mantry
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AIRVAN FLIGHT SERVICES PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Airvan Flight Services Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of Airvan Flight Services Pty Ltd as at 31 March 2017, and its financial performance for the year then ended in accordance with applicable accounting standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Airvan Flight Services Pty Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Airvan Flight Services Pty Ltd's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Airvan Flight Services Pty Ltd'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 Airvan Flight Services Pty Ltd'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 report 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 Airvan Flight Services Pty Ltd to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL
Partner

Pitcher Partners
Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Revenue	–	–	–	–
Less: expenses	–	–	–	–
Professional fees	(3,850)	(190,768)	(3,850)	(190,768)
	(3,850)	(190,768)	(3,850)	(190,768)
Loss before income tax expense	(3,850)	(190,768)	(3,850)	(190,768)
Income tax expense	–	–	–	–
Loss for the year	(3,850)	(190,768)	(3,850)	(190,768)
Total comprehensive loss	(3,850)	(190,768)	(3,850)	(190,768)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents	2	2	99	2	99
Total current assets		2	99	2	99
Total assets		2	99	2	99
Current liabilities					
Payables	3	7,700	381,536	3,850	190,768
Total current liabilities		7,700	381,536	3,850	190,768
Total liabilities		7,700	381,536	3,850	190,768
Net assets		(7,698)	(381,437)	(3,848)	(190,669)
Equity					
Share capital	4	2	99	2	99
Accumulated losses	5	(7,700)	(381,536)	(3,850)	(190,768)
Total equity		(7,698)	(381,437)	(3,848)	(190,669)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Australian Dollars			
Balance as at 1 April 2015	2	–	2
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2016	2	(3,850)	(3,848)
Balance as at 1 April 2016	2	(3,850)	(3,848)
Loss for the year	–	(3,850)	(3,850)
Total comprehensive loss for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	**2**	**(7,700)**	**(7,698)**
Indian Rupees			
Balance as at 1 April 2015	99	–	99
Profit/(loss) for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2016	99	(190,768)	(190,669)
Balance as at 1 April 2016	99	(190,768)	(190,669)
Loss for the year	–	(190,768)	(190,768)
Total comprehensive loss for the year	–	(190,768)	(190,768)
Balance as at 31 March 2017	**99**	**(381,536)**	**(381,437)**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan Flight Services Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of AUD$3,850 (Rs: 190,768) during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$7,698 (Rs: 381,437).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2017. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1 as advised by the ultimate parent entity

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Cash on hand	**2**	**99**	2	99

NOTE 3: PAYABLES

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**7,700**	**381,536**	3,850	190,768

NOTE 4: SHARE CAPITAL

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Issued and paid-up capital				
2 (2016: 2) Ordinary shares	**2**	**99**	2	99

NOTE 5: ACCUMULATED LOSSES

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Accumulated losses at beginning of year	**(3,850)**	**(190,768)**	–	–
Net profit	**(3,850)**	**(190,768)**	(3,850)	(190,768)
Accumulated losses at end of year	**(7,700)**	**(381,536)**	(3,850)	(190,768)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan Flight Services Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Gipp Aero Investments Pty Ltd (the "company") for the year ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$10,459 (` 518,244) (2016: AUD$19,711,367 Loss, ` 976,698,235).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holding of investments in subsidiaries.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under Section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas Director

Ajay Mantry Director

Place: Melbourne

Dated: 27th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*: and
   (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 31 March 2017 and performance for the year ended on that date of the entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas Director

Ajay Mantry Director

Place: Melbourne

Dated: 27th April, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPP AERO INVESTMENTS PTY LTD – INDIAN STAT

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Gipp Aero Investments Pty Ltd (the "company"), which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other 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, and the directors' declaration.

In our opinion, the accompanying financial report of Gipp Aero Investments Pty Ltd, is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 auditor's report to the related disclosures in the financial report 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 report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL **PITCHER PARTNERS**
Partner Melbourne

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GIPP AERO INVESTMENT PTY LTD

In relation to the independent audit for the year ended 31 March 2017, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

N R BULL **PITCHER PARTNERS**
Partner Melbourne

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	AUD$	`	AUD$	`
Revenue and other income				
Other revenue	**43**	**2,131**	–	–
	43	**2,131**	–	–
Less: expenses				
Finance costs	**(152)**	**(7,532)**	(55)	(2,725)
Professional fees	**(10,350)**	**(512,843)**	(7,312)	(362,310)
Impairment loss	**–**	**–**	(19,704,000)	(976,333,200)
	(10,502)	**(520,375)**	(19,711,367)	(976,698,235)
Loss before income tax expense	**(10,459)**	**(518,244)**	(19,711,367)	(976,698,235)
Income tax expense	**–**	**–**	–	–
Loss from continuing operations	**(10,459)**	**(518,244)**	(19,711,367)	(976,698,235)
Total comprehensive loss	**(10,459)**	**(518,244)**	(19,711,367)	(976,698,235)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 `	2016 AUD$	2016 `
Current assets					
Cash and cash equivalents	4	**21,062**	**1,043,622**	483	23,933
Total current assets		**21,062**	**1,043,622**	483	23,933
Non-current assets					
Investment in subsidiaries	5	**42,546,028**	**2,108,155,689**	19,346,028	958,595,689
Total non-current assets		**42,546,028**	**2,108,155,689**	19,346,028	958,595,689
Total assets		**42,567,090**	**2,109,199,311**	19,346,511	958,619,622
Current liabilities					
Payables	6	**17,360**	**860,188**	16,322	808,755
Total current liabilities		**17,360**	**860,188**	16,322	808,755
Total liabilities		**17,360**	**860,188**	16,322	808,755
Net assets		**42,549,730**	**2,108,339,123**	19,330,189	957,810,867
Equity					
Share capital	7	**64,297,275**	**3,185,929,976**	7,017,275	347,705,976
Reserves	8	**–**	**–**	34,050,000	1,687,177,500
Accumulated losses	9	**(21,747,545)**	**(1,077,590,853)**	(21,737,086)	(1,077,072,609)
Total equity		**42,549,730**	**2,108,339,123**	19,330,189	957,810,867

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Australian Dollars	Contributed equity	Reserves	Accumulated losses	Total equity
	AUD$	AUD$	AUD$	AUD$
Balance as at 1 April 2015	7,017,275	33,250,000	(2,025,719)	38,241,556
Loss for the year	–	–	(19,711,367)	(19,711,367)
Total comprehensive income for the year	–	–	(19,711,367)	(19,711,367)
Transactions with owners in their capacity as owners:				
Contributions	–	800,000	–	800,000
Total transactions with owners in their capacity as owners	–	800,000	–	800,000
Balance as at 31 March 2016	7,017,275	34,050,000	(21,737,086)	19,330,189
Balance as at 1 April 2016	7,017,275	34,050,000	(21,737,086)	19,330,189
Loss for the year	–	–	(10,459)	(10,459)
Total comprehensive income for the year	–	–	(10,459)	(10,459)
Transactions with owners in their capacity as owners:				
Contributions	57,280,000	–	–	57,280,000
Converted to equity	–	(34,050,000)	–	(34,050,000)
Total transactions with owners in their capacity as owners	57,280,000	(34,050,000)	–	23,230,000
Balance as at 31 March 2017	**64,297,275**	**–**	**(21,747,545)**	**42,549,730**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Indian Rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	`	`	`	`
Balance as at 1 April 2015	347,705,976	1,647,537,500	(100,374,374)	1,894,869,102
Loss for the year	–	–	(976,698,235)	(976,698,235)
Total comprehensive income for the year	–	–	(976,698,235)	(976,698,235)
Transactions with owners in their capacity as owners:				
Converted to equity	–	39,640,000	–	39,640,000
Total transactions with owners in their capacity as owners	–	39,640,000	–	39,640,000
Balance as at 31 March 2016	347,705,976	1,687,177,500	(1,077,072,609)	957,810,867
Balance as at 1 April 2016	347,705,976	1,687,177,500	(1,077,072,609)	957,810,867
Loss for the year	–	–	(518,244)	(518,244)
Total comprehensive income for the year	–	–	(518,244)	(518,244)
Transactions with owners in their capacity as owners:				
Contributions	2,838,224,000	–	–	2,838,224,000
Converted to equity	–	(1,687,177,500)	–	(1,687,177,500)
Total transactions with owners in their capacity as owners	2,838,224,000	(1,687,177,500)	–	1,151,046,500
Balance as at 31 March 2017	**3,185,929,976**	**–**	**(1,077,590,853)**	**2,108,339,123**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	AUD$	`	AUD$	`
Cash flow from operating activities				
Payments to suppliers and employees	**(9,464)**	**(468,941)**	–	–
Interest received	**43**	**2,131**	–	–
Finance costs...	**–**	**–**	(45)	(2,210)
Net cash used in operating activities	**9,421)**	**(466,810)**	(45)	(2,210)
Cash flow from investing activities				
Payment for investments in subsidiaries	**23,200,000)**	**(1,149,560,000)**	(800,010)	(39,280,491)
Net cash used in investing activities	**(23,200,000)**	**(1,149,560,000)**	(800,010)	(39,280,491)
Cash flow from financing activities				
Funds received from parent entity	**23,200,000**	**1,149,560,000**	800,000	39,280,000
Net cash provided by financing activities....	**23,200,000**	**1,149,560,000**	800,000	39,280,000
Reconciliation of cash				
Cash at beginning of the financial year..........	**483**	**23,933**	538	26,634
Net decrease in cash held	**20,579**	**1,019,689**	(55)	(2,701)
Cash at end of financial year	**21,062**	**1,043,622**	483	23,933

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Gipp Aero Investments Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 10:	Consolidated Financial Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accouting accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.k

The company incurred a loss from ordinary activities of AUD$10,459 (` 518,244) during the year ended 31 March 2017.

The company is dependent on the ongoing financial support of the ultimate parent entity to meet its financial obligations at 31 March 2017. As at the date of signing the company has received confirmation of ongoing financial support from its ultimate parent company.

At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of ` 49.55 = AUD$1.00 as advised by the ultimate parent entity.

(d) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(f) Investments in subsidiaries

Non current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(g) Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

For an asset measured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) *Investment in Subsidiaries*

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, the investments in subsidiaries are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

A formal valuation has been prepared by management in order to test for any impairment to the value of investments in subsidiaries. In performing the valuation, management has soughta review from our independent internal expert on the appropriateness of the discount rate for the CGU. The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years.

The present value of the future cashflows has been calculated using the following key assumptions:

– average growth rate between 0% and 3% for the sale price of aircraft (2016: 0% 3%);

– average cost of sales growth rate between 2.1% to 4.0% (2016: 2.8% 4.1%);

– terminal value growth rate of 2.5% (2016: 2.5%);

– the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);

– discount rate to be 14.3%, (2016: 15%) and;

– sales volumes as anticipated by management following its analysis of the aerospace industry

NOTE 4: CASH AND CASH EQUIVALENTS

	2017 AUD$	2017 `	2016 AUD$	2016 `
Cash at bank	**21,062**	**1,043,622**	483	23,933

NOTE 5: INVESTMENT IN SUBSIDIARIES

	2017 AUD$	2017 `	2016 AUD$	2016 `
NON CURRENT				
Investments at cost:				
Investment in GA8 Airvan Pty Ltd	**3**	**149**	3	149
Investment in GA200 Pty Ltd	**3**	**149**	3	149
Investment in Airvan 10 Pty Ltd	**10**	**496**	10	496
Investment in Airvan Flight Services Pty Ltd	**2**	**99**	2	99
Investment in Nomad TC Pty Ltd	**5,000,000**	**247,750,000**	5,000,000	247,750,000
Investment in GippsAero Pty Ltd	**57,250,010**	**2,836,737,996**	34,050,010	1,687,177,996
	62,250,028	**3,084,488,889**	39,050,028	1,934,928,889
Provision for impairment loss	**(19,704,000)**	**(976,333,200)**	(19,704,000)	(976,333,200)
Total financial assets at fair value through profit or loss	**42,546,028**	**2,108,155,689**	19,346,028	958,595,689

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

– average growth rate between 0% and 3% for the sale price of aircraft (2016: 0% 3%);

– average cost of sales growth rate between 2.1% to 4.0% (2016: 2.8% 4.1%);

– terminal value growth rate of 2.5% (2016: 2.5%);

– the USD/AUD exchange rate to be at 0.74 throughout the projection period (2016: 0.80);

– discount rate to be 14.3%, (2016: 15%) and;

– sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has also been completed by management for the investments in the subsidiary companies which has used as its assessment of impairment. In performing the valuation, management has soughta review from our independent internal expert on the appropriateness of the discount rate for the CGU. No further impairment was raised in the current financial year.

NOTE 6: PAYABLES

	2017 AUD$	2017 `	2016 AUD$	2016 `
CURRENT				
Unsecured liabilities				
Amounts payable to:				
– GippsAero Pty Ltd	–	–	9,000	445,950
Sundry creditors and accruals	**17,360**	**860,188**	7,322	362,805
	17,360	**860,188**	16,322	808,755

NOTE 7: SHARE CAPITAL

	2017 AUD$	2017 `	2016 AUD$	2016 `
Issued and paid-up capital				
57,312,247 (2016: 32,247) Ordinary shares	**64,297,275**	**3,185,929,976**	7,017,275	347,705,976

NOTE 8: RESERVES

	2017 AUD$	2017 `	2016 AUD$	2016 `
General reserve	–	–	34,050,000	1,687,177,500

The general reserve is used to record funds transferred from the ultimate parent to Gipp Aero Investments Pty Ltd for operational purposes which takes the form of equity. A resolution was passed by the board on 13 May 2016 to issue 34,050,000 shares at AUD$1 each out of this reserve. Owing to this, the balance in the reserve is nil.

NOTE 9: ACCUMULATED LOSSES

	2017 AUD$	2017 `	2016 AUD$	2016 `
Accumulated losses at beginning of year	**(21,737,086)**	**(1,077,072,609)**	(2,025,719)	(100,374,374)
Net loss for the year	**(10,459)**	**(518,244)**	(19,711,367)	(976,698,235)
	(21,737,086)	**(1,077,590,853)**	(21,737,086)	(1,077,072,609)

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 11: COMPANY DETAILS

The registered office of the company is:

Gipp Aero Investments Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Nomad TC Pty Ltd (the "company") for the year ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to AUD$3,850 (Rs. 190768)(2016: AUD$5,500 Loss, Rs. 272525).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Arvind Mehra
Director

Keith Douglas
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

   This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra
Director

Keith Douglas
Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOMAD TC PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Nomad TC Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Nomad TC Pty Ltd as at 31 March 2017, and its financial performance for the year then ended in accordance with applicable accounting standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Nomad TC Pty Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Nomad TC Pty Ltd's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Nomad TC Pty Ltd'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 Nomad TC Pty Ltd'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 report 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 Nomad TC Pty Ltd to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL	**PITCHER PARTNERS**
Partner	Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Revenue		–	–	–	–
Less: expenses					
Professional fees		(3,850)	(190,768)	(5,500)	(272,525)
		(3,850)	(190,768)	(5,500)	(272,525)
Loss before income tax expense		(3,850)	(190,768)	(5,500)	(272,525)
Income tax expense		–	–	–	–
Loss for the year		(3,850)	(190,768)	(5,500)	(272,525)
Total comprehensive loss		(3,850)	(190,768)	(5,500)	(272,525)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current liabilities					
Payables	2	9,350	463,293	5,500	272,525
Total current liabilities		9,350	463,293	5,500	272,525
Total liabilities		9,350	463,293	5,500	272,525
Net assets		(9,350)	(463,293)	(5,500)	(272,525)
Equity					
Share capital	3	11,308	560,311	11,308	560,311
Accumulated losses	4	(20,658)	(1,023,604)	(16,808)	(832,836)
Total equity		(9,350)	(463,293)	(5,500)	(272,525)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Australian dollars			
Balance as at 1 April 2015	11,308	(11,308)	–
Profit/(loss) for the year	–	(5,500)	(5,500)
Total comprehensive income for the year	–	(5,500)	(5,500)
Balance as at 31 March 2016	11,308	(16,808)	(5,500)
Balance as at 1 April 2016	11,308	(16,808)	(5,500)
Loss for the year	–	(3,850)	(3,850)
Total comprehensive loss for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	11,308	(20,658)	(9,350)
Indian rupees			
Balance as at 1 April 2015	560,311	(560,311)	–
Profit/(loss) for the year	–	(272,525)	(272,525)
Total comprehensive income for the year	–	(272,525)	(272,525)
Balance as at 31 March 2016	560,311	(832,836)	(272,525)
Balance as at 1 April 2016	560,311	(832,836)	(272,525)
Loss for the year	–	(190,768)	(190,768)
Total comprehensive income for the year	–	(190,768)	(190,768)
Balance as at 31 March 2017	560,311	(1,023,604)	(463,293)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Nomad TC Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of AUD$3,850 during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$9,350.

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2017. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1 as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: PAYABLES

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**9,350**	**463,293**	5,500	272,525

NOTE 3: SHARE CAPITAL

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Issued and paid-up capital				
11,308 Ordinary shares (2016: 11,308)	**11,308**	**560,311**	11,308	560,311

NOTE 4: ACCUMULATED LOSSES

	2017 AUD$	**2017 Rupees**	2016 AUD$	2016 Rupees
Accumulated losses at beginning of year	**(16,808)**	**(832,836)**	(11,308)	(560,311)
Net profit	**(3,850)**	**(190,768)**	(5,500)	(272,525)
Accumulated losses at end of year	**(20,658)**	**(1,023,604)**	(16,808)	(832,836)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

Nomad TC Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Revenue	**3,176.84**	733.90
Profit/(Loss) before Interest, Depreciation and Tax	**(2,060.27)**	(2,917.54)
Less : Depreciation	**1,294.79**	1,142.86
Less: Impairment of Capital Work in Progress	**325.00**	–
Profit/(Loss) before Interest and Tax	**(3,680.06)**	(4,060.40)
Less : Interest Expense	**1,573.32**	1,200.30
Profit/(Loss) before Tax	**(5,253.38)**	(5,260.70)
Provision for Tax	**–**	–
Profit/(Loss) for the year	**(5,253.38)**	(5,260.70)
Other Comprehensive Income	**15.38**	4.06
Total Comprehensive Income	**(5,238.00)**	(5,256.64)
Retained earnings brought forward from earlier years	**(12,943.37)**	(7,686.73)
Retained Earnings carried to Balance Sheet	**(18,181.37)**	(12,943.37)
Net Worth	**5,354.63**	3,092.63

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

Operations

During the year, the Company has ramped up production significantly on serial production for various customers. The production volumes have increased from 20,000 parts per month in the beginning of the year to 100,000 parts per month by the end of the year. During the year your Company has also been awarded its first direct contracts by Boeing and Airbus, making it a Tier 1 to both major OEMs. The Airbus contract will transition the Company from its existing soft metal (aluminum alloys) capabilities to hard metals (Titanium, aerospace steels, etc.). Your Company has also signed new work packages with three existing customers (PAG, Saab and Triumph) during the year, and has moved into delivery of control surface assemblies to GippsAero. The Company continues to pursue various opportunities in India and abroad for larger value work and these efforts are expected to yield results in the coming years.

Dividend

In view of the continuing losses, your Directors have not considered declaration of dividend for the year under review.

Share Capital

During the year under review, the Authorized Share Capital of the Company was increased from Rs. 275,00,00,000 divided into 27,50,00,000 Equity Shares of the face value Rs. 10/- each to Rs. 300,00,00,000/- divided into 30,00,00,000 Equity Shares of the face value Rs. 10/- each by creating a 2,50,00,000 additional Equity Shares of Rs. 10/- each.

During the year under review, your company issued 7,50,00,000 Equity Shares of Rs. 10/- each on Rights Basis at par and the paid up share capital of the Company stood at Rs. 235,36,00,000/- as at the end of the year under review.

Board of Directors

The Composition of the Board of Directors of the Company is as under:

Sl. No.	Name of the Director	Designation	Executive/Non-Executive	Independent/ Non Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman	Non-Executive	Non Independent
2	Mr. Sudhir Yagnik (DIN: 07340019)	Director	Non-Executive	Non Independent
3	Mr. Arvind Kumar Mehra (DIN: 01039769)	Director	Non-Executive	Non Independent
4	Mrs. Rajyalakshmi Rao Meka (DIN: 00009420)	Director	Non-Executive	Independent
5	Rear Admiral Sanjiv Kapoor AVSM (Retd.) (DIN: 07138582)	Director	Non-Executive	Independent
6	Dr. Krishnamurthy Karthik (DIN: 07130799)	Whole Time Director	Executive	Non Independent
7	Mr. Dhiraj Rajendran* (DIN: 06884408)	Director	Non-Executive	Non Independent

* Mr. Dhiraj Rajendran was appointed as Additional Director on 28th April, 2017.

Mr. R Laxman resigned as Director with effect from 17th April, 2017. Your Board takes this opportunity to place on record the valuable contribution made by Mr. R Laxman during his association with the Company.

Mr. Dhiraj Rajendran (DIN: 06884408) was appointed as Additional Director and holds office up to the ensuing Annual General Meeting only. Your Company has received notice from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of Mr. Dhiraj Rajendran. The Board recommends to the shareholders his appointment as Director.

Mr. S P Shukla (DIN: 00007418) Director retires by rotation and being eligible has offered himself for reappointment.

Your Company has received declarations from Mrs. Rajyalakshmi Rao Meka and Rear Admiral Sanjiv Kapoor AVSM (Retd.) to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Pursuant to the formation of opinion by the Board that Mrs. Rajyalakshmi Rao Meka and Rear Admiral Sanjiv Kapoor AVSM (Retd.) are persons with integrity and possess relevant expertise and experience and receipt of declarations from them to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, Mrs. Rajyalakshmi Rao Meka (DIN:00009420) and Rear Admiral Sanjiv Kapoor AVSM (Retd.)(DIN: 07138582), have been re-appointed as Independent Directors, subject to the approval of Shareholders, for a period of three years and one year respectively with effect from 30th March, 2017.

Meetings of the Board of Directors and Annual General Meeting

Your Board of Directors met four times during the year under review i.e. on 17th May, 2016, 13th September, 2016, 11th November, 2016 and 1st March, 2017.

6th Annual General Meeting of the shareholders was held on 13th September, 2016.

The attendance at the meetings of the Board during the year under review was as under:-

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. Sudhir Yagnik	3
Mr. Arvind Mehra	3
Dr. Karthik Krishnamurthy	3
Mr. R Laxman*	2
Mrs. Rajyalakshmi Rao Meka	4
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	4

** Resigned with effect from 17th April, 2017.*

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating team, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation. Based on the feedback the Board carried out the annual evaluation of performance of its own, its committees and individual Directors including independent directors at the meeting of the Board held on 28th April, 2017.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with respective Code of Conduct.

Meeting of Independent Directors

The Independent Directors of the Company met on 11th November, 2016 without the presence of the Chairman or Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner 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, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), 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.

Committees of the Board:

Audit Committee

The Committee consists of Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director and Mr. Sudhir Yagnik, Director.

Mrs. Rajyalakshmi Rao Meka is the Chairperson of the Audit Committee.

The Committee met three times during the year under review i.e., on 17th May, 2016, 13th September, 2016 and 1st March, 2017 and complied with the terms of reference assigned to the Committee from time to time.

The attendance at the meetings of the Audit Committee was as under:-

Name of Directors	No. of meetings attended
Mr. Sudhir Yagnik	2
Mrs. Rajyalakshmi Rao Meka	3
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	3

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Mr. S P Shukla and Mr. Arvind Mehra, Directors.

Rear Admiral Sanjiv Kapoor AVSM (Retd.) is the Chairman of the Nomination and Remuneration Committee.

The Committee met three times during the year under review i.e. on 17th May, 2016, 13th September, 2016 and 11th November, 2016.

The attendance at the meetings of the Nomination and Remuneration Committee was as under:-

Name of Directors	No. of meetings attended
Mr. S P Shukla	3
Mr. Arvind Mehra	3
Mrs. Rajyalakshmi Rao Meka	3
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	3

The Committee members at their meeting held on 28th April, 2017 carried out an evaluation of the performance of individual directors through a structured questionnaire process.

Key Managerial Personnel (KMP)

Mr. T Subrahmanya Sharma resigned as Chief Financial Officer with effect from 18th May, 2016 and was re-appointed as Chief Financial Officer of the Company with effect from 13th September, 2016. Mr. Vilas Chaubal was appointed as Company Secretary with effect from 13th September, 2016.

During the year under review, Dr. Karthik Krishnamurthy was reappointed as Whole Time Director for a further period of two years with effect from 23rd March, 2017. His reappointment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Policy for Remuneration of Directors, Key Managerial Personnel, and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel

Policies for the remuneration of Directors, Key Managerial Personnel and other employees and appointment/removal of Directors and Senior Management Personnel together with the criteria for determining qualifications, positive attributes and independence of Directors which are in line with the principles of transparency and consistency, are in place. The same have been formulated upon recommendation of Nomination and Remuneration Committee.

These policies are furnished in **Annexure I** and the same forms part of this Report.

Risk Management Policy

Your Company has a Risk Management Policy in place. The Policy helps in identifying elements of risk, if any, which may threaten the existence of the Company and managing the risks associated with the business of the Company.

Vigil Mechanism

The Vigil Mechanism is implemented through the Company's Whistleblower Policy to enable the Directors and Employees of the Company to report genuine concerns. The mechanism provides for adequate safeguards against victimization of persons reporting/disclosing and makes a provision for easy access to the Chairperson of the Audit Committee for reporting, if any.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Statutory Auditors & Audit Report

The Existing Auditors M/s. B K Khare & Co, Chartered Accountants, hold office until the conclusion of the 7th Annual General Meeting. Your company has received a letter from them expressing their unwillingness to continue as Statutory Auditors of the company.

In view of the above, your Board has recommended to the shareholders the appointment of M/s. B S R & Co., LLP Chartered Accountants (Registration No: 101248 W/W-100022 as statutory auditors of the Company.

The shareholders are requested to appoint Auditors for a term of 5 consecutive years from the conclusion of forthcoming Annual General Meeting until the conclusion of 12th Annual General Meeting to be held in the year 2022 and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified therein.

The Report of the existing Statutory Auditors, B K Khare & Co (ICAI Registration No. 105102W) does not contain any qualification, reservation or adverse remark.

Secretarial Auditor & Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. M Siroya & Co, Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2017.

The Secretarial Audit Report for the financial year ended 31st March 2017, issued by the Secretarial Auditor, pursuant to the aforesaid provisions, is provided as **Annexure II** and the same forms part of this report.

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

Reporting on Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms part of this Report.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, Your Company had not made any investment or given loans/guarantees particulars in respect of which are required to be given under section 186 of the Companies Act, 2013.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V thereto applicable to ultimate parent company Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder were in ordinary course of business and on arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure IV** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 is attached herewith as **Annexure V** and the same forms part of this report.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

POLICY FOR REMUNERATION OF DIRECTORS KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerostructures Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with aerospace component manufacturing companies.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for new employees other than KMPs and Senior Management Personnel will be decided by HR, and approved by the Managing Director/Whole Time Director/Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights and/or Stock Options/Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

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

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Aerostructures Private Limited

"**Committee(s)**" means Committees of the Board for the time being in force.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

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

Removal of Directors

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

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

   The framework lays down an architecture and processes to address these questions using the **3E** approach:

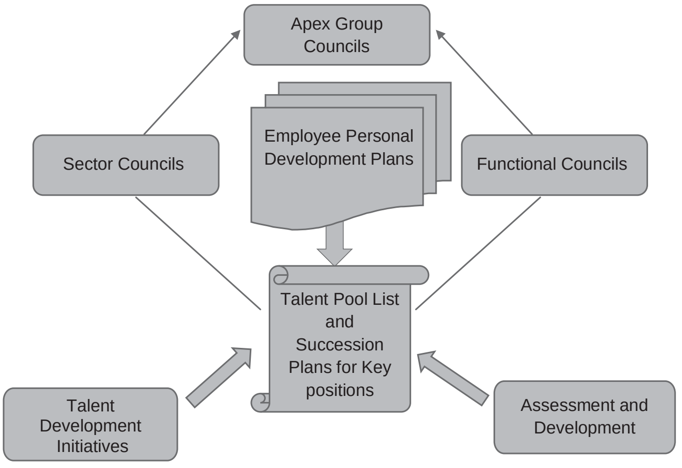
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels.

These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman.

The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/ Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Mr. S. P. Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Aerostructures Private Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerostructures Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder are not applicable to the Company during the year;

(iii) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act; and
5. Such other Local laws etc. as may be applicable.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) At the Extraordinary General Meeting of the members held on September 27, 2016, inter-alia, the following resolutions were passed:

    (a) Increase in Authorised Share Capital of the Company from Rs. 2,750,000,000 (Rupees Two Hundred and Seventy Five Crores) to Rs. 3,000,000,000 (Rupees Three Hundred Crores), thereby altering the Memorandum of Association of the Company; and

(b) Pursuant to the special resolution under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors have been authorised to create charges subject to a maximum limit of Rs. 250 crores and borrow moneys (apart from temporary loans from the Company's bankers in the ordinary course of business) subject to maximum limit of Rs. 250 crores;

(ii) At the Extraordinary General Meeting of the members held on October 10, 2016, the following resolution was passed:

(a) Noting/approval of the report of the Board of Directors, pursuant to Section 23 (1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985, about the erosion of 50% or more of Company's peak net-worth during the immediately preceding four years by its accumulated losses as per the audited accounts for the financial year ended 31st March, 2016 and consequential reporting thereof to the Board for Industrial and Financial Reconstruction (BIFR).

(iii) At the Board Meeting held on November 11, 2016, inter-alia, the following resolution was passed:

(a) Approved the allotment of 2,50,00,000 (Two Crore and Fifty Lakhs) Equity Shares of Rs. 10 each on Right basis.

(iv) At the Meeting of Right Issue Committee of Directors held on December 22, 2016, the following resolution was passed:

(a) Approved the allotment of 5,00,00,000 (Five Crores) Equity Shares of Rs. 10 each on Right basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 28, 2017
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Aerospace Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 28, 2017
Place: Mumbai

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

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

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: NIL

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

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) **NIL**

iv) the expenditure incurred on Research and Development : **NIL**

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

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange earned	**1,652.95**	128.78
Total Foreign Exchange used	**2,035.74**	712.74

For and on behalf of the Board

Mr. S. P. Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE IV TO DIRECTORS' REPORT FOR THE YEAR ENDED 31^{ST} MARCH, 2017

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 transaction under third proviso thereto.

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

Sr. No.	Name(s) of the related party & nature of relationship		Nature of transaction	Duration of the transaction	Salient terms of the transaction, including the value if any		Date of approval by the Board	Amount paid as advances if any
1	Mahindra & Mahindra Limited	Ultimate Holding Company	Services received	1^{st} April, 2016 to 31^{st} March, 2017	Allocation of corporate cost At actuals and personnel cost based on the time spent by respective personnel	257.98	N.A.	–
2	Mahindra Aerospace Pvt Limited	Holding Company	Lease rentals received	For a period of Five years commencing from 10^{th} July 2014	At prevailing market rate	8.23	N.A.	–
			Services Received	1^{st} April, 2016 to 31^{st} March, 2017	Allocation of corporate cost At actuals and personnel cost based on the time spent by respective personnel	145.30		
3	Bristle Cone Ltd	Fellow Subsidiary	Services received	1^{st} Apr 16 to 31^{st} Mar 17	SAP implementation	37.95	N.A.	–
4	Gippsaero Pty Ltd	Fellow Subsidiary	Sale of components & tooling cost	1^{st} Apr 16 to 31^{st} Mar 17	At Market rates	231.19	N.A.	–
			Purchase of components	1^{st} Apr 16 to 31^{st} Mar 17	on Cost basis	115.41		
5	Mahindra Integrated Business Solutions Pvt Ltd	Fellow Subsidiary	Services received	1^{st} Apr 16 to 31^{st} Mar 17	Payroll processing & other outsourcing services at market rates	8.32	N.A.	–
6	Lords freight India Pvt ltd	Fellow Subsidiary	Logistics services received	1^{st} Apr 16 to 31^{st} Mar 17	Logistics services at market rates	4.79	N.A.	–

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as materialfor the purpose of disclosure.

- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

S. P. Shukla
Chairman

Mumbai, 28th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

[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:-	U35122MH2011PTC212744
ii)	Registration Date	27/01/2011
iii)	Name of the Company	Mahindra Aerostructures Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Non-Government Indian Company
v)	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No.022 2490 1441, Fax No. 022 2497 5081
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. 7th Floor, 701, Hallmark Business Plaza, St. Dnyaneshwar Marg, Off Bandra Kurla complex, Bandra East, Mumbai 400051 Tel. Ph.: 9122 61491626

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacture of aerospace components & assemblies	30305	**70.7%**
2	Job work charges	82990	**25.1%**

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 Aerospace Private Limited, Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Mahindra Towers, P k Kurne Chowk, Worli, Mumbai 400 018	U63033MH2008PTC179520	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp.	–	160,360,000	160,360,000	100	–	235,360,000	235,360,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	160,360,000	160,360,000	100	–	235,360,000	235,360,000	100	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**160,360,000**	**160,360,000**	**100**	–	**235,360,000**	**235,360,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**160,360,000**	**160,360,000**	**100**	**–**	**235,360,000**	**235,360,000**	**100**	**–**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding 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 Aerospace Private Limited	160,359,999	100	–	235,359,999	100	–	–
2	Mr. S P Shukla (As nominee of Mahindra Aerospace Private Limited)*	1	–	–	1	–	–	–
	Total	**160,360,000**	**100**	**–**	**235,360,000**	**100**	**–**	**–**

* held as nominee of Mahindra Aerospace Private Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

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

There is no change in the shareholding pattern during the year 2016 – 2017.

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	1,603,60,000	100	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):	–	–	–	–
	Allotted on 11th November, 2016 - 2,50,00,000	–	–	185,360,000	100
	Allotted on 22nd December, 2016 - 5,00,00,000	–	–	235,360,000	100
	At the end of the year (or on the date of separation, if separated during the year)	–	–	235,360,000	100

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	**No. of Shares**	**% of total Shares of the company**	**No. of Shares**	**% of total Shares of the company**
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of Shares**	**% of total Shares of the company**	**No. of Shares**	**% of total Shares of the company**
	Mr. S. P. Shukla Director, (as a nominee of Mahindra Aerospace Private Limited				
	At the beginning of the year	1	0		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year			1	0

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year – 01-04-2016				
i) Principal Amount	7,171.04	6,000.00	–	13,171.03
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	78.10	–	–	78.10
Total (i+ii+iii)	7,249.14	6,000.00	–	13,249.13
Change in Indebtedness during the financial year				
• Addition	–	5,054.46	–	5,054.46
• Reduction	1,079.75	4,500.00	–	5,579.74

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Net change	(1,079.75)	554.46	–	(525.28)
Indebtedness at the end of the financial year – 31-03-2017				
i) Principal Amount	6,091.29	6,554.46	–	12,645.75
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	58.20	44.32	–	102.52
Total (i+ii+iii)	**6,149.49**	**6,598.78**	**–**	**12,748.27**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Dr. Karthik Krishnamurthy Whole-time Director	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1)	51.89	51.89
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.03	0.03
	(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	–	–
	Total (A)	**51.92**	**51.92**
	Ceiling as per the Act		Rs. 84,00,000/- p.a. as per Schedule V to the Companies Act, 2013.

B. Remuneration to other directors: **Rs. in Lakhs**

Particulars of Remuneration	Name of Directors		
	Mrs. Rajyalakshmi Rao Meka (ID)	Rear Admiral Sanjiv Kapoor AVSM (Retd.) (ID)	Total Amount
1. Independent Directors			
• Fee for attending board/committee meetings	1.40	1.40	2.80
• Commission	–	–	–
• Others, please specify	–	–	–
Total (1)	1.40	1.40	2.80
2. Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–

Particulars of Remuneration	Name of Directors		
	Mrs. Rajyalakshmi Rao Meka (ID)	Rear Admiral Sanjiv Kapoor AVSM (Retd.) (ID)	Total Amount
Total (2)	–	–	–
Total B = (1+2)	**1.40**	**1.40**	**2.80**
Total Managerial Remuneration	**1.40**	**1.40**	**2.80**
Over all Ceiling as per the Act	–	–	Rs. 1 lakh per meeting per Independent Director in accordance with Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD **Rs. in Lakhs**

Sl. No.	Particulars of Remuneration	Mr. Subrahmanya Sarma, Chief Financial Officer	Mr. Vilas Chaubal Company Secretary	TOTAL
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	24.26	–	24.26
	(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 - Fees	–	2.75	2.75
	Total	**24.26**	**2.75**	**27.01**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

A. Company

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

B. Directors

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

C. Other Officers in Default

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

For and on behalf of the Board

S. P. Shukla
Chairman

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Aerostructures Private Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Aerostructures Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw your attention to Note 40 of the financial statements wherein the Management has detailed the status of impairment of amounts appearing in Capital work-in-progress.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended ;

e. On the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 II". Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 36 to the financial statements.

   ii. The Company did not have any long-term contracts including derivate 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.

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 39.

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

M.K. Saraogi
Partner
Membership No. 054106

Mumbai, April 28, 2017

ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10 under 'Report on others Legal and Regulatory Requirements' of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

   (c) Title deed of the land acquired during the year is held in the name of the company.

2. The inventory has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4 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 Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.

6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except for :

Nature of statute	Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Duty	Customs Duty and Penalty (excluding interest)	2,598.85	2014-15	Customs,Excise and Service Tax Appellate Tribunal
Customs Duty	Customs Duty (excluding interest)	41.36	2014-15	Joint Commissioner of Customs

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government. The Company has not issued debentures.

9 The Company has not raised any money from initial public offer or further offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11 In our opinion and according to the information and explanations given to us, The Company has complied with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12 The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.

13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14 During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

16 To the best of our knowledge and as explained, the company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

M.K. Saraogi
Partner
Membership Number - 054106

Mumbai, April 28, 2017

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

(Referred to in paragraph 11(f) under 'Report on others Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Control 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 Aerostructures Private Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period from April 1, 2015 to March 31, 2016.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conduct 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 Standard on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 control 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 control over financial reporting include 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 depends on the auditor's judgement, include 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose 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 statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility if 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, 2017, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

M.K. Saraogi
Partner
Membership Number - 054106

Mumbai, April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rupees

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	3	**1,27,94,39,258**	1,33,51,55,214	1,39,68,46,566
Capital work in progress	3	**8,52,48,713**	10,86,64,633	10,96,33,741
Intangible assets	3	**83,40,444**	95,27,957	1,26,65,506
Financial assets				
Other financial assets	12	**29,47,264**	42,66,187	37,71,000
Other non-current assets	4	**20,96,33,516**	20,69,40,083	11,47,98,244
Non-current tax assets(net)	5	**19,74,692**	48,47,092	36,26,016
		1,58,75,83,887	1,66,94,01,166	1,64,13,41,073
Current assets				
Inventories	6	**15,75,36,425**	6,71,09,749	2,24,92,669
Financial assets				
Investments	7	**–**	–	10,93,89,126
Loans	8	**80,000**	–	–
Trade receivables	9	**11,76,43,176**	4,51,54,905	59,62,868
Cash and cash equivalent	10	**6,94,72,654**	5,48,69,563	3,89,07,794
Bank balance other than cash and cash equivalents	11	**1,08,40,000**	40,000	–
Other financial assets	12	**90,43,934**	1,05,58,007	3,54,54,103
Other current assets	13	**7,77,46,794**	2,63,16,191	8,09,76,463
		44,23,62,983	20,40,48,415	29,31,83,023
Total assets		**2,02,99,46,870**	1,87,34,49,581	1,93,45,24,096
Equity and liabilities				
Equity				
Equity share capital	14	**2,35,36,00,000**	1,60,36,00,000	1,60,36,00,000
Other equity				
Retained earnings	15	**(1,81,81,37,416)**	(1,29,43,37,012)	(76,86,72,733)
		53,54,62,584	30,92,62,988	83,49,27,267
Non-current liabilities				
Financial liabilities				
Borrowings	16	**42,71,29,224**	60,78,05,624	71,60,00,656
Trade payables	19	**2,57,67,053**	7,90,52,721	–
Net employee defined employee benefits	18	**32,62,893**	23,20,959	14,56,933
		45,61,59,170	68,91,79,304	71,74,57,589

BALANCE SHEET AS AT MARCH 31, 2017 (CONTINUED)

Rupees

Particulars	**Notes**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Current liabilities				
Financial liabilities				
Borrowings	16	**65,54,46,079**	60,00,00,000	–
Trade payable	19	**17,56,38,822**	12,02,41,089	9,66,16,459
Other financial liabilities	17	**19,91,95,013**	14,76,65,811	20,03,17,651
Other current liabilities	20	**67,46,644**	52,75,187	8,40,67,794
Net employee defined employee benefits	18	**12,98,558**	18,25,202	11,37,336
		1,03,83,25,116	87,50,07,289	38,21,39,240
Total liabilities		**1,49,44,84,286**	1,56,41,86,593	1,09,95,96,829
Total equity and liabilities		**2,02,99,46,870**	1,87,34,49,581	1,93,45,24,096

See accompanying notes forming part of the financial statements

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Limited

Dr. Karthik Krishnamurthy
Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
			Rupees
Revenue from operations	21	**30,22,29,003**	7,01,07,785
Other income	22	**1,23,35,963**	23,96,260
Finance income	23	**31,18,739**	8,86,035
Total income		**31,76,83,705**	7,33,90,080
Expenses			
Cost of raw materials consumed	24	**9,73,65,224**	2,23,04,122
(Increase)/decrease in inventories of finished goods and work-in-progress	25	**(3,00,50,167)**	(1,61,50,375)
Employee benefits expense	26	**19,77,01,335**	15,44,26,039
Depreciation and amortization expense	27	**12,94,79,045**	11,42,86,415
Impairment of capital work in progress	40	**3,25,00,000**	–
Finance costs	28	**15,73,31,960**	12,00,29,672
Other expenses	29	**25,86,94,345**	20,45,64,231
		84,30,21,742	59,94,60,104
Profit/(loss) before tax		**(52,53,38,037)**	(52,60,70,024)
Current tax		**–**	–
Deferred tax		**–**	–
Profit/(loss) for the year		**(52,53,38,037)**	(52,60,70,024)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		**15,37,633**	4,05,745
		15,37,633	4,05,745
Other comprehensive income for the year, net of tax		**15,37,633**	4,05,745
Total comprehensive income for the year		**(52,38,00,404)**	(52,56,64,279)
Earnings per equity share:			
Basic	37	**(2.85)**	(3.28)
Diluted	37	**(2.85)**	(3.28)

See accompanying notes forming part of the financial statements

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Limited

Dr. Karthik Krishnamurthy
Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars		For the year ended March 31, 2017		Rupees For the year ended March 31, 2016
A.	**Cash flow from operating activities**				
	Net Profit/(Loss) before tax		**(52,53,38,037)**		(52,60,70,024)
	Adjustments for:				
	Depreciation and amortisation	**12,94,79,045**		11,42,86,415	
	Finance costs	**15,73,31,960**		12,00,29,672	
	Finance income	**(31,18,739)**		(8,86,035)	
	Fair value gain on financial instruments at FVTPL	**–**		(13,01,027)	
	Profit on sale of fixed assets	**(5,72,823)**		–	
	Provision for Doubtful advances others	**–**		11,80,950	
	Liabilities/provisions no longer required written back	**(55,06,532)**		–	
	Net unrealised exchange (gain)/loss	**74,54,864**		–	
			28,50,67,775		23,33,09,975
	Operating profit/(loss) before working capital changes		**(24,02,70,262)**		(29,27,60,049)
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**(9,04,26,676)**		(4,46,17,080)	
	Trade receivables	**(7,55,78,269)**		(3,91,92,037)	
	Current financial and non-financial assets	**(4,99,87,935)**		7,81,74,380	
	Non-current financial and non-financial assets	**(13,74,510)**		(9,26,37,026)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**5,10,32,867**		2,36,24,630	
	Current financial and non-financial liabilities	**(1,66,37,258)**		(14,86,74,913)	
	Non-current financial and non-financial liabilities	**(5,32,85,668)**		7,90,52,721	
	Net employee defined employee liabilities	**19,52,923**		19,57,637	
			(23,43,04,526)		(14,23,11,688)
	Cash generated from operations		**(47,45,74,788)**		(43,50,71,737)
	Net income tax (paid)/refunds		**28,72,400**		(12,21,076)
	Net cash flow from/(used in) operating activities (A)		**(47,17,02,388)**		(43,62,92,813)
B.	**Cash flow from investing activities**				
	Capital expenditure on fixed assets, including capital advances	**(5,02,78,776)**		(4,84,88,406)	
	Proceeds from sale of fixed assets	**16,91,943**		–	
	(Purchase)/sale of current investments	**–**		11,06,90,153	
	Margin money deposits	**(1,08,00,000)**		(40,000)	
	Finance income received	**31,10,144**		10,87,073	
	Net cash flow from/(used in) investing activities (B)		**(5,62,76,689)**		6,32,48,820

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (CONTINUED)

Rupees

	Particulars		For the year ended March 31, 2017		For the year ended March 31, 2016
C.	**Cash flow from financing activities**				
	Proceeds from issue of equity shares	75,00,00,000		–	
	Proceeds from borrowings	(5,25,28,354)		50,97,35,179	
	Finance cost	(15,48,89,478)		(12,07,29,417)	
	Net cash flow from/(used in) financing activities (C)		54,25,82,168		38,90,05,762
	Net increase/(decrease) in Cash and cash equivalents (A+B+C)		1,46,03,091		1,59,61,769
	Cash and cash equivalents at the beginning of the year		5,48,69,563		3,89,07,794
	Cash and cash equivalents at the end of the year		6,94,72,654		5,48,69,563

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Limited

Dr. Karthik Krishnamurthy
Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: April 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid

	Nos	Rupees
At April 1, 2015	16,03,60,000	1,60,36,00,000
At March 31, 2016	16,03,60,000	1,60,36,00,000
Add: Issue of equity shares	7,50,00,000	75,00,00,000
At March 31, 2017	**23,53,60,000**	**2,35,36,00,000**

b. Other equity

	Rupees **Retained Earnings**
As at April 1, 2015	(76,86,72,733)
Loss for the period	(52,60,70,024)
Other comprehensive income	4,05,745
Total comprehensive income	(52,56,64,279)
For the year ended March 31, 2016	(1,29,43,37,012)
As at April 1, 2016	(1,29,43,37,012)
Loss for the period	(52,53,38,037)
Other comprehensive income	15,37,633
Total comprehensive income	(52,38,00,404)
For the year ended March 31, 2017	**(1,81,81,37,416)**

See accompanying notes forming part of the financial statements

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Limited

Dr. Karthik Krishnamurthy
Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr. Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: April 28, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information:

Mahindra Aerostructures Private Limited (the 'Company') was incorporated on 27th January, 2011 with an objective of manufacturing and sale of aircraft components, assemblies and Aerostructures. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The registered office of the company is located at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018.

The financial statements were authorised for issue in accordance with a resolution of the directors on 28th April 2017.

2. Significant accounting policies

2.1 Basis of preparation

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

For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the company has prepared in accordance with Ind AS. Refer to Note 35 for information on how the Company adopted Ind AS.

These financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

The financial statements are presented in INR.

2.2 Significant accounting estimates and assumptions

The preparation of the company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The company has carry forwarded tax losses, these losses will expire in 8 years. The company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

2.3 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in balance sheet based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

b. Foreign currencies

The company determined the functional currency and items included in the financial statements are measured using the functional currency. The company's financial statements are presented in INR, which is the company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the spot rates at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference arising on settlement or translation of monetary items is recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Fair Value Measurement

The Company measures financial instruments, such as current investments at fair value at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:-

(I) Disclosure for fair valuation methods, significant estimates and judgements- Note 32

(II) Financial Instruments (including at carrying Cost)-Note 32

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's treasury team determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods

Sales are recognised when products are delivered to customer and when the significant risks/rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f. Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

– When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

– When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Property, plant and equipment

Property plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use as intended by management. The company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates these assets separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Life in Years
Buildings – Roads, Compound Wall	5 Years to 30 years
Certain Plant & Machinery	2 years, 5 years, 10 years, 15 years
Production & Assembly Tools	3 Years
Vehicles	5 Years

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful life of the Intangible assets are assessed as either finite or indefinite. The company does not have intangible asset whose useful life is assumed as indefinite. Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Software
Useful life	3-5 years
Amortisation method used	Amortised on a straight-line basis

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

J. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered prior to 1 April 2015, the company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

k. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, consumables, stores, spares and packing materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overhead s based on the normal operating capacity, but excluding borrowing costs. Finished goods are valued on standard cost basis the approximates to actual cost.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. It is valued at standard cost that approximates to actual cost.Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l. Impairment

a. Financial assets

Trade receivables:

The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties

b. Non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To assess value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

m. Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund. The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment, and - The date that the company recognises related restructuring costs Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

o. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Debt instruments at amortised cost

b) Debt instruments at fair value through other comprehensive income (FVTOCI)

c) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables.

Debt instrument at FVTOCI

A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as at FVTP In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The company has not designated any debt instrument as at FVTPL Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's consolidated balance sheet) when:

– The rights to receive cash flows from the asset have expired, or

– The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay

the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

– The company follows 'simplified approach' for recognition of impairment loss allowance on: Trade receivables or contract revenue receivables; and All lease receivables resulting from transactions within the scope of Ind AS 17 The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

– ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider: All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

– Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

– Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

– Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI. For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination. Financial liabilities Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. Subsequent measurement The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Initial recognition and measurement All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Accounting Treatment
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Fair value at reclassification date becomes its new amortised cost carrying amount. However cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.4 Recent Accounting Pronouncements

a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Note 3: Property, plant and equipment

Rupees

	Tangible assets									Intangible assets	
	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Total	Capital work in Progress	Computer software	Total
Cost											
At April 1, 2015	64,02,92,659	66,56,93,162	12,76,68,923	1,84,12,313	1,58,62,679	1,79,31,871	59,63,414	1,49,18,25,021	10,96,33,742	2,11,77,032	2,11,77,032
Additions	64,84,942	2,94,47,233	6,86,028	6,82,828	47,16,159	50,08,833	–	4,70,26,023		24,31,492	24,31,492
Disposals		–	–	–	–			–			–
At March 31, 2016	64,67,77,601	69,51,40,395	12,83,54,951	1,90,95,141	2,05,78,838	2,29,40,704	59,63,414	1,53,88,51,044	10,86,64,633	2,36,08,524	2,36,08,524
Additions	22,09,493	5,01,54,155	47,83,635	18,48,243	22,83,635	48,90,821	18,62,714	6,80,32,696		56,62,000	56,62,000
Disposals							31,23,873	31,23,873			–
At March 31, 2017	**64,89,87,094**	**74,52,94,550**	**13,31,38,586**	**2,09,43,384**	**2,28,62,473**	**2,78,31,525**	**47,02,255**	**1,60,37,59,867**	**11,77,48,713**	**2,92,70,524**	**2,92,70,524**
Accumulated Depreciation & Impairment											
At April 1, 2015	2,37,26,768	4,83,08,523	1,18,62,717	39,28,620	43,23,534	17,49,340	10,78,953	9,49,78,455		85,11,526	85,11,526
Charge for the year	2,48,05,574	6,09,15,868	1,21,72,822	38,56,713	36,95,023	20,05,896	12,65,479	10,87,17,375		55,69,041	55,69,041
Disposals								–			–
At March 31, 2016	4,85,32,342	10,92,24,391	2,40,35,539	77,85,333	80,18,557	37,55,236	23,44,432	20,36,95,830	–	1,40,80,567	1,40,80,567
Charge for the year	2,50,24,669	7,23,64,289	1,22,56,955	39,78,360	50,40,488	26,93,780	12,70,991	12,26,29,532		68,49,513	68,49,513
Impairment loss (Refer Note No. 40)									3,25,00,000		
Disposals							20,04,753	20,04,753			–
At March 31, 2017	**7,35,57,011**	**18,15,88,680**	**3,62,92,494**	**1,17,63,693**	**1,30,59,045**	**64,49,016**	**16,10,670**	**32,43,20,609**	**3,25,00,000**	**2,09,30,080**	**2,09,30,080**
Net block											
At April 1, 2015	61,65,65,891	61,73,84,639	11,58,06,206	1,44,83,693	1,15,39,145	1,61,82,531	48,84,461	1,39,68,46,566	10,96,33,741	1,26,65,506	1,26,65,506
At March 31, 2016	59,82,45,259	58,59,16,004	10,43,19,412	1,13,09,808	1,25,60,281	1,91,85,468	36,18,982	1,33,51,55,214	10,86,64,633	95,27,957	95,27,957
At March 31, 2017	**57,54,30,083**	**56,37,05,870**	**9,68,46,092**	**91,79,691**	**98,03,428**	**2,13,82,509**	**30,91,585**	**1,27,94,39,258**	**8,52,48,713**	**83,40,444**	**83,40,444**

Net book value	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment	**1,27,94,39,258**	1,33,51,55,214	1,39,68,46,566
Capital work in progress	**8,52,48,713**	10,86,64,633	10,96,33,741
Intangible assets	**83,40,444**	95,27,957	1,26,65,506

Note:

1. Charge by way of equitable mortgage of the immovable property comprising land with building and other structures (existing and to be constructed) is created in favor of Axis Bank Limited for the term loan availed by the Company.
2. Movable fixed assets (present and future) are hypothecated to Axis Bank Limited for the term loan availed by the Company and also for the SBLC facilities sanctioned to M/s. Mahindra Aerospace Private Limited, the Holding Company.

Note 4: Other non-current assets

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Balances with government authorities			
CENVAT credit receivable	**9,31,09,914**	9,33,22,789	–
Less: Provision	**(11,80,950)**	(11,80,950)	–
	9,19,28,964	9,21,41,839	–

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Customs deposit	**2,77,47,044**	2,77,47,044	2,77,47,044
Capital advances	**29,06,308**	–	–
Consideration paid for lease land [Refer Note No.36 (a)]	**8,70,51,200**	8,70,51,200	8,70,51,200
	20,96,33,516	20,69,40,083	11,47,98,244

Note 5: Non-current tax assets

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
TDS receivable (net of provision for taxation)	**19,74,692**	48,47,092	36,26,016
	19,74,692	48,47,092	36,26,016

Note 6: Inventories

Rupees

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
(at the lower of cost and net realisable value)			
Raw materials	**9,14,01,100**	4,37,51,094	1,64,57,404

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Work in progress	**1,12,59,918**	91,52,725	17,33,971
Finished goods	**3,77,72,160**	98,29,186	10,97,565
Stores and spares	**1,71,03,247**	43,76,744	32,03,729
	15,75,36,425	6,71,09,749	2,24,92,669

Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to Rs. Nil (2016 - Rs. 650,320). These were recognised as an expense during the year and included in 'changes in value of inventories of work in progress, stock-in-trade and finished goods' in the statement of profit and loss

Note 7: Investments - current

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments carried at FVTPL			
Investments in mutual funds			
ICICI Prudential Liquid Plan - Growth			
[(NIL, 2016: NIL, 2015:176,987)] units	**–**	–	3,66,11,007
Axis Liquid Fund Institutional Plan - Growth	**–**	–	3,65,88,284
[(NIL, 2016: NIL, 2015:23,624)] units			
Kotak Floater Short Term	**–**	–	3,61,89,835
[(NIL, 2016: NIL, 2015:15,784)] units			
	–	–	10,93,89,126

Note 8: Loans - current

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Loans to employees	**80,000**	–	–
	80,000	–	–

Note 9: Trade receivables - current

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Due from related party	**1,89,77,794**	71,20,402	38,23,491
From Others	**9,86,65,382**	3,80,34,503	21,39,377
	11,76,43,176	4,51,54,905	59,62,868

Note: No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 10: Cash and cash equivalent

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance with banks			
In current accounts	**4,44,23,435**	4,98,50,946	1,33,11,345
In deposit accounts with maturity of less than three months	**2,50,36,246**	50,15,732	2,55,64,963
Cash on hand	**12,973**	2,885	31,486
	6,94,72,654	5,48,69,563	3,89,07,794

Note 11: Bank balance other than cash and cash equivalents

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Restricted Cash and bank balances - current			
Earmarked deposit accounts with banks	**1,08,40,000**	40,000	–
	1,08,40,000	40,000	–

Note 12: Other financial assets

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non - current			
Security deposits	**29,47,264**	42,66,187	37,71,000
	29,47,264	42,66,187	37,71,000
Current			
Security deposits	**21,37,117**	6,41,900	5,41,900
Dues from related parties	**68,92,800**	99,10,685	3,47,05,743
Interest accrued on deposits	**14,017**	5,422	2,06,460
	90,43,934	1,05,58,007	3,54,54,103

Note 13: Other current assets

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with government authorities			
CENVAT credit receivable	**3,15,90,000**	68,67,409	6,85,85,595
VAT credit receivable	**34,71,543**	14,51,072	14,51,072
Rebate claim receivable	**2,83,82,774**	29,77,283	5,50,923
Advance to suppliers	**36,30,667**	52,90,834	51,19,217
Advances to employees	**6,57,110**	93,990	20,46,709
Prepaid expenses	**70,98,660**	52,98,806	14,73,334
Others	**29,16,040**	43,36,797	17,49,613
	7,77,46,794	2,63,16,191	8,09,76,463

Note 14 - Share capital

Rupees

	Particulars	As at March 31, 2017 Nos	As at March 31, 2017 Amount	As at March 31, 2016 Nos	As at March 31, 2016 Amount	As at April 1, 2015 Nos	As at April 1, 2015 Amount
1	Authorised : (Equity Shares of Rs 10 each)	**30,00,00,000**	**3,00,00,00,000**	27,50,00,000	2,75,00,00,000	17,00,00,000	1,70,00,00,000
	Total	**30,00,00,000**	**3,00,00,00,000**	27,50,00,000	2,75,00,00,000	17,00,00,000	1,70,00,00,000
2	Issued and subscribed : Equity: (Equity shares of Rs 10 each)						
	Opening balance	**16,03,60,000**	**1,60,36,00,000**	16,03,60,000	1,60,36,00,000	10,65,10,000	1,06,51,00,000
	Add: Issued during the year	**7,50,00,000**	**75,00,00,000**	–	–	5,38,50,000	53,85,00,000
	Closing balance	**23,53,60,000**	**2,35,36,00,000**	16,03,60,000	1,60,36,00,000	16,03,60,000	1,60,36,00,000
	Total	**23,53,60,000**	**2,35,36,00,000**	16,03,60,000	1,60,36,00,000	16,03,60,000	1,60,36,00,000

Additional information:

1) The above 235,360,000 (2016: 160,360,000, 2015: 160,360,000) shares are held by Mahindra Aerospace Private Limited, the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2017 Nos	As at March 31, 2017 %	As at March 31, 2016 Nos	As at March 31, 2016 %	As at April 1, 2015 Nos	As at April 1, 2015 %
Mahindra Aerospace Private Limited and its nominees	**23,53,60,000**	**100.00%**	16,03,60,000	100.00%	16,03,60,000	100.00%

3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 15: Other equity - Retained earnings

Particulars	Rupees Amount
At April 1, 2015	(76,86,72,733)
Re-measurement gains/(losses) on defined benefit plans	4,05,745
Loss for the year	(52,60,70,024)
At March 31, 2016	(1,29,43,37,012)
Re-measurement gains/(losses) on defined benefit plans	15,37,633
Loss for the year	(52,53,38,037)
At March 31, 2017	**(1,81,81,37,416)**
Total other equity	
At April 1, 2015	(76,86,72,733)
At March 31, 2016	(1,29,43,37,012)
At March 31, 2017	**(1,81,81,37,416)**

Note 16: Borrowings

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Rupee Term loans from banks	**42,71,29,224**	60,78,05,624	71,59,02,624
Vehicle loan from banks	**–**	–	98,032
	42,71,29,224	60,78,05,624	71,60,00,656
Current			
Unsecured Loan from banks	**65,54,46,079**	60,00,00,000	–
	65,54,46,079	60,00,00,000	–

Notes:

A) The term loan is secured by:

- First charge by way of equitable mortgage of the immovable property comprising leasehold land with building and other structures (existing and to be constructed)
- First charge by way of hypothecation of (a) entire current assets, present and future, including stocks of raw materials, semi finished goods, finished goods, stores, spares, bookdebts and other current assets and (b) all the movable fixed assets present and future
- The loan is guaranteed by Mahindra Aerospace Private limited, the holding Company

B) Repayment and other terms of the term loan

The Term Loan carries interest of base rate + 1.85% p.a. The Loan is repayable in 23 quarterly installments from November 2014

C) Vehicle Loan is Secured by hypothication of Vehicle and is repayable over 36 months and carries interest rate of 10.35 %.

Note 17: Other financial liabilities

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Interest accrued but not due on borrowings	**1,02,52,192**	78,09,710	85,09,455
Security deposits	**7,20,000**	7,20,000	7,20,000
Current maturities of long-term loans	**18,20,00,000**	10,92,98,033	9,13,67,822
Capital creditors	**62,22,821**	2,98,38,068	9,97,20,374
	19,91,95,013	14,76,65,811	20,03,17,651

Note 18: Net employee defined employee benefits

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Gratuity	–	–	–
Leave benefits	32,62,893	23,20,959	14,56,933
	32,62,893	23,20,959	14,56,933
Current			
Gratuity	1,85,641	12,33,061	9,03,496
Leave benefits	11,12,917	5,92,141	2,33,840
	12,98,558	18,25,202	11,37,336

Note 19: Trade payables

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Dues to other than micro and small enterprises	2,57,67,053	7,90,52,721	–
	2,57,67,053	7,90,52,721	–
Current			
Dues to micro and small enterprises	3,22,208	5,85,473	37,11,987
Dues to related parties	3,45,90,373	6,26,75,588	5,15,74,274
Dues to others	14,07,26,241	5,69,80,028	4,13,30,198
	17,56,38,822	12,02,41,089	9,66,16,459

Note: Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

Note 20: Other current liabilities

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory payables	66,13,481	51,65,268	8,39,70,978
Others	1,33,163	1,09,919	96,816
	67,46,644	52,75,187	8,40,67,794

Note 21: Revenue from operations

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products	21,37,39,214	2,03,32,844
Sale of services		
Job Work Charges	7,58,93,189	4,49,81,313
Resource Support Services	–	1,49,687
NRC charges for Toolings	1,25,96,600	46,43,941
	30,22,29,003	7,01,07,785

Note 22: Other income

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Operating lease rental income	8,22,751	7,61,806
Duty drawback	35,70,636	2,89,420
Fair value gain on financial instruments at FVTPL	–	13,01,027
Profit on sale of fixed assets(net)	5,72,823	–
Provision no longer required written back	55,06,532	–
Other miscellaneous income	18,63,221	44,007
	1,23,35,963	23,96,260

Note 23: Finance income

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on bank deposits and others	31,18,739	8,86,035
	31,18,739	8,86,035

Note 24: Cost of raw materials consumed

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year	4,37,51,094	1,64,57,404
Add: Purchases	14,50,15,230	4,95,97,812
Less: Inventory at the end of the year	9,14,01,100	4,37,51,094
	9,73,65,224	2,23,04,122

Note 25: Changes in Inventories of finished goods and work-in-progress

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
At the beginning of the year		
Work-in progress	91,52,725	17,33,971
Finished progress	98,29,186	10,97,565
	1,89,81,911	28,31,536
At the end of the period		
Work-in progress	1,12,59,918	91,52,725
Finished goods	3,77,72,160	98,29,186
	4,90,32,078	1,89,81,911
Net (increase)/decrease	(3,00,50,167)	(1,61,50,375)

Note 26: Employee benefit expenses

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries,wages and bonus	15,71,05,320	13,02,75,597
Contribution to provident and other funds	65,33,828	45,77,644
Gratuity	16,03,764	18,28,680
Staff welfare	3,24,58,423	1,77,44,118
	19,77,01,335	15,44,26,039

Note 27: Depreciation and amortisation expense

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets	12,26,29,532	10,87,17,374
Amortization of intangible assets	68,49,513	55,69,041
	12,94,79,045	11,42,86,415

Note 28: Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
		Rupees
Interest on loans	**15,55,26,766**	11,92,61,915
Interest - others	**3,57,532**	1,35,726
Bank charges	**14,47,662**	6,32,031
	15,73,31,960	12,00,29,672

Note 29: Other expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
		Rupees
Stores and spares consumed	**2,66,59,022**	1,69,28,311
Rates and taxes	**49,29,190**	98,29,997
Power and fuel	**3,18,89,201**	2,34,16,588
Insurance	**57,64,221**	26,78,186
Rent	**32,86,698**	39,64,472
Repairs and maintenance - machinery	**2,00,86,978**	89,00,655
Repairs and maintenance - others	**31,70,249**	43,50,155
Directors sitting fee	**2,80,000**	2,10,000
Legal and other professional charges	**5,84,41,095**	4,49,78,198
Travelling and conveyance	**3,30,33,486**	2,51,22,225
Communication expenses	**24,95,471**	20,30,178
Business promotion expenses	**2,37,68,876**	2,15,11,884
Freight outwards	**61,62,565**	12,17,727
Loss on foreign exchange translation (Net)	**19,12,486**	64,90,917
Recruitment Expenses	**15,73,597**	21,62,363
Auditors remuneration(refer Note below)	**15,97,660**	9,78,709
Software and IT expenses	**1,52,74,007**	1,30,44,778
Office and admin expenses	**1,05,12,991**	93,20,721
Testing and calibration charges	**28,76,036**	26,35,883
Printing and Stationery	**20,77,911**	18,54,709
Job work Charges	**10,98,336**	–
Provision for doubtful loans and advances	**–**	11,80,950
Other miscellaneous expenses	**18,04,269**	17,56,625
	25,86,94,345	20,45,64,231

Note:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
		Rupees
Auditors' remuneration includes:		
Statutory audit	**4,50,000**	4,00,000
Tax audit and taxation matters	**4,90,000**	60,000
Other services and certifications	**6,57,660**	5,15,152
Reimbursement of expenses	**–**	3,557
	15,97,660	9,78,709

Note 30: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 65,33,828 (2016 : Rs. 45,77,644) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Particulars	31-Mar-17	31-Mar-16
		Rupees
	Funded Plan Gratuity	
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**15,22,051**	18,22,190
Interest cost	**81,713**	6,490
	16,03,764	18,28,680
II. Amounts recognised in comprehensive income		
Return on Plan Assets (Greater)/Less than Disount rate		
Actual Return on plan assets in excess of the expected return	**–**	(1,83,095)
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	**11,06,776**	5,32,316
- Financial Assumptions	**28,136**	1,53,633
- Experience Adjustments	**4,02,721**	(97,109)
	15,37,633	4,05,745
Total	**31,41,397**	22,34,425
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
- Present value of defined benefit obligation as at 31st March	**44,65,996**	39,13,869
- Fair value of plan assets as at 31st March	**42,80,355**	26,80,808
Surplus/(Deficit)	**1,85,641**	12,33,061
Current portion of the above	**1,85,641**	12,33,061
Non current portion of the above	**–**	–
IV. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**39,13,869**	20,71,380
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer of employees from MAPL	**3,45,379**	5,45,512
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**15,22,051**	18,22,190
- Interest Expense (Income)	**3,12,594**	1,63,339
4. Recognised in Other Comprehensive Income		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(11,06,776)**	(5,32,316)
ii. Financial Assumptions	**(28,136)**	(1,53,633)
iii. Experience Adjustments	**(4,02,721)**	97,109
5. Benefit payments	**(90,264)**	(99,712)
Present value of defined benefit obligation at the end of the year	**44,65,996**	39,13,869

	Rupees	
	Funded Plan	
	Gratuity	
Particulars	**31-Mar-17**	31-Mar-16
V. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**26,80,808**	11,67,884
2. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	**2,30,881**	1,56,849
3. Recognised in Other Comprehensive Income		
- Actual Return on plan assets in excess of the expected return	**–**	(1,83,095)
4. Contributions by employer (including benefit payments recoverable)	**14,58,930**	16,38,882
5. Benefit payments	**(90,264)**	(99,712)
Fair value of plan assets at the end of the year	**42,80,355**	26,80,808

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	**31-Mar-17**	31-Mar-16
Discount rate	**6.86%**	8.08%
Future salary increases	**8.50%**	10.00%
Employee turnover	**15.00%**	7.50%
Estimated rate of return on plan assets	**6.86%**	8.08%

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

	Gratuity			
Assumptions	**Discount Rate**		**Further Salary Increase**	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease
	INR	INR	INR	INR
Impact on defined benefit obligation - Gratuity	41,06,441	48,72,769	48,12,742	41,44,146

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

	Gratuity	
Particulars	**31-Mar-17**	31-Mar-16
Within the next 12 months	**3,00,914**	1,09,621
Between 2 and 5 years	**8,45,833**	5,22,313
Between 6 and 10 years	**6,89,508**	5,38,010

Note 31: Related Party transactions

i) Related parties where control exists along with nature of relationship

Name of Related Party Company	**Nature of Relationship**
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel

Dr. Karthik Krishnamurthy	Chief Operating Officer and Executive Director
Mr. T S Sarma	Chief Financial Officer (till 31st March 2016 & from 13th Sep 2016)

Other parties with whom transaction have taken place during the year:

Name of Related Party Company	**Nature of Relationship**
Gipps Aero Pty Ltd.	Fellow Subsidiary
Mahindra Integrated Business solution Pvt Ltd	Associate company
Bristlecone India Ltd.	Associate company
Lords Freight (India) Pvt Ltd	Associate company
Mahindra Logistics Limited	Associate company

iii) Details of the transactions with the related parties during the year ended March 31, 2017

		Rupees
Particulars	**2016-17**	2015-16
I. Transactions with Group entities		
Services received		
Mahindra & Mahindra Ltd	**2,56,01,839**	89,90,950
Mahindra Aerospace Private Limited	**–**	18,03,804
Mahindra Integrated Business Solutions Pvt Ltd.	**8,31,844**	3,06,483
Mahindra Logistics Ltd	**–**	13,26,681
	2,64,33,683	1,24,27,918
Services rendered		
GippsAero Pty Ltd	**–**	3,06,067
	–	3,06,067
Sale of goods		
GippsAero Pty Ltd	**2,31,19,286**	56,15,026
	2,31,19,286	56,15,026
Purchase of Goods		
GippsAero Pty Ltd	**1,15,41,205**	51,04,183
	1,15,41,205	51,04,183
Rent received		
Mahindra Aerospace Pvt Ltd	**8,22,751**	7,61,906
	8,22,751	7,61,906
Reimbursement of expenses made to:		
Mahindra & Mahindra Ltd	**1,95,947**	45,54,460
Mahindra Aerospace Pvt Ltd	**1,45,29,950**	2,36,42,049
GippsAero Pty Ltd	**–**	20,17,572
	1,47,25,897	3,02,14,082
Reimbursement of expenses received		
Mahindra Aerospace Pvt Ltd	**61,74,500**	76,10,946
GippsAero Pty Ltd	**–**	29,05,417
	61,74,500	1,05,16,363
Software expenditure		
Bristlecone India Ltd.	**37,95,174**	9,47,893
	37,95,174	9,47,893

Particulars	2016-17	Rupees 2015-16
Freight expenses paid		
Lords Freight (India) Pvt Ltd.	**4,79,222**	14,26,054
	4,79,222	14,26,054
Equity shares issued		
Mahindra Aerospace Pvt Ltd	**75,00,00,000**	–
	75,00,00,000	–
II. Transactions with key managerial personnel		
Salary and perquisites*		
Dr. Karthik Krishnamoorthy	**53,04,141**	46,96,827
Mr. T S. Sarma	**24,88,708**	37,95,706

* The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	Rupees As at April 1, 2015
I. Balances receivable from and payable to group companies			
Trade receivables			
GippsAero Pty Ltd	**1,89,77,794**	71,20,402	38,23,491
	1,89,77,794	71,20,402	38,23,491
Other current assets			
Mahindra Aerospace Pvt Ltd	**68,92,800**	69,42,583	3,26,00,138
GippsAero Pty Ltd	**–**	29,68,102	21,05,605
	68,92,800	99,10,685	3,47,05,743

Particulars	As at March 31, 2017	As at March 31, 2016	Rupees As at April 1, 2015
Trade payables			
Mahindra & Mahindra Ltd	**1,68,44,054**	3,02,35,812	1,60,95,400
Mahindra Aerospace Pvt Ltd	**1,52,56,450**	2,38,73,892	3,49,33,845
Mahindra Integrated Business Solutions Pvt Ltd.	**1,90,533**	1,58,196	31,746
Lords Freight (India) Pvt Ltd.	**–**	1,95,474	5,13,283
Mahindra Logistics Ltd	**–**	13,82,466	–
GippsAero Pty Ltd	**22,99,336**	68,29,749	–
	3,45,90,373	6,26,75,588	5,15,74,274
Rent Deposit Payable			
Mahindra Aerospace Pvt Ltd	**7,20,000**	7,20,000	7,20,000
	7,20,000	7,20,000	7,20,000

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Corporate Guarantees issued in respect of SBLC facilities availed by the holding company – Rs.23,53,62,500 (2016: Rs. 23,53,62,500, 2015: Rs. 92,90,62,500) [equivalent to AUD 4.75 mn (2016: AUD 4.75 mn, 2015: AUD 18.75 mn)]

Compensation of key management personnel:

	31-Mar-17	Rupees 31-Mar-16
Short-term employee benefits	**77,92,849**	84,92,533
Total compensation paid to key management personnel	**77,92,849**	84,92,533

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Break up of Gratuity is not available individual employee wise

Note 32: Fair values

Rupees

	Note	As at March 31, 2017 Carrying Value	As at March 31, 2017 Fair values	As at March 31, 2016 Carrying Value	As at March 31, 2016 Fair values	As at April 1, 2015 Carrying Value	As at April 1, 2015 Fair values
Financial assets							
Current investments- Mutual Fund	32 a	**–**	**–**	–	–	10,93,89,126	10,93,89,126
Restricted Cash and bank balances	32 b	**1,08,40,000**	**1,08,40,000**	40,000	40,000	–	–
Security deposits	32 b	**50,84,381**	**50,84,381**	49,08,087	49,08,087	43,12,900	43,12,900
Dues from related parties	32 b	**68,92,800**	**68,92,800**	99,10,685	99,10,685	3,47,05,743	3,47,05,743
Interest accrued on deposits, loans and advances	32 b	**14,017**	**14,017**	5,422	5,422	2,06,460	2,06,460
Loans	32 b	**80,000**	**80,000**	–	–	–	–
Trade Receivables	32 b	**11,76,43,176**	**11,76,43,176**	4,51,54,905	4,51,54,905	59,62,868	59,62,868
Cash and cash equivalents and other bank balances	32 b	**6,94,72,654**	**6,94,72,654**	5,48,69,563	5,48,69,563	3,89,07,794	3,89,07,794
Financial liabilities							
Borrowings	32 c	**1,08,25,75,303**	**1,08,25,75,303**	1,20,78,05,624	1,20,78,05,624	71,60,00,656	71,60,00,656
Trade Payables	32 d	**20,14,05,875**	**20,14,05,875**	19,92,93,810	19,92,93,810	9,66,16,459	9,66,16,459
Other financial liabilities	32 b	**19,91,95,013**	**19,91,95,013**	14,76,65,811	14,76,65,811	20,03,17,651	20,03,17,651

Note 32 a) The fair value of current Investment carried out based on quoted market prices or dealer quotes for similar instruments

Note 32 b) The management assessed that carrying value of trade receivables, trade payables, Interest accrued on deposits, and cash and cash equivalents are considered to be the same as there fair value, due to there short term in nature.

Note 32 c) Borrowings measured at fair value, the carrying amount is equal to the fair values.

Note 32 d) Finacial Assets measured at fair value, the carrying amount is equal to the fair values.

Note 32 c) The fair value of borrowings is determined by using the EIR borrowing rate as at the end of the reporting period.

Note 33: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Quantitative disclosures for fair value measurement hierarchy of the company's assets as at April 1, 2015

Rupees

Particulars	Date of valuation	Carrying amount as at 1st April 2015	Fair value Level I	Level II	Level III
	1st Apr '15				
Financial assets at FVTPL:					
Investment in mutual funds		10,93,89,126	10,93,89,126		
		10,93,89,126	10,93,89,126	–	–
Financial liabilities at amortized cost:					
Borrowings		71,60,00,656	71,60,00,656		
Trade Payables		9,66,16,459	9,66,16,459		
Other financial liabilities		20,03,17,651	20,03,17,651		
		1,01,29,34,766	1,01,29,34,766	–	–

Quantitative disclosures for fair value measurement hierarchy of the company's assets as at March 31, 2016

Rupees

Particulars	Date of valuation	Carrying amount as at 31st March 2016	Fair value Level I	Level II	Level III
	31st Mar '16				
Financial assets at FVTPL:					
Investment in mutual funds		–	–		
		–	–	–	–
Financial liabilities at amortized cost:					
Borrowings		1,20,78,05,624	1,20,78,05,624		
Trade Payables		19,92,93,810	19,92,93,810		
Other financial liabilities		14,76,65,811	14,76,65,811		
		1,55,47,65,245	1,55,47,65,245	–	–

Quantitative disclosures for fair value measurement hierarchy of the company's assets as at March 31, 2017

Rupees

Particulars	**Date of valuation**	**Carrying amount as at 31st March 2017**	**Fair value Level I**	**Level II**	**Level III**
	31st Mar '17				
Financial assets at FVTPL:					
Investment in mutual funds		**–**	**–**		
Financial assets at amortized cost:					
		–	**–**	**–**	**–**
Financial liabilities at amortized cost:					
Borrowings		**1,08,25,75,303**	**1,08,25,75,303**		
Trade Payables		**20,14,05,875**	**20,14,05,875**		
Other financial liabilities		**19,91,95,013**	**19,91,95,013**		
		1,48,31,76,191	**1,48,31,76,191**	**–**	**–**

The carrying value of trade receivables, trade payables, short term deposits and cash and cash equivalents are considered to be the same as there fair value, due to there short term in nature.

Note 34: Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other postretirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

a. Interest rate risk

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having variable rate loans and borrowings.

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Average Interest Rate	**Increase/ decrease in basis points**	**Effect of profit before tax**
March 31, 2017			
Interest Rates increased by 50 bps	**9.36%**	**+50**	**Increase in interest by Rs. 40.91 Lakhs**
Interest Rates reduced by 30 bps	**9.36%**	**-30**	**Reduction in interest by Rs. 24.30 Lakhs**
March 31, 2016			
Interest Rates increased by 50 bps	9.85%	+50	Increase in interest by Rs. 27.87 Lakhs
Interest Rates reduced by 30 bps	9.85%	-30	Reduction in interest of Rs. 46.46 Lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD,GBP,AUD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

		Rupees
	Increase/ decrease in basis points	**Effect of profit before tax-Rs**
March 31, 2017		
AUD	**+50**	**(9,848.31)**
EUR	**+50**	**2,598.25**
GBP	**+50**	**82,248.68**
USD	**+50**	**(61,726.50)**
AUD	**-60**	**11,817.97**
EUR	**-60**	**(3,117.92)**
GBP	**-60**	**(98,698.38)**
USD	**-60**	**74,073.40**
	Effect on profit before tax	Effect on pre-tax equity Rs
March 31, 2016		
AUD	+50	(12,635)
EUR	+50	2,179
GBP	+50	30,817
USD	+50	4,47,095
AUD	-60	15,162
EUR	-60	(2,615)
GBP	-60	(36,981)
USD	-60	(5,36,514)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a. Trade Receivable

Trade Receivables: The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties. Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubt full debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are Companyed into homogenous Companys and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets . The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Sl No	**Particulars**	**Rupees Amount**
1	Not Due	6,69,36,906
2	< 30 days	1,32,96,807
3	30-60 days	3,36,36,534
4	90-180 days	23,64,025
5	> 180 days	11,72,274
6	> 360 days	2,36,630
Total		11,76,43,176

b. Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operation department in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks and Mutual funds within credit limits assigned. These credit limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments.The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2017 and 2016 is the carrying amounts.

iii. Liquidity risk

The company monitors its risk of a shortage of funds using a liquidity planning tool.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and finance leases. The company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rupees

	On demand	**Less than 1 year**	**More than 1 Year**	**Total**
Year ended 31 March 2017				
Borrowings		**65,54,46,079**	**42,71,29,224**	**1,08,25,75,303**
Trade payables		**17,56,38,822**	**2,57,67,053**	**20,14,05,875**
Other financial liabilities		**19,91,95,013**	**–**	**19,91,95,013**
		1,03,02,79,914	**45,28,96,277**	**1,48,31,76,191**
Year ended 31 March 2016				
Borrowings		60,00,00,000	60,78,05,624	1,20,78,05,624
Trade payables		12,02,41,089	7,90,52,721	19,92,93,810
Other financial liabilities		14,76,65,811	–	14,76,65,811
		86,79,06,900	68,68,58,345	1,55,47,65,245
As at 1 April 2015				
Borrowings		–	71,60,00,656	71,60,00,656
Trade payables		9,66,16,459	–	9,66,16,459
Other financial liabilities		10,05,97,277	9,97,20,374	20,03,17,651
		19,72,13,736	81,57,21,030	1,01,29,34,766

Capital management

For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

Rupees

	31 March 2017	31 March 2016	1 April 2015
Borrowings	**1,08,25,75,303**	1,20,78,05,624	71,60,00,656
Trade payables	**20,14,05,875**	19,92,93,810	9,66,16,459
Other financial liabilities	**19,91,95,013**	14,76,65,811	20,03,17,651
Less: cash and cash equivalents	**(6,94,72,654)**	(5,48,69,563)	(3,89,07,794)
Net Debt	**1,41,37,03,537**	1,49,98,95,682	97,40,26,972

Rupees

	31 March 2017	31 March 2016	1 April 2015
Equity share capital	**53,54,62,584**	30,92,62,988	83,49,27,267
	53,54,62,584	30,92,62,988	83,49,27,267
Gearing ratio	**264%**	485%	117%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Parent company will provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

Note 35: First time Ind AS adoption reconciliations

a) Reconciliation of retained earnings

Particulars	As at March 31, 2016	As at April 1, 2015
		Rupees
Retained earnings as reported under previous GAAP	(1,29,84,16,902)	(77,57,54,176)
Ind AS adjustments Increase/(Decrease)		
Fair value changes of current investments designated as FVTPL	–	30,01,553
Amortization of upfront term loans	40,79,890	40,79,890
Retained earnings as reported under Ind AS	(1,29,43,37,012)	(76,86,72,733)

b) Reconciliation of total comprehensive income

Particulars	Year ended March 31, 2016
Profit/(Loss) after tax as reported under previous GAAP	(52,26,62,726)
Fair value changes of current investments (other than equity instruments designated as at FVTOCI)	(30,01,553)
Total comprehensive incomeas reported under Ind AS	(52,56,64,279)

c) The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

First time adoption

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with generally accepted accounting principle in India (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the statement of financial position as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS:

The Company has applied the following exemptions:

1 Ind AS 101 permites a first time adopter to elect to continue with the carrying value for all of its property plant and equipment as recognised in the financial statements as at the date of transtion to Ind AS, meassured as per the previouse GAAP and use that as its deemed cost as at the date of transtion.

2 The Company has elected to apply exemption related to classification of financial assets. Under Ind AS 109, all financial assets are classified into three principal categories for measurement purpose. There categories are: Amortized cost.

Fair value through profit and loss account.

Fair value through Other Comprehensive Income

Amortized cost measurement is applicable only for debt instruments. An entity may use FVTPL and FVOCI categories both for debt and equity instruments. The classification depends on the following two criteria:

The entity's business model for managing the financial assets, and The contractual cash flow characteristics of the financial assets. Ind AS 109 requires an entity to decide classification on initial recognition. The Company is allowed to designate a financial assets as at FVTPL on the basis of facts and circumstances existing on the date of transition to Ind AS.

3 An entity estimates in accordance with Ind AS at the date of tranastion to Ind AS shall be consisitant with estimate made for the same date in accordance with previouse GAAP, Unless there is objective evidence that those estimates were in error.

4 Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out ate the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of the facts and circumstances existing at the date of transition to Ind AS.

5 Ind AS 101 requires a first time adopters to apply the de-recognition provision of Ind AS 109 prospectively for transactions occuring on or after the date of transition to Ind AS 101 allows a first time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from the date of the entity choosing, provided that the information needed to apply Ind AS109 to financial liabilities derecognised as as result of past transactions was obtained at the time of intially accounting for those transactions.

Note 36: Commitments and contingent liabilities

a) The Company entered into a lease-cum-sale agreement for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the currency of the lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 8,70,51,200 towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under non-current assets.

As per the agreement, an amount of Rs. 134,00,000 is payable to KIADB towards implementation of water supply scheme. However, during 2015 the KIADB raised a demand for Rs. 410,00,000, i.e an increase of Rs. 276,00,000. The Company disputed the amount and the same is pending with KIADB.

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 1,22,75,807 (2016: Rs. 81,60,000)

c) Corporate Guarantees issued in respect of SBLC facilities availed by the holding company – Rs. 23,53,62,500 (2016: Rs. 23,53,62,500) [equivalent to AUD 4.75 Million (2016: AUD 4.75 Million)]

d) Customs duty & penalty of Rs.25,98,85,476 along with the applicable interest payable (2016: 25,98,85,476) against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

e) Customs duty of Rs.41,35,795 along with the applicable interest (2016: Rs. 41,35,795) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

Note 37: Earnings Per Share

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Earnings per Share-basic and diluted

Particulars	March 2017	March 2016
		Rupees
Earnings attributable to Equity holders of the Company	**(52,38,00,404)**	(52,56,64,279)
Weighted Average Number of Equity Shares used as the denominator in calculating the Basic Earnings Per share	**18,37,16,164**	16,03,60,000
Basic Earnings per Share- Earnings attributable to Equity holders of the Company	**(2.85)**	(3.28)
Dilutive Earnings per Share	**(2.85)**	(3.28)

Note 38: Dues to micro and small enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2017 are as under: -

S. No.	Particulars	2016-17	2015-16
			Rupees
A	The principal amount remaining unpaid to supplier as at the end of the year	**3,22,208**	5,85,473
B	The interest due thereon remaining unpaid to supplier as at the end of the year	**–**	–
C	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**2,03,460**	1,02,694
D	The amount of interest accrued during the year and remaining unpaid at the end of the year	**8,77,554**	6,74,094

Note 39: Disclosure on Specified Bank Notes

Disclosure of details of Specified Bank Notes and notes of other denominations, held and transacted during the period from 8 November 2016 to 30th December 2016, required to be given as per amendment to Schedule III of Companies Act 2013:

Particulars	SBNs	Other denomination notes	Total
			Rupees
Closing Cash in hand as on 8 November 2016	10,500	7,051	17,551
(+) permitted Receipts	–	1,90,601	1,90,601
(-) permitted Payments	–	1,94,976	1,94,976
(-) Amount Deposited in Banks	10,500	–	10,500
Closing Cash in hand as on 30 December 2016	–	2,676	2,676

Note 40: Impairment of capital work-in-progress

During the year, the Management has evaluated impairment for certain assets recorded as Capital work in progress and as at Balance sheet date has provided an impairment loss of Rs 3,25,00,000/- (31 March 2016:Rs Nil).

Note 41: Deferred tax asset on the tax losses of Rs. 203,95,38,580 (2016: Rs. 147,74,30,343) is not recognized as the Company is not projecting any taxable income in near future and do not envisage any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Note 42: Previous year figures have been regrouped/reclassified wherever required to conform to current year classification/grouping.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

M.K.Saraogi
Partner
M. No. 054106

Place: Mumbai
Dated: April 28, 2017

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Limited

Dr. Karthik Krishnamurthy
Director

Mr. Arvind Mehra
Director

Mr. T. Subrahmanya Sarma
CFO

Mr.Vilas Chaubal
Company Secretary

Place: Mumbai
Dated: April 28, 2017

DIRECTORS' REPORT

The directors present their report together with the financial report of Airvan 10 Pty Ltd (the "company"), for the period ended 31 March 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the period are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since incorporation to the date of this report unless otherwise stated.

Results

The loss of the company for the period after providing for income tax amounted to AUD$3,850 (Rs. 190768) (2016: AUD$3,850 Loss, Rs. 190768).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial period, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the period was to apply for the Airvan 10 CASA type certificate.

No significant change in the nature of these activities occurred during the period.

After balance date events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the end of the period.

Indemnification of officers

During or since the end of the period, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the Board of Directors.

Arvind Mehra	**Keith Douglas**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes presents fairly the company's financial position as at 31 March 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra	**Keith Douglas**
Director	Director

Place: Traralgon VIC 3844
Dated: 26th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIRVAN 10 PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Airvan 10 Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of Airvan 10 Pty Ltd as at 31 March 2017, and its financial performance for the period then ended in accordance with applicable accounting standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Airvan 10 Pty Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Airvan 10 Pty Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Airvan 10 Pty Ltd or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Airvan 10 Pty Ltd's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Airvan 10 Pty Ltd'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 Airvan 10 Pty Ltd'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 report 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 Airvan 10 Pty Ltd to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

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.

N. R. BULL — **PITCHER PARTNERS**
Partner — Melbourne

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	Note	**2017 AUD$**	**2017 Rupees**	2016 AUD$	2016 Rupees
Revenue		**–**	**–**	–	–
Less: expenses					
Professional fees		**(3,850)**	**(190,768)**	(3,850)	(190,768)
		(3,850)	**(190,768)**	(3,850)	(190,768)
Loss before income tax expense		**(3,850)**	**(190,768)**	(3,850)	(190,768)
Income tax expense		**–**	**–**	–	–
Loss for the period		**(3,850)**	**(190,768)**	(3,850)	(190,768)
Total comprehensive loss		**(3,850)**	**(190,768)**	(3,850)	(190,768)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AUD$	2017 Rupees	2016 AUD$	2016 Rupees
Current assets					
Cash and cash equivalents	2	**10**	**496**	10	496
Total current assets		**10**	**496**	10	496
Total assets		**10**	**496**	10	496
Current liabilities					
Payables	3	**7,700**	**381,536**	3,850	190,768
Total current liabilities		**7,700**	**381,536**	3,850	190,768
Total liabilities		**7,700**	**381,536**	3,850	190,768
Net assets		**(7,690)**	**(381,040)**	(3,840)	(190,272)
Equity					
Share capital	4	**10**	**496**	10	496
Accumulated losses	5	**(7,700)**	**(381,536)**	(3,850)	(190,768)
Total equity		**(7,690)**	**(381,040)**	(3,840)	(190,272)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

Australian dollars	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Balance as at 10 December 2015	496	–	496
Loss for the period	–	(3,850)	(3,850)
Total comprehensive income for the period	–	(3,850)	(3,850)
Transactions with owners in their capacity as owners:			
Contributions	10	–	10
Total transactions with owners in their capacity as owners	10	–	10
Balance as at 31 March 2016	506	(3,850)	(3,344)
Balance as at 1 April 2016	10	(3,850)	(3,840)
Loss for the period	–	(3,850)	(3,850)
Total comprehensive loss for the period	–	(3,850)	(3,850)
Balance as at 31 March 2017	**10**	**(7,700)**	**(7,690)**

Indian rupees	Contributed equity AUD$	Accumulated losses AUD$	Total equity AUD$
Balance as at 1 April 2015	–	–	–
Profit/(loss) for the year	–	(190,768)	(190,768)
Total comprehensive income for the period	–	(190,768)	(190,768)
Balance as at 31 March 2016	–	(190,768)	(190,272)
Balance as at 1 April 2016	496	(190,768)	(190,272)
Loss for the period	–	(190,768)	(190,768)
Total comprehensive loss for the period	–	(190,768)	(190,768)
Balance as at 31 March 2017	**496**	**(381,536)**	**(381,040)**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan 10 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of AUD$3,850 (Rs: 190,768) during the year ended 31 March 2017, and as at that date the company's total liabilities exceeded total assets by AUD$7,690 (Rs: 381,040).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2017. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 49.55 = AUD$1 as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash on hand	10	496	10	496

NOTE 3: PAYABLES

CURRENT

Unsecured liabilities

Sundry creditors and accruals	7,700	381,536	3,850	190,768

NOTE 4: SHARE CAPITAL

Issued and paid-up capital

10 Ordinary shares	10	496	10	496

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of period	(3,850)	(190,768)	–	–
Net profit	(3,850)	(190,768)	(3,850)	(190,768)
Accumulated losses at end of period	(7,700)	(381,536)	(3,850)	(190,768)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2017, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2017, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan 10 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Board of Directors

Shriprakash Shukla - Chairman
Uday Gupta - Managing Director
Kozo Takahashi
Shingo Tada
Ajay Kumar Mantry
Daljit Mirchandani
Katsu Yanagimoto
Jayashree Vaidhyanathan

Committee to the Board

Audit Committee

Daljit Mirchandani
Ajay Kumar Mantry
Jayashree Vaidhyanathan

Nomination and Remuneration Committee

Daljit Mirchandani
Shriprakash Shukla
Kozo Takahashi
Jayashree Vaidhyanathan

Sudhir Yagnik	- Chief Financial Officer
Yasukazu Unigame	- Chief Technical Officer
Taishi Watanabe	- Chief Marketing Officer
Dilip Pachpande	- Chief Operating Officer
Krishna Mandke	- Chief Executive Officer-(Rings)
Pradeep Salian	- Company Secretary

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants, Mumbai

Bankers

State Bank of India
Bank of India
Dena Bank
ICICI Bank Ltd.

Registered Office

Mahindra Sanyo Special Steel Pvt. Ltd.
CIN No.: U27310MH2011PTC223696
74, Ganesh Apartment,
Opp Sitaladevi Temple,
L.J.Road, Mahim (West),
Mumbai – 400 016, India.
Tel. No.: 022 24444287
Fax No. 022 24458196
Web site: www.mahindrasanyo.com
Email: salian.pradeep@mahindra.com

Works:

Jagdish Nagar, Khopoli,
District, Raigad,
Maharashtra – 410216, India.

DIRECTORS' REPORT

To

The Members,

The Directors present their Sixth Annual Report together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2016-17	2015-16
Total Revenue	**91,843.45**	85,754.09
Profit/(Loss) before Interest and Depreciation & Tax (EBIDTA)	**1,000.85**	(230.08)
Less: Finance Cost	**2,725.86**	2,394.14
Less: Depreciation	**2,882.64**	2,339.04
Profit/(Loss) before Tax	**(4,607.65)**	(4,963.26)
Less: Provision for Taxation	**–**	–
Net Profit/(Loss) after Tax	**(4,607.65)**	(4,963.26)
Other comprehensive income (actuarial gains on gratuity)	**249.32**	2.03
Profit/(Loss) brought forward from previous Year	**(22,009.04)**	(17,047.81)
Less: Transfer to General Reserves	**–**	–
Balance Carried Forward to Balance Sheet	**(26,367.37)**	(22,009.04)
Net worth	**14,539.80**	14,382.65

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, the Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

STATE OF THE COMPANY'S AFFAIRS

India is currently the world's fourth largest producer of crude steel. Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed in the last one year, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially.

During the year under review, the Company has recorded highest volume dispatch since its inception in the financial year 2011-12. Due to intense competition and pressure on pricing in the special steel market and low realisation the Company continued to incur losses for the year under review.

The major challenges which the Company had to face during the year under review were:

a) Pressure on contribution margin.

b) Sales realization due to price recovery from its customers.

c) Higher working capital utilisation i.e. WIP & receivables.

d) Q4 F 17 onwards, firming up in price of scrap, ferro alloys & furnace oil.

The Company is continuously striving to improve its quality, process efficiency & productivity, reduce power & fuel consumption and, reduce cost of production. The Company is successful in developing new grades and also getting new businesses. The Company is continuously focusing on growth in sales in auto, premium bearing & rings businesses with improved product mix.

With the technical support from joint venture partners, management continues to undertake initiatives in the above areas.

SUMMARY OF OPERATIONS:

During the year under review company had registered sales volume of 129 KT, i.e. growth of 11.21 % over previous year level of 116 KT.

The Company recorded sales revenue of Rs. 914 crores during the year, i.e. growth of 6.90 % over previous year level of Rs.855 crores.

Earnings before interest, depreciation, tax & amortization for the year under review was Rs. 10.0 crores against Rs. (-) 2.3 crores for the previous year.

Loss after tax for the year under review was Rs. (-) 46.1 crores against Rs. (-) 49.6 crores for the previous year.

Dividend

In view of losses your directors do not recommend any dividend for the period under review.

Transfer to Reserves

The Company has not transferred any amount to reserves account.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board of Directors -Composition:

Sr. No.	Name of the Director	DIN	Executive /Non Executive	Independent/ Non Independent
1.	Mr. Shriprakash Shukla	00007418	Non Executive	Non Independent
2.	Mr. Uday Gupta	03514282	Executive	Non Independent
3.	Mr. Ajay Kumar Mantry	07319828	Non Executive	Non Independent
4.	Mr. Daljit Mirchandani	00022951	Non Executive	Independent
5.	Mr. Nobuyuki Tanaka*	06367343	Non Executive	Non Independent
6.	Mr. Naota Komaki@	07389051	Non Executive	Non Independent
7.	Mr. Kozo Takahashi	06921700	Non Executive	Non Independent
8.	Ms. Jayashree Vaidhyanathan	07140297	Non Executive	Independent
9.	Mr. Katsu Yanagimoto**	07501215	Non- Executive	Non- Independent
10.	Mr. Shingo Tada@@	07766801	Non- Executive	Non- Independent

Note: * resigned as Director of the Company with effect from 20th May, 2016.
** appointed as Director with effect from 20th May, 2016
@ resigned as Director of the Company with effect from 23rd May, 2017.
@@ Appointed as an additional Director of the Company with effect from 23rd May, 2017.

Mr. Uday Gupta and Mr. Shriprakash Shukla, Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. Nobuyuki Tanaka, Director had resigned from Directorship of the Company with effect from 20th May, 2016. The Board has placed on record its sincere appreciation of the services rendered by Mr. Nobuyuki Tanaka during his tenure as the Director of the Company.

Mr. Naota Komaki, Director has resigned from the Directorship of the Company with effect from 23rd May, 2017. The Board has placed on record its sincere appreciation of the services rendered by Mr. Naota Komaki during his tenure as the Director of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. Shingo Tada (DIN 07766801), who was appointed as the Director of the Company with effect from 23rd May, 2017 and holds office upto the date of ensuing Annual General Meeting. The Company has received notice from a member under Section 160(1) of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Shingo Tada, for the office of Director of the Company at the forthcoming Annual General Meeting.

Pursuant to the requirement of the provisions of the Companies Act, 2013, Mr. Uday Gupta, Managing Director, Mr. Sudhir Yagnik, Chief Financial Officer and Mr. Pradeep Salian, Company Secretary have been designated as the Key Managerial Personnel with effect from 21st May, 2014.

DETAILS OF BOARD MEETING AND ANNUAL GENERAL MEETING:

During the year under review, 4 Board meetings were held, details of which are given below:

Date of the meeting	No. of Directors attended the meeting
20th May, 2016	8
22nd July, 2016	6
21st October, 2016	7
9th February, 2017	7

5th Annual General Meeting of the shareholders was held on 22nd July, 2016.

The attendance during the financial year 2016-17 at the meetings of the Board was as under:

Sr. No.	Name of the Director	DIN	No. of meetings attended
1.	Mr. Shriprakash Shukla	00007418	4
2.	Mr. Uday Gupta	03514282	3
3.	Mr. Ajay Kumar Mantry	07319828	2

Sr. No.	Name of the Director	DIN	No. of meetings attended
4.	Mr. Daljit Mirchandani	00022951	3
5.	Mr. Naota Komaki*	07389051	4
6.	Mr. Kozo Takahashi	06921700	4
7.	Ms. Jayashree Vaidhyanathan	07140297	4
8.	Mr. Katsu Yanagimoto	07501215	4
9.	Mr. Shingo Tada**	07766801	–

Note: * resigned as Director with effect from 23rd May, 2017.
** appointed as additional Director with effect from 23rd May, 2017.

Codes of Conduct

Your Company has, adopted codes of conduct for corporate governance ("the Codes") for its Directors and senior management personnel and employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from the Board members and senior management personnel and employees affirming compliance with respective code of conduct.

FURTHER ISSUE OF CAPITAL:

During the year the Company has issued and allotted 11,30,000 equity shares of Rs. 10/- each, for cash, at a premium of Rs. 390/- per equity shares for cash aggregating to Rs. 45,20,00,000/- (inclusive of share premium), on 'Rights' basis to the shareholders of the Company. The issue has been fully subscribed by the Shareholders of the Company. In view of issue of the said equity shares, the paid up share capital of the Company stands at Rs. 11,98,36,560/-.

EXTRACT OF ANNUAL RETURN:

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act") and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is **Annexed as Annexure 2**.

COMMITTEES OF THE BOARD:

The details of composition of the committees of the Board of Directors as on 31.3.2017 are as under:-

a. Audit Committee

Sl. No.	Name	Chairman/ Members	No. of meeting attended
1.	Mr. Daljit Mirchandani	Chairman	3
2.	Ms. Jayashree Vaidhyanathan	Member	4
3.	Mr. Ajay Kumar Mantry	Member	2

During the year, the Committee had met on 20th May, 2016, 22nd July, 2016, 21st October, 2016 and 9th February, 2017.

b. Vigil mechanism

Pursuant to the requirement of the Act, the Company has established the Whistle Blower (vigil) Policy/mechanism for their directors and employees and the other stakeholders of the Company to report genuine concerns which shall provide for adequate safeguards against victimization of persons who use such mechanism. The said policy has been uploaded on the website of the Company. www.mahindrasanyo.com/corporate responsibility/governance/policies.

c. Nomination and Remuneration Committee

Sl. No.	Name	Chairman/ Members	No. of meetings attended
1.	Mr. Daljit Mirchandani	Chairman	2
2.	Mr. Shriprakash Shukla	Member	2
3.	Mr. Kozo Takahashi	Member	2
4.	Ms. Jayashree Vaidhyanathan	Member	2

During the year, the Committee had met on 20th May, 2016 and 21st October, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETING OF INDEPENDENT DIRECTORS AND EVALUATION OF PERFORAMNCE:

The Board of Directors has adopted a formal policy for annual evaluation of its own performance and individual directors and the same was done based on the criteria approved by the Board. As required under Schedule IV of the Companies Act, the Independent Directors at their meeting held on 20th May, 2016 reviewed the performance of Non-Independent Directors, Chairman and the Board as a whole.

The Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Nomination and Remuneration Committee for facilitating the formal annual evaluation. The Questionnaires/Feedback templates duly filled in by all the directors' in respect to the evaluation of Independent Directors were sent to the Chairman of the Board for facilitating the formal annual evaluation. The evaluation report was discussed/reviewed at the respective meetings of the Nomination and Remuneration committee and the Board.

AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS:

In the last Annual General Meeting of the Company held on 22nd July, 2016, M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) have been appointed as the Statutory Auditors of the Company, and hold office till the conclusion of the ensuing Annual General Meeting (AGM) of the Company and being eligible, given their consent for re-appointment.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, on the recommendation of the Audit Committee, the board of Directors proposed to appoint M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for remaining term of 4 years from the conclusion of the forthcoming AGM until the conclusion of the 10th Annual General Meeting of the Company to be held in the year 2021, subject to ratification by the Members at every AGM.

The appointment of Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors will be placed before the ensuing AGM. The members are requested to consider the appointment of statutory auditors as aforesaid and to fix their remuneration.

The Company has received a Certificate from M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company, to the effect that if their re-appointment is made which would be within the prescribed limits under section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

Further, the Statutory Auditors Report on the Financial Statements for the year ended 31st March, 2017 is unmodified and it does not contain any qualification reservation or adverse remark and notes thereto self –explanatory and therefore do not call for any further comments.

INTERNAL AUDITORS:

Pursuant to Section 138 of the Companies Act, 2013, M/s. Mahajan & Aibara, Chartered Accountants, has been re-appointed as the Internal Auditors of the Company for the Financial Year 2017-18 by the Board of the Directors of the Company.

COST AUDIT REPORT:

Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No. 8241, carried out the Audit of cost accounting records maintained by the Company for the financial year 2015-16. The Cost Auditor has filed the Cost Audit Report for the financial year 2015-16 on 20.08.2016 to the Central Government, Ministry of Corporate Affairs, New Delhi. The due date for filing the said Cost Report was 27.09.2016. Mr. Kishore Bhatia, Cost Accountant has been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2016-17. The Cost Auditor will forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for Financial Year 2016-17 within prescribed time.

It is proposed to re-appoint Mr. Kishore Bhatia, Cost Accountant as Cost Auditor of the Company to conduct the Audit of Cost Accounting records of the Company for the Financial Year 2017-18. The Cost Auditor has confirmed that their appointment is within the limit of section 141(3) (g) of the Companies Act, 2013 and has also certified that they are free from any disqualifications specified under section 141(3) and provisions under section 148(3) read with section 141 (4) of the Companies Act, 2013.

The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting.

SECRETARIAL AUDIT REPORT:

In terms of Section 204 of the Act Companies Act, 2013, and the Rules made there under, M/s. GMJ & Associates, Practicing Company Secretaries have been appointed as Secretarial Auditors of the Company and they have carried out the Audit for the year 2016-17. The report of the Secretarial Auditors is enclosed as **Annexure 4** forming part of this report. The report does not contain any qualification, reservation or adverse remark and do not call for any further comments.

AUDITORS REPORT ON FRAUDS:

During the year under review, the Statutory Auditors and Secretarial Auditors and Cost Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into transactions with the related parties as per section 188(1) of the Companies Act, 2013, which are on arm's length basis. However, there was no contracts/arrangements or transactions entered into by the Company which are not on arm's length basis and there was no material contracts or arrangement or transactions at arm's length basis entered into by the Company with the related parties which are required to be disclosed in this report. The criteria for materiality of the transactions was considered as per the notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs. New Delhi.

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

Your Board has, on the recommendation of Nomination and Remuneration Committee, approved policies on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors, and on the remuneration of directors, key managerial personnel and other employees. These policies are provided as **Annexure 3** and form part of this report.

RISK MANAGEMENT POLICY:

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee as well as the Board reviews the same periodically. The risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the organization's culture. The formulation and authorization of the risk policy illustrates executive management's commitment to implement and continuously develop risk management within the Company.

DECLARATION BY INDEPENDENT DIRECTORS:

Mr. Daljit Mirchandani and Ms. Jayashree Vaidhyanathan are independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfils the conditions specified in section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

INTERNAL FINANCIAL CONTROLS:

The Company uses the SAP ERP system as business enabler and also to maintain its books of accounts. The transactional controls built in SAP ERP system ensure appropriate segregation of duties and level of authorisation/approvals and maintenance of supporting documents. The System, Standard Operating Procedures are reviewed by the Management. These Systems and Controls are audited by the Internal Auditors and their findings are reviewed by the Audit Committee along with the action taken report on the same.

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/Reports are reviewed by the Audit Committee on a regular basis. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

HOLDING AND SUBSIDIARY COMPANY:

Your Company continues to be the subsidiary of Mahindra & Mahindra Limited (M&M), which holds 51% of the shares in the share Capital of the Company.

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

During the year under review, there were no loans, guarantees or investments, particulars in respect of which are required to be furnished under Section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A detailed analysis of the Company's performance is mentioned in the Management Discussion and Analysis Report, which forms part of this Directors Report.

MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments, affecting the financial position of the Company during the year under review.

FINANCE:

During the year under review, the Company faced inflationary pressure and was not able to avoid an increase in borrowing Capex obligation for the year have been met out of equity contribution raising through issue of shares on rights basis from its shareholders.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR):

The Corporate Social Responsibility Activities as provided under section 135 of the Act, is not applicable to the Company.

SUSTAINABILITY INITIATIVES:

In line with the Vision statement of the company, MSSSPL has progressed very well during the year F17 under various categories relating to environment, social, enablers and emerging issues.

Through materiality analysis and the stakeholder engagement, 15 priority issues have been identified. To work on these aspects and to deliver as per the long term roadmap and budgeted goals, there are teams with cross functional members from various departments.

The progress with reference to well defined targets is quarterly reviewed by the Managing Director, Chief Operations Officer and Business Excellence Head.

HIGHLIGHTS of F 17 are as below

- Achieved 15.3 safety activity rate and 24.25 perfect safety day per month for F 17.
- Reduction in specific electricity consumption by 2% compare to F 16.
- Reduction in specific oil consumption by 1% compare to F 16.
- Nearly 5% of power requirement is fulfilled through renewable energy sources.
- The Company bagged National Energy Management award conferred by CII in Sept' 2016 for being "Energy Efficient Unit" in metal and steel sector and also "Most useful presentation Award" which was an audience choice award.
- Fresh water consumption per ton of production reduced by 25% compare to F 16.
- MSSSPL got recertified to revised ISO 14001 : 2015 & OHSAS 18000 : 2015 standard.
- MSSSPL becomes 1st steel company in India to commit for "Science Based Target" initiative.
- Published 3rd party assured MSSSPL Sustainability Report of F 16 as per GRI G4 reporting framework.
- As a part of advisory board member of "Alliance for Integrity" (AFIN), there has been a successful representation in the anti-corruption campaigns.
- Achieved Stage 4 at The Mahindra Way TMW.
- Became advisory board member on "Steel Stewardship Council – Responsible Steel."

Way ahead

- To announce Science Based Target of MSSSPL by March 2018.
- To sign and implement WBCSD's pledge for access to safe water, sanitation and hygiene (WASH) at the workplace.
- To evaluate "Carbon Pricing" for MSSSPL.

POLICY FOR PREVENTION OF SEXUAL HARASSMENT:

The Company has rolled out a policy for prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in which it formalized a free and fair enquiry process with clear timeline. The Company has also constituted an internal complaints committee to which employees can write their complaints. All employees permanent, contractual or temporary are covered under this policy. There was no case/complaint of discrimination and harassment including sexual harassment reported under the act during the financial year 2016-17.

INDUSTRIAL RELATIONS:

The relations with the workers and their respective unions remained cordial.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

Your Company has a defined policy on general health, safety and environmental conservation through which every employee is responsible for the observance of the measures designed to prevent accidents, damage to health and to avoid environmental pollution.

The safety committee members comprising representatives of workers and executives from various departments meet periodically to review the situation.

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

Particulars required to be disclosed under the Rules 8(3) of Companies (Accounts) Rules 2014 are set out in **Annexure I** to this Report.

GENERAL:

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Receipt of any remuneration or commission by the whole time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. Particulars of employees, since Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

ACKNOWLEDGEMENTS:

Your Directors wish to express their appreciation of the continued support and co-operation received from the Banks, Stakeholders, and Government Departments.

For and on behalf of the Board

Shripakash Shukla
Chairman

Mumbai, 23rd May, 2017

ANNEXURE I

STATEMENT PARTICULARS OF THE DIRECTORS' REPORT UNDER RULES 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

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

- **Process Improvement:-**
  1. Optimization of scrap mix & early foaming started through use of lump coke through direct reduced iron belt conveyer in arc furnace.
  2. Reduction of power in ladle furnace through better insulation practice to avoid temperature drop after vacuum degassing.
- **Energy Efficient Equipment:-**
  1. Replacement of old equipment with new energy efficient equipment – transformer.
  2. Procurement of energy efficient equipment like 5 Star AC's, IE 3 motors & LED lights.
  3. Installed variable frequency drive in rolling mill for roller table.
- **Improvement Activities: -**
  1. Transparent sheets on plant roof tops for natural light during day time in remaining shops.
  2. Reduction in oil consumption by burner block modification in forge shop.
  3. Revamping of 4 furnaces in heat treatment shop (HTFS).

(ii) The steps taken by the company for utilizing alternate sources of energy:

1. Procurement of 7.68 MU clean energy through wind & solar power to fulfil renewable power obligation.

(iii) The capital investment on energy conservation equipments:

The capital investment on procurement of energy efficient equipment & in improvement activities is around Rs. 42 lacs.

(b) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

There has been overall energy saving of around 3.5 MU during the year due to various energy saving initiatives and measures taken by the company as stated above. This has resulted in saving energy cost to the company.

B. TECHNOLOGY ABSORPTION:

i) The efforts made on Technology absorption and benefits derived as result of the same:-

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
A	**New Products developed**	
1	New AISI 440 grade successfully developed.	High alloy steel grade with good contribution, enhancing product portfolio.
2	Various new grades like SAE8822H, 30Mn5, 34CrNiMo6, VS43C and SAE8620- M developed for engineering and auto sector.	New grade developed to enhance business.
3	A very critical grade D2 developed in existing set up.	Capture new market as import substitute. Product stabilized.
B	**Process Improvement**	
1	New magna spray mass developed.	To improve the cleanliness of bearing grade.
2	Started using 74% alumina bricks.	To improve cleanliness in ingot steel.
3	Low oxygen bearing steels development.	8 ppm oxygen level achieved in bearing steels.

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
C.	**Enhancement in Testing Capability**	
1	Installed auto polishing machine in metallography.	More accuracy in microstructure and sample preparation lead time reduction.
2	Installed auto HRC hardness machine for testing Jominy sample.	Precise testing of jominy hardenability samples. Alignment with customer inspection facilities.
3	Procured portable XRF spectrometer.	Increase in flexibility of testing and reduction in inspection time at shop floor.

ii) Future Plan of action:-

- Tensile testing machine with advanced testing software and extensometer.
- Installation of casting trolley for quality improvement of bottom pouring route products.
- Two roller straightening machine for finished product straightness improvement.
- Blm. mill chamber furnace, 1 No. – modification & revamping as per new design for reduction in fuel consumption.
- Replacement of furnace oil by natural gas for furnaces.
- MFLT machine for finished product quality inspection purpose and customer satisfaction.

iii) Expenditure on R&D:

Sr. No.	Expenditure	2016-17 (Rs. in lakhs)	2015-16 (Rs. in lakhs)
a)	Capital	**95.22**	53.46
b)	Recurring	**133.30**	107.36
c)	Total	**228.52**	160.82
d)	Total R&D expenditure as percentage of total turnover	**0.28%**	0.21%

iv) Technology Absorption, Adaptation:

(Efforts in brief towards technology absorption, adaptation and benefits derived as a result of the above efforts.)

Sr. No.	Technology	Benefits
1	Installed advanced AMLC	Continuous casting process modernization and bloom quality improvement.
2	Installation of automatic ultrasonic testing set up.	For enhancement in capacity and quality of ultrasonic testing.
3	X Ray Fluorescence Spectrometer (XRF)	For precise raw material analysis. Reduced the testing lead time and avoided use of hazardous chemicals.

V Import of Technology for the last five years:

1. Oxy fuel technology to reduce oil consumption.
2. Auto UST machine for internal defect detection and improving productivity.
3. XRF equipment for raw material testing.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Report.

Particulars with regard to Foreign Exchange Earnings and outgo are given in the notes to Accounts.

For and on behalf of the Board

Date: 23rd May, 2017

Shriprakash Shukla
Chairman

Annexure - 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017 of
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
[Pursuant to Section 92(1) *of the Companies Act, 2013 and* rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	**U27310MH2011PTC223696**	**ii)**	Registration Date:	08-11-2011
iii)	Name of the Company:	**Mahindra Sanyo Special Steel Pvt. Ltd.**	**iv)**	Category/Sub-Category of the Company:	Manufacturing of Alloy Steel.
v)	Address of the Registered office and contact details:	**74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (W), Mumbai- 400 016. Tel. no. 022-24444287/24458196.**	**vi)**	Whether listed company: Yes/No	: No
vii)	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any:	**NA**			

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.	Other bars and rods of other alloy steel	72283019	62%
2.	Other bars and rods of iron or non-alloy steel	72149990	20%
3.	Ball or roller bearings	84829900	8%
4.	Parts and accessories of motor vehicles	87084000	–

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 & Mahindra Ltd.	L65990MH1945PLC004558	Holding	51%	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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF									
(b) Central Govt.									
(c) State Govt(s)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(d) Bodies Corp.	5535361	4*	5535365	51	6111661	4*	6111665	51	Equity shares issued on Rights basis.
(e) Banks/FI									
(f) Any other									
Sub-Total (A)(1):-	**5535361**	**4***	**5535365**	**51**	**6111661**	**4***	**6111665**	**51**	
(2) Foreign									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corp.	–	5318291	5318291	49	–	5871991	5871991	49	
(d) Banks/FI									
(e) Any other...									
Sub-Total (A)(2):-	–	5318291	5318291	49	–	5871991	5871991	49	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	5535361	5318295	**10853656**	**100**	6111661	5871995	**11983656**	100	
B. Public Shareholding	Nil								
1. Institutions									
(a) Mutual Funds									
(b) Banks/FI									
(c) Central Govt.									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-Total (B)(1):-									
2. Non-Institutions									
(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)									
Sub-Total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	Nil								
Grand Total (A+B+C)	**5535361**	**5318295**	**10853656**	**100**	**6111661**	**5871995**	**11983656**	**100**	**Nil**

* The 4 shares are held by Mahindra & Mahindra Ltd. jointly with its nominees.

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Ltd.	5535361	51	NA	6111661	51	NA	Shares issued on Rights basis.
2.	Mahindra & Mahindra Ltd. Jointly with Mr. Shriprakash Shukla*	1	–	–	1	–	NA	–
3.	Mahindra & Mahindra Ltd. Jointly with Mr. Uday Gupta*	1	–	–	1	–	NA	–
4.	Mahindra & Mahindra Ltd. Jointly with Mr. Zhooben Bhiwandiwala*	1	–	–	1	–	NA	–
5.	Mahindra & Mahindra Ltd. Jointly with Mr. S. Durgashankar*	1	–	–	1	–	NA	–
6.	Sanyo Special Steel Co., Ltd.	3147560	29	NA	3475260	29	NA	–
7.	Mitsui & Co., Ltd.	2170731	20	NA	2396731	20	NA	–

* held as nominee of Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	10853656	100	**11983656**	**100**
	Date wise **Increase**/Decrease in Promoters Share holding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Rights Issue – Shares allotted on 27-01-2017.	1130000	–		
	At the end of the year	**11983656**	**100**	**11983656**	**100**

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year		**Nil**		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if Separated during the year)				

(v). Shareholding of Directors and Key Managerial Personnel: Nil

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	Nil		Nil	
	Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	Nil		Nil	
	At the end of the year	Nil		Nil	

V. INDEBTEDNESS

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

(Amount in Rs. Crs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	185.21	20.00	–	205.21
ii) Interest due but not paid	0.17	–	–	0.17
iii) Interest accrued but not due	0.06	0.66	–	0.72
Total (i+ii+iii)	**185.44**	20.66	–	**206.10**
Change in Indebtedness during the financial year				
• Addition	15.00	60.10	–	75.10
• Reduction	30.04	40.00	–	70.04
Net Change	**15.04**	**20.10**	–	**5.06**
Indebtedness at the end of the financial year				
i) Principal Amount	170.22	40.00	–	210.22
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.18	0.76	–	0.94
Total (i+ii+iii)	**170.40**	**40.76**	–	**211.16**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount in Rs.
		Mr. Uday Gupta	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	97,87,067	97,87,067
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary under		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission – as % of profit	12,62,815*	12,62,815*
	– others, specify (Performance Pay)		
5.	Others, please specify		
	Total (A)	**1,10,89,482**	**1,10,89,482**
	Ceiling as per the Act	1,20,00,000	1,20,00,000

* The amount of performance pay paid for the year 2015-16, as approved by the Nomination and Remuneration Committee. The above remuneration includes retirement benefits.

Note: The amount of performance pay of Rs. 24,00,000/- provided in the books for the year 2016-17, the actual amount will be paid based on the Individual Performance and the Company's Performance as may be approved by the Nomination and Remuneration Committee.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount in Rs.
		Mr. Daljit Mirchandani	Ms. Jayashree Vaidhyanathan	
1.	Independent Directors			
	• Fees for attending board/committee meetings	52,500	67,500	1,20,000
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	**52,500**	**67,500**	**1,20,000**
2.	Other Non-Executive Directors			
	• Fees for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**52,500**	**67,500**	**1,20,000**
	Total Managerial Remuneration (A + B)			**1,12,09,482**
	Ceiling as per the Act	**Rs.1 lakh per meeting each director as per Companies Act, 2013.**		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in Rs.
		CEO	Company Secretary Amount in Rs.	CFO Amount in Rs.	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		15,93,558	64,24,537	80,18,095
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		–	39,600	39,600
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		–	–	–
2.	Stock Option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission – as % of profit		–	–	–
	– others, specify...		–	–	–
5.	Others, please specify		–	–	–
	Total		**15,93,558**	**64,64,137**	**80,57,695**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	**Nil**				
Punishment	**Nil**				
Compounding					
B. DIRECTORS					
Penalty	**Nil**				
Punishment	**Nil**				
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	**Nil**				
Punishment					
Compounding					

For and on behalf of the Board

Shriprakash Shukla
Chairman

Mumbai, 23rd May, 2017

ANNEXURE - 3

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Sanyo Special Steel Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole Time Director (WTD).

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

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

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

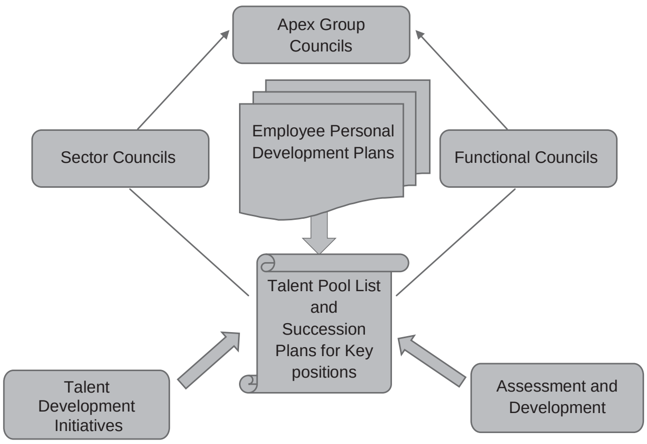
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

B. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Sanyo Special Steel Private Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Managing Director and other Members of Executive Committee who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non - executive including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation to Non-executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director/Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs including Managing Director (MD), Chief Financial Officer (CFO), Company Secretary shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR of the Department of the Company, and approved by the Managing Director/Whole Time Director/Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Long Term Incentive and Retention benefits to Employees and Directors in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Shriprakash Shukla

Mumbai, 23rd May, 2017 *Chairman*

ANNEXURE - 4

Form No.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To,
The Members,
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
74, Ganesh Apartment,
Opp: Sitaladevi Temple, L.J. Road,
Mahim [West], Mumbai – 400 016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Sanyo Special Steel Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2017** complied with the statutory provisions of the applicable Acts 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Mahindra Sanyo Special Steel Private Limited** for the financial year ended on March 31, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder.

ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable.

iv. Secretarial Standards I and II issued by The Institute of Company Secretaries of India.

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, except some other acts which are not specifically applicable to the Company during the year under review, the Company has complied with the following laws applicable specifically to the Company.

i. The Factories Act, 1948 and Maharashtra Factories Rules, 1963.

ii. The Environment (Protection Act), 1986.

iii. The Air (Prevention and Control of Pollution) Act, 1981.

iv. The Water (Prevention and Control of Pollution) Act, 1974.

v. The Hazardous Wastes (Management & Handling) Rules, 1986.

vi. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Employees Provident fund Scheme.

vii. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

viii. The Minimum Wages Act, 1948.

ix. The Payment of Bonus Act, 1965.

x. The Payment of Gratuity Act, 1972.

xi. The Payment of Wages Act, 1936.

xii. The Industrial Disputes Act, 1947.

xiii. The Central Excise Act, 1944.

xiv. The Customs Act, 1962.

xv. The Income Tax Act, 1961.

xvi. The Sales Tax & VAT Act.

xvii. Chapter V of the Finance Act, 1994.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Board Committee 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. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of Minutes.

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

For **GMJ & ASSOCIATES**
Company Secretaries

Sd/-
[MAHESH SONI]
PARTNER

Place: Mumbai FCS: 3706
Date: *23.05.2017* COP: 2324

Note: This report is to be read with our letter of even date which is annexed as '**ANNEXURE A**' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
74, Ganesh Apartment, Opp Sitaladevi Temple, L.J. Road,
Mahim [West], Mumbai - 400 016.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **GMJ & ASSOCIATES**
Company Secretaries

Sd/-
[MAHESH SONI]
PARTNER

Place: Mumbai
FCS: 3706
Date: *23.05.2017*
COP: 2324

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

COMPANY OVERVIEW

Mahindra Sanyo Special Steel Private Limited (MSSSPL), is a subsidiary of Mahindra & Mahindra Ltd. (M&M). The Company is a manufacturer of Alloy steel products and rings (Bearing Races) at its plant, located in Khopoli, District Raigad, Maharashtra.

ANALYSIS OF STEEL BUSINESS

OVERVIEW

The Company produces special alloy steel through Electric Furnace (EAF) route where steel scrap is the main raw material. The company caters steel requirements for capital goods industries mainly in Automotive, Engineering, Oil & Gas, Tool & Die, Power Generation & Bearing sectors. Some of the end uses of the Alloy Steel is in making of Transmission parts, Bearings, Axles, Gears, Crankshafts, Fuel Injection pumps etc.

The Ring Rolling business is forward integration for Steel business. It caters to the Bearing industry (especially antifriction bearings) and also Auto parts manufacturing industries both in “as forged” and/or “green machined condition”. The company manufactures rings through closed die forging as well as seamless ring rolling processes.

INDUSTRY STRUCTURE & DEVELOPMENT

Steel is crucial to the development of any modern economy and is considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and living standards of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.

India’s economic growth is contingent upon the growth of the Indian steel industry. India is currently the world’s fourth largest producer of crude steel. Consumption of steel is taken to be an indicator of economic development. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly being used in engineering industries such as power generation, petrochemicals and fertilizers. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernization and up gradation of older plants, improving energy efficiency and backward integration into global raw material sources.

Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed in the last one year, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially.

The Company has recorded highest volume dispatch in FY 17 in the history of the Company. However, due to intense competition and pressure on pricing in the special steel market, the Company continued to incur losses for the year under review.

The major challenges which the Company had to face during the year under review were:

a) Pressure on contribution margin.
b) Sales realization due to price recovery from its customers.
c) Higher working capital utilisation i.e. WIP & receivables.
d) Q4 F 17 onwards, firming up in price of scrap, ferro alloys & furnace oil.

The Company is continuously striving to improve its quality, process efficiency & productivity, reduce power & fuel consumption and, reduce cost of production. The Company is successful in developing new grades and also getting new businesses. The Company is continuously focusing on growth in sales in auto, premium bearing & rings businesses with improved product mix.

With the technical support from joint venture partners, management continues to undertake initiatives in the above areas.

SUSTAINABILITY & ENVIRONMENT REFORMS

As part of sustainability initiatives the Company has undertaken several measures to optimum use of available natural resources and achieved the following results:

- Reduction in Specific Electricity consumption by 2% compare to F 16.
- Reduction in Specific oil consumption by 1% compare to F 16.
- Nearly 5% of power requirement is fulfilled through renewable energy sources.
- Fresh water consumption per ton of production reduced by 25% compare to F 16.
- The Company becomes the 1st steel company in India to commit for Science Based Target initiative.
- As a part of advisory board member of Alliance for Integrity (AFIN), there has been a successful representation in the anti-corruption campaigns.
- Achieved Stage 4 at The Mahindra Way TMW.

FINANCIAL PERFORMANCE

Summary of financial performance of the Company is presented below:

	(Rs in millions)
Particulars	**FY 2016-17**
Sales Volume (MT)	**128,711**
Sales	**9,141**
Other Income	**44**
Total Income	**9,185**
EBIDTA	**100**
Loss before Tax	**(461)**
Loss after Tax	**(461)**

During the year under review company had registered sales volume of 129 KT, i.e. growth of 11.21% over previous year.

The Company recorded Sales revenue of Rs.914 crores during the year, i.e. growth of 6.90% over previous year.

Earnings before Interest, Depreciation, Tax & Amortization for the year under review was Rs. 10.0 crores against Rs. (-) 2.3 crores for the previous year. Loss after Tax for the year under review was Rs. (-) 46.1 crores against Rs. (-) 49.6 crores for the previous year.

With the technical support of our joint venture partners, management continue to undertake initiatives for increasing margin by way of rationalisation of product mix and processes and further improvements in operating efficiencies and yield.

OPPORTUNITIES & STRATEGIC OUTLOOK

The automotive sector has been the top performer among key steel using sectors thanks to the consumption driven recovery in the developed economies, low oil prices and the government stimuli programmes supporting automobile purchases in several countries. However, this may now be approaching a peak.

The construction, building and infrastructure sector, which accounts for 50% of global steel use, has been showing a divided picture between the developing and developed economies. This sector has been a major driver for steel demand in the developing countries driven by urbanisation, but activity in the developed economies since the 2008 financial crisis has been more subdued. This appears to be about to change with a recovery in construction activities apparent in the EU through the improving economic conditions and the potential renewal initiatives for infrastructure in the US.

The machinery sector could also benefit from rising investment activities if the uncertainties surrounding the global economy can be contained. On the other hand, depression in shipbuilding activities is expected to continue for some time given the global glut in shipping capacity.

The economic rebalancing and reform agenda of the Chinese economy continued for the first half of 2016, only to be interrupted by the government's mini stimulus measures designed to reduce the speed of the decline. This produced a short term boom in infrastructure investment and the housing market, which stimulated demand for steel and other commodities. While the Chinese economic outlook appears stable and steel demand continues to remain strong in the early part of 2017, this is expected to gradually decelerate as the government tries to retighten its real estate policies. China's steel demand is expected to remain flat in 2017 and then decline by -2% in 2018.

Benefiting from strong fundamentals, newly announced measures related to fiscal stimuli and rising infrastructure spending, the United States is expected to continue to lead growth in the developed world in 2017-18. However, despite a recovery in oil prices, a rebound of investments in the oil and gas sector may be limited given the increased efficiency of shale producers.

The EU recovery is solidifying with many positive developments. Eurozone monetary policy is expected to remain on its current path, at least in 2017, while fiscal tightening is not expected to strengthen further and risk of disinflation has significantly receded. If political stability can be maintained, investment is expected to pick up to provide a further boost to the recovery. Benefiting from the improving global economy and weak yen, Japan's steel demand is expected to show a stable recovery.

Having dealt with the structural problems and fall in commodity prices, the Russian and Brazilian economies are stabilising and expected to show modest growth in 2017. Russian growth will continue to pick up in 2018 as structural reforms take more effect.

After the demonetisation shock, the Indian economy is expected to resume growth, although on a slightly weakened basis. The ASEAN countries are expected to demonstrate solid growth in 2017-18. However, the region remains vulnerable to currency volatilities associated with US interest rate hikes and dollar appreciation. Steel demand in the emerging and developing economies excluding China, which accounts for 30% of world total, is expected to grow by 4.0% in 2017.

There are a number of critical success factors, enablers and building blocks that can support competitive growth of the steel industry in India which includes, Government support and regulatory framework, Infrastructure and logistics, raw materials security, sustainability and environmental reforms, Trade agreements and barriers — ensuring a level playing field, Technological innovation, Supply chain optimization, Hedging through financial derivatives.

THREATS & RISKS

The most critical risk facing the global steel industry is excess capacity which may lead one to believe there is no good case for further capacity addition anywhere. The ability to produce high quality value added products for emerging needs at a competitive cost is an imperative for success in such a strategy. The steel industry, for most countries, was in many ways seen as a tool for domestic economic development and has been built around national priorities for being self-dependent for this critical input for physical development.

Therefore, this industry often found support from national and provincial governments. In light of this, it is normal to tag the capacity development to domestic demand. Hence, boosting domestic demand is a critical enabler for Indian steel to multiply in size. With the forces of market economy gaining ground in recent decades, balancing capacity to target consumption has yielded to concepts of economies of scale, open trade flows and manufacturing competitiveness, thereby increasing the global trade of steel. Despite that, it is imperative to have a long-term plan to boost domestic demand to drive new build in steel capacity. This is where immense opportunity lies ahead for steel in India. The steel-intensity curve that follows reflects India at the very low end of the per capita consumption of steel as compared with its peer groups in BRICs or with developed countries. The long-term drivers for steel use both over time and across countries at a point of time will clarify India is still at the bottom end of the steel intensity curve and only has one way to go for a couple of decades.

There is enormous scope for increasing steel consumption in almost all sectors, e.g., infrastructure, automobiles, Packaging, irrigation and water supply, engineering and capital goods, real estate and transportation. As steel is a capital-intensive industry, unrealistic targets could lead to excessive allocation of resources, which could prove to be counterproductive for both the domestic steel industry and the economy. Therefore, it becomes crucial for the benefit of all stakeholders that multiple scenarios of growth be considered before choosing the optimal path for steel industry growth in the country.

The company has identified several initiatives towards mitigation of emerging risks and threats initiatives like increasing its exposure to non-auto sector in domestic market, focusing on Oil & Gas and Renewable energy sector, switching to alternate source energy like natural gas as substitute to furnace oil. With the support of joint venture partners the company is expected to receive the technical expertise to improve process, quality and efficiency and reduction cost. This will make the steel products more competitive. The marketing strategies and reach of the steel business is also expected to receive a thrust due to the expertise of the joint venture partners.

The complete dependence on outsourced machining vendors in the ring business continues to be a risk in the supply chain. The in house machining facility through third party Vendor at the premises of the steel business being installed.

SAFETY, HEALTH AND ENVIRONMENT

The Company has an effective policy framework; of highest standard, on Safety, Health & Environment (SHE) for protecting the safety, health and welfare of its employees and workers. The Company accords sufficient priority to the objectives of preserving and developing the environment, maintaining a safe work place, enhancing work conditions and health aspects of its employees. The company's SHE policy not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees in these areas. The process defined under the SHE Policy ensures leadership from the top management in laying down norms for improving safety, environment and health aspects in operations. It also lays down norms for participation from across the management and workforce hierarchy. External audits are conducted to ensure effectiveness of the SHE policy and initiatives and recommendations are considered for further improvements in SHE process. SHE issues are addressed proactively and effectively in terms of ISO standards and guidelines.

The Company accords the highest importance to adopting safety measures for preventing accidents. In case of any accident, a thorough investigation is carried out to identify the root cause and immediate steps are taken to eliminate the root cause to ensure it does not recur. The Company regularly conducts counselling and safety review meetings for employees to appraise and educate them on the adoption of safety measures and avoidance of unsafe practices. Awareness and first aid trainings are conducted regularly along with mock drills as an exercise in disaster management readiness. The Company is in compliance with the regulations pertaining to safety. The objective is to achieve zero accident, zero incidents and a safe work environment.

The Company periodically conducts health check ups and health awareness programmes for all employees and if necessary provides prompt medical assistance to it's employees. The Company has an internal plant dispensary which operates round the clock and is manned by qualified doctors supported by staff who are available for addressing health issues of employees. The Company maintains high hygienic and housekeeping standards across the work places. The goal of all occupation health and safety measures is to encourage a safe work environment.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The total employee strength of the Company at the end of the financial year 2016-17 was 963 employees comprised of 551 Officers and 412 regular workmen employees. Apart from above employee strength, the Company hires Apprentice, Trainees and Contract workers from time to time.

The Company conducts regular training programs for officers and workmen through internal and external professionals, experts in various areas of operations and selectively sends officers to attend Business Education Programs of reputed Institutions to improve their skills and knowledge.

The Company involves its employees in all HR Activities to develop them and recognize them from time to time to increase the Employee Morale and Motivation. It also takes regular feedback from employees on Employee Engagement activities (through MCARES Survey) to assess the effectiveness and to improve overall engagement. The Company has adopted the concept of The Mahindra Way (formerly known as the Mahindra Quality Way) and works closely with the Mahindra Management Development Centre and Mahindra Institute of Quality (MIQ) by actively participating in the programmes organised by them.

The Human Resources policies are comprehensive and based on the best of the prevailing HR practice. The performance evaluation and management process continues to be the backbone of all HR activities and is based on an appropriate goal-setting process. The Company encourages all employees and workers to participate in a fair and transparent feedback system called "Bindass Bol" (talk candidly) for sharing views, concerns and opinions. The Company also formulated the Whistle Blower Policy/Mechanism with view to provide a mechanism for employees, directors and other stakeholders of the Company to approach the Chairman of the Audit Committee of the Company or Chairman of the Company to redress their relevant concerns. The relationship of the Company with its Human Resources was cordial in the financial year 2016-17.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/

Reports are reviewed by the Audit Committee on a regular basis. The finance and accounts functions of the Company are well staffed with qualified and experienced members. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

SYNERGIES WITH PARENTS

RELATIONSHIP WITH MAHINDRA GROUP

Mahindra & Mahindra Ltd. (M&M), Company's parent company and the flagship company of the Mahindra group is one of the leading automotive manufacturers in India. There is an arms-length relationship between M&M and Mahindra Sanyo Special Steel Pvt. Ltd. (MSSSPL). Association with the Mahindra Group aids MSSSPL in winning new businesses and obtaining financial assistance. MSSSPL also adheres to the corporate values, principles and established corporate governance practices of the Mahindra Group.

In January 2011, the Mahindra Group launched a new brand identity "Rise" which rests on three brand pillars: accepting no limits, alternative thinking, and driving positive change. MSSSPL is using the idea of 'RISE' to invigorate its employees and achieve its long term goals. RISE provides a clear guide for business decisions by catalyzing ambitious and innovative internal growth.

SYNERGIES WITH SANYO SPECIAL STEEL

Sanyo Special Steel Co., Ltd. (Sanyo), which holds 29% equity stake in the Company is a leading Japanese Specialty Steel manufacturer established in 1933 with a $ 2 billion turnover in 2012 and approximately 1.5 million tons of steel making capacity. Globally, it is renowned as one of the best special steel manufacturers. Sanyo manufactures and sells various special steel products, capitalizing on its high cleanliness steel manufacturing technology, including bearing steel, engineering steel, stainless steel, heat resistant steel and tool steel.

Sanyo aims to make Mahindra Sanyo Special Steel Pvt. Ltd. a successful entity by unlocking the value of this company and making it the best in India in its chosen segments with respect to quality, productivity and customer satisfaction. Sanyo has already placed a dedicated team for providing the requisite technical expertise and leading the manufacturing function. The local team enjoys a full back-up support from all the Sanyo Group.

SYNERGIES WITH MITSUI

Mitsui & Co., Ltd. (Mitsui), holding a 20% stake in the Company, is one of the most diversified and comprehensive trading, investment and service enterprises in the world, with 139 offices in 66 countries as of May, 2017. Mitsui's enormous global network covering a wide spectrum of activities and many years of experience in the field of iron & steel business can enhance the Company's customer base. Mitsui's commitment to the Indian market since 1893 assists the Company to increase its business volume by developing the growing alloy steel market in India. The synergies with Mitsui will contribute toward:

- Comprehensive and precise market analysis to derive optimum product mix & customer portfolio.
- Development of new customers in India and overseas markets, leveraging Mitsui's global customer base.
- Sourcing of raw materials at competitive rates from reliable overseas suppliers.
- Improvement of the Company's operational efficiency in terms of customer service and logistics.

Cautionary Statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board

Shripraksh Shukla
Chairman

Mumbai, 23rd May, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Sanyo Special Steel Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 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, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors

is disqualified as on March 31, 2017 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 refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 38;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, 23rd May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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 SANYO SPECIAL STEEL PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2017, 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, 23rd May, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds comprising all the immovable properties of land and buildings thereon have been pledged as security for cash credit and working capital demand loans and are held in the name of the Company based on the confirmation directly received by us from the lending bank.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventories lying at third parties, significant portion of inventory items has been confirmed by them.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties 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 has complied with the provisions of section 186 of the Act in respect of making investments. According to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence reporting under clause 3(iv) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016"), to the extent it relates to loans and guarantees, is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Act are not applicable and hence reporting under clause 3(v) of CARO 2016 is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it, to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Service tax and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs in lakhs)	Amount Unpaid (Rs in lakhs)
Chapter V of the Finance Act, 1994	Service Tax	Central Excise and Sales Tax Appellate Tribunal	July 2012 to November 2013	125.92	118.35
Chapter V of the Finance Act, 1994	Service Tax	Additional Commissioner*	February 2015 to October 2015	68.32	68.32
Chapter V of the Finance Act, 1994	Service Tax	Central Excise and Sales Tax Appellate Tribunal	July 2011 to May 2014	76.14	76.14
Maharashtra Value Added Tax, 2002	Value Added Tax	Joint Commissioner (Appeal)*	April 2012 to March 2013	94.19	94.19

* The Company is in the process of filing appeals with the respective appellate authority.

There are no dues of Income tax, Sales tax, Customs Duty and Excise Duty as at March 31, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and has not taken any loans or borrowings from government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of CARO 2016 is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
Mumbai, 23rd May, 2017 *(Membership No. 36920)*

BALANCE SHEET AS AT MARCH 31, 2017

Rs in lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
NON - CURRENT ASSETS				
(a) Property, Plant and Equipment	3	**20,498.87**	16,568.58	17,208.73
(b) Capital Work-in-Progress		**1,419.58**	6,234.88	3,632.25
(c) Intangible Assets	4	**30.89**	48.20	1.57
(d) Financial Assets				
(i) Loans	5	**7.22**	9.41	10.06
(ii) Other Financial Assets	6	**116.43**	72.59	66.60
(e) Other Non - current Assets	7	**1,646.81**	1,265.96	1,758.63
TOTAL NON - CURRENT ASSETS		**23,719.80**	24,199.62	22,677.84
CURRENT ASSETS				
(a) Inventories	8	**15,333.03**	14,963.73	16,865.17
(b) Financial Assets				
(i) Trade Receivables	9	**20,437.59**	16,637.19	20,934.46
(ii) Cash and Cash Equivalents	10	**5,178.97**	2,402.67	3,159.39
(iii) Bank balances other than (ii) above	10	**527.43**	108.14	801.65
(iv) Loans	5	**14.80**	16.02	17.09
(v) Other Financial Assets	6	**45.68**	16.29	159.47
(c) Other Current Assets	7	**970.81**	1,411.04	1,586.75
TOTAL CURRENT ASSETS		**42,508.31**	35,555.08	43,523.98
Non - Current Assets Classified as Held for Sale	11	**–**	–	58.25
TOTAL ASSETS		**66,228.11**	59,754.70	66,260.07
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	12	**1,198.37**	1,085.37	1,000.00
(b) Other Equity		**16,688.32**	16,644.17	18,194.27
TOTAL EQUITY		**17,886.69**	17,729.54	19,194.27
LIABILITIES				
NON - CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	13	**5,714.98**	7,349.12	8,163.28
(ii) Trade Payables	14	**1,750.46**	1,052.90	353.68
(iii) Other Financial Liabilities	15	**500.00**	500.00	500.00
(b) Provisions	16	**480.13**	447.93	528.88
(c) Deferred tax liabilities	17	**–**	–	–
TOTAL NON - CURRENT LIABILITIES		**8,445.57**	9,349.95	9,545.84
CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	18	**16,116.84**	14,203.54	14,625.21
(ii) Trade Payables	14	**20,188.22**	15,914.18	21,439.16
(iii) Other Financial Liabilities	15	**2,495.24**	1,346.98	617.32
(b) Provisions	16	**433.82**	417.29	420.89
(c) Other Current Liabilities	19	**661.73**	793.22	417.38
TOTAL CURRENT LIABILITIES		**39,895.85**	32,675.21	37,519.96
TOTAL LIABILITIES		**48,341.42**	42,025.16	47,065.80
TOTAL EQUITY AND LIABILITIES		**66,228.11**	59,754.70	66,260.07

The accompanying notes 1 to 40 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, 23rd May, 2017

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Shingo Tada
Katsu Yanagimoto
Daljit Mirchandani
Jayashree Vaidhyanathan
Directors

Mumbai, 23rd May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

	Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations	20	**91,407.50**	85,448.23
II	Other Income	21	**435.95**	305.86
III	**Total Revenue (I + II)**		**91,843.45**	85,754.09
IV	**EXPENSES**			
	(a) Cost of materials consumed		**44,338.03**	41,696.81
	(b) Changes in stock of finished goods and work-in-progress	22	**(279.74)**	928.23
	(c) Excise duty on sale of goods		**9,806.18**	9,155.28
	(d) Employee benefit expense	23	**6,130.46**	5,906.04
	(e) Finance costs	24	**2,725.86**	2,394.14
	(f) Depreciation and amortisation expense	25	**2,882.64**	2,339.04
	(g) Other expenses	26	**30,847.67**	28,297.81
	Total Expenses		**96,451.10**	90,717.35
V	**Loss before tax (IV - III)**		**(4,607.65)**	(4,963.26)
VI	**Tax expense**		**–**	–
VII	**Loss for the year (V-VI)**		**(4,607.65)**	(4,963.26)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Actuarial gains on gratuity valuation		**249.32**	2.03
IX	**Total comprehensive loss for the year (VII + VIII)**		**(4,358.33)**	(4,961.23)
X	**Earnings per equity share:**			
	(1) Basic	27	**(41.69)**	(46.20)
	(2) Diluted	27	**(41.69)**	(46.20)

The accompanying notes 1 to 40 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, 23rd May, 2017

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Shingo Tada
Katsu Yanagimoto
Daljit Mirchandani
Jayashree Vaidhyanathan
Directors

Mumbai, 23rd May, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Particulars			Year ended March 31, 2017	Year ended March 31, 2016
I.	**Cash flows from operating activities**			
	(i)	**Loss before tax for the year**	**(4,607.65)**	(4,963.26)
		Adjustments for:		
		(a) Finance costs	**2,725.86**	2,394.14
		(b) Interest income	**(56.91)**	(197.22)
		(c) Loss/(gain) on disposal of property, plant and equipment	**6.00**	(7.00)
		(d) Provision for quality and other claims made/(written back)	**26.19**	(19.36)
		(e) Depreciation and amortisation	**2,882.64**	2,339.04
		(f) Loss/(gain) on fair valuation of derivatives	**106.81**	31.10
		(g) Unrealised foreign exchange (gain)/loss	**(226.90)**	9.45
		(h) Provision for expected credit allowance	**298.71**	13.00
		(i) Amortisation of investments treated as prepaid expense	**56.00**	56.00
	(ii)	**Subtotal**	**1,210.75**	(344.11)
	(iii)	**Movements in working capital:**		
		(a) (Increase)/decrease in trade and other receivables	**(4,099.10)**	4,284.27
		(b) (Increase)/decrease in inventories	**(369.30)**	1,901.44
		(c) Decrease in loans	**3.41**	1.72
		(d) (Increase)/decrease in other financial assets	**(35.29)**	116.38
		(e) Decrease in other current assets	**258.03**	174.87
		(f) (Increase)/decrease in trade and other payables	**5,017.75**	(4,916.91)
		(g) (Increase) in other financial liabilities	**(10.00)**	(45.17)
		(h) (Increase)/decrease in provision	**22.54**	(63.44)
		(i) Decrease in other current liabilities	**117.83**	377.87
	(iv)	**Cash generated from operations**	**2,116.62**	1,486.92
		Income tax refund received (net)	**9.87**	58.47
	Net cash generated by operating activities (A)		**2,126.49**	1,545.39
II.	**Cash flows from investing activities**			
		(a) Payments for property, plant and equipment	**(2,131.72)**	(4,097.90)
		(b) Proceeds from disposal of property, plant and equipment	**7.16**	2.39
		(c) Proceeds from sale of fixed assets held for sale	**–**	63.08
		(d) Bank Balances not considered as Cash and Cash Equivalent (invested)/realised	**(419.29)**	693.51
		(e) Interest income realised	**60.13**	220.08
	Net cash used in investing activities (B)		**(2,483.72)**	(3,118.84)
III.	**Cash flows from financing activities**			
		(a) Proceeds from issue of equity shares	**4,520.00**	3,500.00
		(b) Payment for share issue costs	**(4.52)**	(3.50)
		(c) Repayment of non current borrowings	**(820.00)**	–
		(d) Net increase in working capital borrowings	**3,092.70**	475.54
		(e) Interest expense paid	**(2,475.24)**	(2,258.11)
	Net cash used in financing activities (C)		**4,312.94**	1,713.93
IV.	**Net increase in cash and cash equivalents (A+B+C)**		**3,955.71**	140.47
V.	**Cash and cash equivalents at the beginning of the year (See Note 10)**		**(4,919.06)**	(5,059.53)
VI.	**Cash and cash equivalents at the end of the year (IV+V) (See Note 10)**		**(963.34)**	(4,919.06)

The accompanying notes 1 to 40 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, 23rd May, 2017

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Shingo Tada
Katsu Yanagimoto
Daljit Mirchandani
Jayashree Vaidhyanathan
} Directors

Mumbai, 23rd May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital

Particulars	Rs in lakhs Amount
As at April 1, 2015	1,000.00
Changes in equity share capital during the year	85.37
As at March 31, 2016	1,085.37
Changes in equity share capital during the year	**113.00**
As at March 31, 2017	**1,198.37**

b. Other Equity

Rs in lakhs

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
As at April 1, 2015	3,346.89	31,895.19	(17,047.81)	18,194.27
Loss for the year	–	–	(4,963.26)	(4,963.26)
Other Comprehensive Income [See note (i) below]	–	–	2.03	2.03
Total Comprehensive Loss for the year	3,346.89	31,895.19	(22,009.04)	13,233.04
Premium received on issue of Equity shares	–	3,414.63	–	3,414.63
Equity Share Issuance Costs	–	(3.50)	–	(3.50)
As at March 31, 2016	3,346.89	35,306.32	(22,009.04)	16,644.17
Loss for the period	**–**	**–**	**(4,607.65)**	**(4,607.65)**
Other Comprehensive Loss [See note (i) below]	**–**	**–**	**249.32**	**249.32**
Total Comprehensive Loss for the year	**3,346.89**	**35,306.32**	**(26,367.37)**	**12,285.84**
Premium received on issue of Equity shares	**–**	**4,407.00**	**–**	**4,407.00**
Equity Share Issuance Costs	**–**	**(4.52)**	**–**	**(4.52)**
As at March 31, 2017	**3,346.89**	**39,708.80**	**(26,367.37)**	**16,688.32**

Notes:

(i) Remeasurment gain on defined benefit plans for the year ended March 31, 2017 of Rs. 249.32 Lakhs (March 31, 2016 - Rs. 2.03 lakhs) is recognised during the year as a part of retained earnings.

(ii) The Company had, pursuant to a Business Transfer Agreement for the purchase of Steel business from erstwhile Mahindra Ugine Steel Company Limited (MUSCO), approved by the Board of directors at their meeting held on November 11, 2011, acquired MUSCO's Steel business from July 10, 2012 for a consideration of Rs. 13,350.00 lakhs. The net value of steel business assets acquired was higher than the consideration paid by Rs. 3,346.89 lakhs and disclosed as capital reserve.

(iii) The Company had received premium on issue of equity shares which is disclosed as Securities Premium Reserve.

The accompanying notes 1 to 40 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, 23rd May, 2017

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Shingo Tada
Katsu Yanagimoto
Daljit Mirchandani
Jayashree Vaidhyanathan
Directors

Mumbai, 23rd May, 2017

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

General Information

Mahindra Sanyo Special Steel Private Limited is a private limited company incorporated in Mumbai, India on November 08, 2011 under the Companies Act, 1956. The registered office of the Company is situated at 74, GANESH APARTMENT, OPP: SITALADEVI TEMPLE, L.J. ROAD, MAHIM WEST, MUMBAI - 400016, Maharashtra, INDIA. The Company's plant is located in Khopoli, District Raigad, Maharashtra, India. The Company's main activity is manufacturing, processing and marketing of alloy steel products and rings. The Company is a joint venture of Mahindra & Mahindra Limited, India, Sanyo Special Steel Company Ltd., Japan and Mitsui and Company Ltd., Japan.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements upto year ended March 31, 2016 were prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) (Previous GAAP) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2015. Refer Note 33,34 and 35 for an explanation on how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

1.3 Property, plant and equipment

1.3.1 Freehold land is carried at historical cost and is not depreciated.

1.3.2 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.

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

1.3.4 All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

1.3.5 The Company provides depreciation on straight line method based on the useful lives prescribed in Schedule II of the Companies Act, 2013, after retaining 5% of the original cost as residual value for each class of asset, except in respect of machineries used at Steel Melting Shop, Blooming Mill, Continuous Mill, Rolling Mill and Rings where useful life has been considered at 20 years based on an independent technical evaluation of such machineries.

Estimated useful lives of the assets are as follows:

Buildings	30 years
Plant and Equipment	15-20 years
Office Equipment	5 years
Furniture and Fixtures	10 years
Computers	3 years
Vehicles	8 years

The depreciation charge for the assets used on double and triple shift basis during the year is increased by 50% and 100% respectively. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

1.3.6 An item of property, plant and equipment is derecognised 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 recognised in profit or loss.

1.4 Intangible assets

1.4.1 Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.4.2 Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software 3 years

1.4.3 Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.5 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.7 Financial instruments

The Company recognises financial assets and financial liabilities when it 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 recognised immediately in profit or loss.

1.7.1 Financial assets at amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

1.7.2 Financial assets at fair value through profit and loss:

Assets that do not meet the creteria for amortised cost are measured at fair value through Profit and Loss.

1.7.3 Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.7.4 Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

1.7.5 Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.7.6 Derivative financial instruments:

The Company uses derivative financial instruments such as forward currency contracts option contracts, primarily to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

1.7.7 Off-setting financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis and is inclusive of overheads based on the normal operating capacity, wherever required. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Foreign currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also Company's functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is inclusive of excise duties and net of returns and allowances, trade discounts, cash discounts and volume rebates.

1.10.1 Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

1.10.2 Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.11 Employee benefits

1.11.1 Retirement benefit costs and termination benefits:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item Employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.11.2 Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.12 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 capitalisation.

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

1.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.13.1 Current tax:

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 or substantively enacted by the end of the reporting period.

1.13.2 Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.13.3 Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

1.13.4 Minimum Alternate tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company

1.14 Provisions

Provisions are recognised 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 recognised 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 the effect of the time value of money is material).

1.15 Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(ii) Diluted earnings per share

- Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.16 First-time adoption – mandatory exceptions, optional exemptions

1.16.1 Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However the principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

1.16.2 Estimates:

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for impairment of financial assets in accordance with Ind AS at the date of transition as these were not required under Previous GAAP based on expected credit losses method.

1.16.3 Derecognition of financial assets and financial liabilities:

The Company has applied the recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

1. Provision for quality and other claims:

   Provision is made for estimated quality claims in respect of products sold. These provision for claims are expected to be settled within one year. Management estimates the provision based on the past trends of quality and other claims and also considers any recent trends or developments that may suggest that future claims could differ from the past trends.

2. Expected credit loss

   Provision is made for expected credit loss in respect of credit loss on account of payments received from debtors later than when contractually due. Management estimates such provision by applying the interest rates applicable to the borrowings of the Company to the past trends of delayed payment from debtors. Management also considers any recent developments that may suggest different payment trends in future and incorporates the same for the purpose of estimations.

Note No. 3 - Property, Plant and Equipment

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount								
Balance as at April 1, 2016	734.69	3,912.52	35,067.10	193.21	140.52	266.42	337.21	40,651.67
Additions	–	93.80	6,657.23	18.36	2.61	0.86	35.73	6,808.59
Disposals	–	(1.54)	(279.31)	–	–	–	(57.74)	(338.59)
Balance as at March 31, 2017	**734.69**	**4,004.78**	**41,445.02**	**211.57**	**143.13**	**267.28**	**315.20**	**47,121.67**
II. Accumulated depreciation and impairment								
Balance as at April 1, 2016	–	1,468.58	22,043.91	125.52	85.24	166.34	193.50	24,083.09
Depreciation expense for the year	–	127.77	2,631.32	19.95	8.44	34.52	43.15	2,865.15
Eliminated on disposal of assets	–	(1.54)	(272.64)	–	–	–	(51.26)	(325.44)
Balance as at March 31, 2017	**–**	**1,594.81**	**24,402.59**	**145.47**	**93.68**	**200.86**	**185.39**	**26,622.80**
III. Net carrying amount (I-II)	**734.69**	**2,409.97**	**17,042.43**	**66.10**	**49.45**	**66.42**	**129.81**	**20,498.87**

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount								
Balance as at April 1, 2015	734.69	3,878.38	33,553.30	158.65	135.94	228.45	331.13	39,020.54
Additions	–	34.14	1,513.80	34.56	9.18	96.72	6.08	1,694.48
Disposals	–	–	–	–	(4.60)	(58.75)	–	(63.35)
Balance as at March 31, 2016	734.69	3,912.52	35,067.10	193.21	140.52	266.42	337.21	40,651.67

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
II. Accumulated depreciation and impairment								
Balance as at April 1, 2015	–	1,347.05	19,913.30	107.23	81.39	213.48	149.36	21,811.81
Depreciation expense for the year	–	121.53	2,130.61	18.29	8.36	11.61	44.14	2,334.54
Eliminated on disposal of assets	–	–	–	–	(4.51)	(58.75)	–	(63.26)
Balance as at March 31, 2016	–	1,468.58	22,043.91	125.52	85.24	166.34	193.50	24,083.09
III. Net carrying amount (I-II)	734.69	2,443.94	13,023.19	67.69	55.28	100.08	143.71	16,568.58

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount								
Balance as at April 1, 2015	734.69	3,878.38	33,406.83	158.65	135.94	228.45	331.13	38,874.07
Additions	–	–	146.47	–	–	–	–	146.47
Disposals	–	–	–	–	–	–	–	–
Balance as at April 1, 2015	734.69	3,878.38	33,553.30	158.65	135.94	228.45	331.13	39,020.54
II. Accumulated depreciation and impairment								
Balance as at April 1, 2015	–	1,347.05	19,904.22	107.23	81.39	213.48	149.36	21,802.73
Depreciation expense for the year	–	–	9.08	–	–	–	–	9.08
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at April 1, 2015	–	1,347.05	19,913.30	107.23	81.39	213.48	149.36	21,811.81
III. Net carrying amount (I-II)	734.69	2,531.33	13,640.00	51.42	54.55	14.97	181.77	17,208.73

Note:

Assets pledged as security and restriction on titles

All existing and future immovable and movable properties of the Company have been pledged to secure the term loan (first charge) and cash credits and working capital demand loan (second charge) (See Note 13 and 18).

Note No. 4 - Intangible Assets

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Forge NXT Software, UG NX Software	Others	Total
I. Gross Carrying Amount					
Balance as at April 1, 2016	202.39	34.33	35.27	42.55	314.54
Additions	–	–	–	0.18	0.18
Balance as at March 31, 2017	**202.39**	**34.33**	**35.27**	**42.73**	**314.72**
II. Accumulated amortisation and impairment					
Balance as at April 1, 2016	202.39	34.33	0.87	28.75	266.34
Amortisation expense for the year	–	–	17.49	–	17.49
Balance as at March 31, 2017	**202.39**	**34.33**	**18.36**	**28.75**	**283.83**
III. Net carrying amount (I-II)	–	–	16.91	13.98	30.89

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Forge NXT Software, UG NX Software	Others	Total
I. Gross Carrying Amount					
Balance as at April 1, 2015	202.39	34.33	–	26.69	263.41
Additions	–	–	35.27	15.86	51.13
Balance as at March 31, 2016	202.39	34.33	35.27	42.55	314.54

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Forge NXT Software, UG NX Software	Others	Total
II. Accumulated amortisation and impairment					
Balance as at April 1, 2015	202.39	34.33	–	25.12	261.84
Amortisation expense for the year	–	–	0.87	3.63	4.50
Balance as at March 31, 2016	202.39	34.33	0.87	28.75	266.34
III. Net carrying amount (I-II)	–	–	34.40	13.80	48.20

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Others	Total
I. Gross Carrying Amount				
Balance as at April 1, 2015	202.39	34.33	26.69	263.41
Additions	–	–	–	–
Balance as at April 1, 2015	202.39	34.33	26.69	263.41
II. Accumulated amortisation and impairment				
Balance as at April 1, 2015	202.39	34.33	25.12	261.84
Amortisation expense	–	–	–	–
Balance as at April 1, 2015	202.39	34.33	25.12	261.84
III. Net carrying amount (I-II)	–	–	1.57	1.57

Note No. 5 - Loans

Rs in lakhs

Particulars	**As at March 31, 2017** Current	**As at March 31, 2017** Non - Current	As at March 31, 2016 Current	As at March 31, 2016 Non - Current	As at April 1, 2015 Current	As at April 1, 2015 Non - Current
Employee loans and advances (at amortised cost)						
- Unsecured, considered good	**14.80**	**7.22**	16.02	9.41	17.09	10.06
Total	**14.80**	**7.22**	16.02	9.41	17.09	10.06

Note No. 6 - Other financial assets

Rs in lakhs

Particulars	**As at March 31, 2017** Current	**As at March 31, 2017** Non - Current	As at March 31, 2016 Current	As at March 31, 2016 Non - Current	As at April 1, 2015 Current	As at April 1, 2015 Non - Current
Financial assets at amortised cost						
a) Security Deposits						
- Unsecured, considered good	**–**	**116.43**	6.50	72.59	48.02	66.60
- Unsecured, considered doubtful	**–**	**58.00**	–	58.00	–	58.00
Less: Allowance for bad and doubtful deposits	**–**	**(58.00)**	–	(58.00)	–	(58.00)
		116.43		72.59		66.60
b) Interest Accrued - Fixed Deposit	**4.51**		7.74		30.59	
Financial instruments at fair value						
Derivative instruments carried at fair value						
- Foreign currency forward contracts	**40.64**	**–**	1.92	–	59.96	–
- Foreign currency options contracts	**0.53**	**–**	0.13	–	20.90	–
Total	**45.68**	**116.43**	16.29	72.59	159.47	66.60

Refer Note 28 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 7 - Other assets

Rs in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non - Current	Current	Non - Current	Current	Non - Current
(a) Capital advances						
(i) For Capital work in progress	–	281.34	–	16.83	–	394.12
(b) Assets other than capital advances						
(i) Advances to related parties	13.70	–	10.03	–	3.51	–
(ii) Balances with government authorities (other than income taxes)	570.30	–	770.77	–	1,067.65	–
(iii) Prepayments for power purchase agreement	56.00	1,068.67	56.00	1,124.67	56.00	1,180.67
(iv) Prepaid expenses others	75.49	33.32	110.99	2.87	52.52	2.03
(v) Excess of fund balance over gratuity obligation	–	151.75	–	–	–	–
(vi) Taxation - advance tax	–	111.73	–	121.59	–	181.81
(vii) Trade advances	249.13	–	457.11	–	381.82	–
(viii) Others	6.19	–	6.14	–	25.25	–
Total	**970.81**	**1,646.81**	1,411.04	1,265.96	1,586.75	1,758.63

Note No. 8 - Inventories

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Raw materials	**3,072.01**	3,019.34	3,830.26
(b) Finished goods	**877.95**	3,657.61	491.86
(c) Work-in-progress	**8,703.82**	5,644.41	9,738.40
(d) Stores and spares	**2,563.53**	2,532.33	2,692.44
(e) Loose Tools	**115.72**	110.04	112.21
Total Inventories (at lower of cost and net realisable value)	**15,333.03**	14,963.73	16,865.17

Included above, goods-in-transit:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Raw materials	**1,097.64**	1,270.00	1,223.96
(ii) Finished goods	**877.95**	870.38	491.86
(iii) Stores and spares	**124.69**	87.75	46.19
Total goods-in-transit	**2,100.28**	2,228.13	1,762.01

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 44,058.29 Lakhs (March 31, 2016: Rs. 42,625.04 lakhs).

(ii) The cost of stores and spares and loose tools consumed are disclosed in Note 26 - Other expenses.

(iii) The cost of inventories recognised as an expense includes Rs. 501.86 lakhs (March 31, 2016: Rs. 525.07 lakhs) in respect of write-down of inventory to net realisable value, and has been reduced by Rs. Nil (March 31, 2016: Rs. Nil) in respect of the reversal of such write down.

(iv) The carrying amount of inventories is pledged as security (first charge) for current borrowings.

(v) Mode of valuation of inventories is stated in Note 1.8 of significant accounting policies.

Note No. 9 - Trade receivables

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables			
- Unsecured, considered good	**20,546.59**	16,723.19	21,007.46
- Unsecured, considered doubtful	**681.13**	405.42	405.42
Less: Allowance for Credit Losses	**(790.13)**	(491.42)	(478.42)
Total	**20,437.59**	16,637.19	20,934.46
Of the above, trade receivables from:			
- Related Parties	**3,164.88**	3,118.70	1,715.10
- Others	**17,272.71**	13,518.49	19,219.36
Total	**20,437.59**	16,637.19	20,934.46

Notes:

(i) The credit period on sale of goods given to customers range from 60 days to 90 days.

(ii) All trade receivables have been pledged (first charge) to secure the current borrowings of the Company.

(iii) Refer Note 28 - Financial Instruments - for disclosures related to credit risk, allowance for trade receivables under expected credit loss model and related disclosures.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 10 - Cash and cash equivalents

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Balances with banks			
(i) In Current Accounts...	**1.49**	1.40	4.94
(ii) Fixed Deposits with maturity less than 3 months	**5,100.00**	2,400.00	3,025.00
(b) Cheques, drafts on hand ..	**75.83**	–	127.02
(c) Cash on hand	**1.65**	1.27	2.43
Cash and cash equivalents as per balance sheet	**5,178.97**	2,402.67	3,159.39
Bank Overdrafts	**(6,142.31)**	(7,321.72)	(8,218.92)
Cash and cash equivalents as per statement of cash flows	**(963.34)**	(4,919.05)	(5,059.53)
Other Bank Balances			
(a) Balances with Banks:			
- In margin accounts....	**527.43**	108.14	801.65
Total Other Bank balances	**527.43**	108.14	801.65

Note No. 11 - Assets classified as held for sale

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets related to business..........	**–**	–	58.25
Total	**–**	–	58.25

During the year ended March 31, 2015 the Company had recognised an impairment charge of Rs. 160.77 lakhs, included in depreciation, amortisation expense in the Statement of Profit and Loss, in respect of certain machinery which had been retired from active use considering the functional obsolescence and high operating cost. These impaired assets were treated as held for sale as the said assets would be either sold off or used for captive purpose. The recoverable amount of Rs. 58.25 lakhs was the net selling price determined based on the scrap value likely to be realised on such sale or captive use.

Note No. 12 - Equity Share Capital

Equity share capital

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital....................	**1,198.37**	1,085.37	1,000.00
Total	**1,198.37**	1,085.37	1,000.00

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2016 No. of shares	As at April 1, 2015 No. of shares
Authorised:			
Equity shares of Rs 10 each with voting rights	**150,00,000**	150,00,000	150,00,000
Issued, Subscribed and Fully Paid:			
Equity shares of Rs 10 each with voting rights	**119,83,656**	108,53,656	100,00,000
Total	**119,83,656**	108,53,656	100,00,000

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised Share capital :			
15,000,000 fully paid equity shares of Rs. 10 each	**1,500.00**	1,500.00	1,500.00
Issued and subscribed capital comprises :			
Fully paid equity shares of Rs. 10 each	**1,198.37**	1,085.37	1,000.00
Total	**1,198.37**	1,085.37	1,000.00

Fully paid equity shares

Particulars	Number of shares	Share Capital (Rs in lakhs)
Balance as at April 1, 2015	100,00,000	1,000.00
Fully paid Equity shares issued during the year	8,53,656	85.37
Balance as at March 31, 2016	108,53,656	1,085.37
Fully paid Equity shares issued during the year	11,30,000	113.00
Balance as at March 31, 2017	**119,83,656**	**1,198.37**

(a) Terms/rights and restrictions attached to equity shares: The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Shares held by each shareholder holding more than 5% shares, specifying the number of shares held:

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 01, 2015	
	Number of shares in lakhs	**% holding of equity shares**	Number of shares in lakhs	% holding of equity shares	Number of shares in lakhs	% holding of equity shares
Mahindra & Mahindra Limited	**61.12**	**51.00**	55.35	51.00	51.00	51.00
Sanyo Special Steel Company Limited	**34.75**	**29.00**	31.48	29.00	29.00	29.00
Mitsui & Company Limited	**23.97**	**20.00**	21.71	20.00	20.00	20.00

(c) Shares issued pursuant to contract without payment being received in cash:
5,090,000 fully paid-up equity shares issued to Mahindra Ugine Steel Company Limited during the year ended March 31, 2013 for acquisition of steel business pursuant to the Business Transfer Agreement.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 13 - Non - Current Borrowings

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured (at amortised cost):			
- Term Loan from a Bank............	**5,714.98**	7,349.12	8,163.28
Total Secured Borrowings	**5,714.98**	7,349.12	8,163.28

Notes:

(i) Secured by first charge on all existing and future immovable and movable properties and second charge on working capital of the Company.

(ii) The terms of repayment of term loan is stated below:

As at March 31, 2017

Amount outstanding (Rs in lakhs)	Terms of Repayment	Rate of interest
7,380.00*	The loan is to be repaid in 20 equal quarterly instalments of Rs. 410.00 lakhs each from October 8, 2016 till July 8, 2021	Prevailing base rate and applicable premium which at year end is 10.75%

As at March 31, 2016

Amount outstanding (Rs in lakhs)	Terms of Repayment	Rate of interest
8,200.00*	The loan is to be repaid in 20 equal quarterly instalments of Rs. 410.00 lakhs each from October 8, 2016 till July 8, 2021	Prevailing base rate and applicable premium which at year end was 11.15%

As at April 1, 2015

Amount outstanding (Rs in lakhs)	Terms of Repayment	Rate of interest
8,200.00*	The loan is to be repaid in 20 equal quarterly instalments of Rs. 410.00 lakhs each from October 8, 2016 till July 8, 2021	Prevailing base rate and applicable premium which at year end was 11.80%

* Loan Amount outstanding is excluding processing fees and including Rs. 1,640.00 lakhs as at March 31, 2017 (March 31, 2016 - Rs. 820.00 lakhs; April 1, 2015 - Rs. Nil) disclosed as current maturities of long term debt in note 15 - other financial liabilities.

(iii) There are no defaults in repayment of interest and principal.

(iv) None of the breaches of loan agreements or non-compliance with financial covenants permit the lender to demand accelerated repayment of borrowings and hence the breaches of financial covenants, if any, will not have any impact on the classification of borrowings.

Note No. 14 - Trade Payables

Rs in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non - Current	Current	Non - Current	Current	Non - Current
Trade payables						
- Micro and small enterprises (See note 36)................................	**714.76**	**–**	414.89	–	511.46	–
- Other than micro and small enterprises	**19,473.46**	**1,750.46**	15,499.29	1,052.90	20,927.70	353.68
Total	**20,188.22**	**1,750.46**	15,914.18	1,052.90	21,439.16	353.68

Note No. 15 - Other Financial Liabilities

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non - Current			
(a) Dealer Deposits - Security deposit from customer	**500.00**	500.00	500.00
Total Other non - current financial liabilities	**500.00**	500.00	500.00
Current			
(a) Current maturities of long-term debt	**1,640.00**	820.00	–
(b) Interest accrued			
(i) and due on borrowings*	**18.58**	16.92	29.92
(ii) but not due on borrowings	**134.15**	71.79	10.31
(c) Other liabilities			
(i) Creditors for capital supplies/services	**513.09**	386.83	513.63
(ii) Foreign currency forward contracts (fair value impact)	**147.98**	33.15	22.17
(iii) Others	**41.44**	18.29	41.29
Total Other current financial liabilities	**2,495.24**	1,346.98	617.32

* interest due on borrowings on March 31, 2017 was debited by the banks by April 2, 2017.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 16 - Provisions

Rs in lakhs

	Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
		Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a)	Provision for employee benefits						
	Long-term Employee Benefits						
	– Compensated Absences	**127.15**	**462.61**	139.13	437.52	121.55	518.29
	– Other Employee Benefits	**7.05**	**17.52**	4.73	10.41	4.80	10.59
(b)	Provision for quality and other claims (See Note below)	**299.62**	**–**	273.43	–	292.79	–
(c)	Provision for wealth tax	**–**	**–**	–	–	1.75	–
	Total Provisions	**433.82**	**480.13**	417.29	447.93	420.89	528.88

Note:

Details of movement in provision for quality and other claims is as follows:

Rs in lakhs

Particulars	**Amount**
Balance as at April 1, 2015	292.79
Additional provisions recognised	250.54
Amounts used during the year	(251.10)
Unused amounts reversed during the year	(18.80)
Balance as at March 31, 2016	273.43
Balance as at April 1, 2016	273.43
Additional provisions recognised	90.06
Amounts used during the year	(39.51)
Unused amounts reversed during the year	(24.36)
Balance as at March 31, 2017	**299.62**

The provision for quality and other claims mainly relate to quality complaints received from customers for which settlement is done by the Company after necessary inspection and quality tests. The quality complaints are normally settled within six months to one year of its receipt through issuance of credit notes.

Note No. 17 - Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Deferred tax liabilities	**1,953.90**	1,694.39	1,767.39
Less: Deferred tax assets	**1,953.90**	1,694.39	1,767.39
Total	**–**	–	–
Deferred tax liabilities in relation to :			
Fiscal allowance relating to Property, Plant and Equipment	**1,945.63**	1,684.18	1,755.48
Others	**8.27**	10.21	11.91
Deferred tax assets in relation to :			
Employee benefits allowed on payment basis	**203.11**	195.66	212.59
Expenses allowable post deduction of tax thereon	**1,033.55**	785.16	354.87
Expenses allowed on payment basis	**394.93**	272.07	269.04
Carry forward tax loss	**322.31**	441.50	930.89

(a) **Income Tax recognised in Statement of Profit and Loss**

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year reversal of temporary differences (net)	**119.19**	489.39
Reduction in unrecognised tax loss due to reversal of temporary differences	**(119.19)**	(489.39)
Total income tax expense	**–**	–

The tax rate used for March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 30% plus applicable cess payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(b) **Amounts on which deferred tax asset has not been created:**

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Unused Tax losses (revenue in nature) (see expiry dates in (c) below)	**11,657.38**	10,575.01	8,104.37
Unused depreciation losses (will never expire)	**11,957.34**	8,248.00	6,357.82
Total	**23,614.72**	18,823.01	14,462.19

(c) **The unrecognised tax losses carried forward will expire as follows:**

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Assessment years			
2021-22	**2,252.44**	1,891.91	358.12
2022-23	**4,592.98**	4,592.98	4,592.98
2023-24	**2,624.19**	2,624.19	3,153.27
2024-25	**1,581.18**	1,465.93	–
2025-26	**606.59**	–	–
Total	**11,657.38**	10,575.01	8,104.37

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Movement in deferred tax balances

Rs in lakhs

Particulars	**For the Year ended March 31, 2017**		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Fiscal allowance relating to Property, Plant and Equipment	**1,684.18**	**261.45**	**1,945.63**
Others	**10.21**	**(1.94)**	**8.27**
	1,694.39	**259.51**	**1,953.90**
Tax effect of items constituting deferred tax assets			
Employee benefits allowed on payment basis	**195.66**	**7.45**	**203.11**
Expenses allowed on payment basis	**272.07**	**122.86**	**394.93**
Expenses allowable at the time of deduction of tax thereon	**785.16**	**248.39**	**1,033.55**
Carry forward tax loss	**441.50**	**(119.19)**	**322.31**
	1,694.39	**259.51**	**1,953.90**
Net Tax Asset (Liabilities)	**–**	**–**	**–**

Rs in lakhs

Particulars	For the Year ended March 31, 2016		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Fiscal allowance relating to Property, Plant and Equipment	1,755.48	(71.30)	1,684.18
Others	11.91	(1.70)	10.21
	1,767.39	(73.00)	1,694.39
Tax effect of items constituting deferred tax assets			
Employee benefits allowed on payment basis	212.59	(16.93)	195.66
Expenses allowed on payment basis	269.04	3.03	272.07
Expenses allowable at the time of deduction of tax thereon	354.87	430.29	785.16
Carry forward tax loss	930.89	(489.39)	441.50
	1,767.39	(73.00)	1,694.39
Net Tax Asset (Liabilities)	–	–	–

Note No. 18 - Current Borrowings

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Secured - at amortised cost			
– Loans repayable on demand from banks:			
(a) Cash Credit (See note (i) below)	**6,142.31**	7,321.72	8,218.92
(b) Working capital demand loan (See note (i) below)	**2,000.00**	3,000.00	4,500.00
(c) FCNR (B) loan	**1,443.94**	–	–
(d) Factored borrowings (See note (ii) below)	**707.62**	551.85	1,860.64
(e) Purchase bills discounted (See note (i) below)	**1,822.97**	1,329.97	45.65
Unsecured - at amortised cost			
– Inter corporate deposit	**4,000.00**	2,000.00	–
Total	**16,116.84**	14,203.54	14,625.21

Notes:

(i) Secured by first charge by way of hypothecation of raw material, finished goods, goods in transit, stores and trade receivables and second pari passu charge on immovable properties and movable fixed asset of the Company.

(ii) Secured by charge over Company's trade receivables.

(iii) The average coupon rate for all the short term borrowings are as follows:

Particulars	**As at March 31, 2017**	As at March 31, 2016
(i) Cash Credit and working capital demand loan	**10.70%**	11.40%
(ii) FCNR (B) loan	**9.76%**	-
(iii) Factored borrowings	**8.84%**	9.50%
(iv) Purchase bills discounted	**10.29%**	11.02%

(iv) There are no defaults in repayment of interest and principal.

Note No. 19 - Other Current Liabilities

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
(a) Amounts retained	**519.00**	495.62	–
(b) Statutory dues			
(i) Taxes payable (other than income taxes)	**96.94**	137.41	74.52
(ii) Employee recoveries and employer contributions	**45.79**	44.80	38.51
(c) Excess of gratuity obligation over fund balance	**–**	115.39	304.35
Total	**661.73**	793.22	417.38

Note No. 20 - Revenue from Operations

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
(a) Sale of products [including excise duty - Rs. 9,753.16 lakhs (March 31, 2016 - Rs. 9,110.11 lakhs)]	**90,961.52**	84,884.37
(b) Sale of scrap	**174.28**	202.97
(c) Other operating revenue	**271.70**	360.89
Total	**91,407.50**	85,448.23

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 21 - Other Income

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) **Interest Income:**		
(i) On bank deposits at amortised cost	**49.39**	147.84
(ii) On other financial assets at amortised cost	**7.52**	49.38
(iii) Interest on income tax refund	**0.26**	5.81
(b) **Other non operating income:**		
(i) Financial liabilities no longer payable derecognised	**7.06**	50.32
(ii) Miscellaneous income	**0.25**	25.93
(iii) Reversal of provision for quality and other claims	**–**	19.36
(c) **Other gains and losses:**		
(i) Profit on sale of assets held for sale	**–**	4.83
(ii) Profit on sale of capital assets (net of loss on assets sold/ scrapped/ written off)	**1.03**	2.39
(iii) Net gain on foreign currency transactions net off derivative loss/ (gain) (other than considered as finance costs)	**370.44**	–
Total Other Income	**435.95**	305.86

Note No. 22 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) **Inventories at the end of the year:**		
(i) Finished goods	**877.95**	3,657.62
(ii) Work-in-progress	**8,703.82**	5,644.41
	9,581.77	9,302.03
(b) **Inventories at the beginning of the year:**		
(i) Finished goods	**870.38**	491.86
(ii) Work-in-progress	**8,431.65**	9,738.40
	9,302.03	10,230.26
Net (increase)/decrease	**(279.74)**	928.23

Note No. 23 - Employee Benefits Expense

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Salaries and wages, including bonus	**5,263.95**	4,965.13
(b) Contribution to provident and other funds	**360.01**	383.56
(c) Staff welfare expenses	**506.50**	557.35
Total	**6,130.46**	5,906.04

Note No. 24 - Finance Costs

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Finance costs on financial liabilities at amortised cost:		
(a) Interest on bank overdrafts and loans	**2,336.44**	2,175.10
(b) Unwinding of discounts on non current liabilities	**342.99**	162.25
(c) Other borrowing costs	**46.43**	56.79
Total finance costs	**2,725.86**	2,394.14

Note No. 25 - Depreciation and amortisation expense

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Depreciation of property, plant and equipment	**2,865.15**	2,334.54
(b) Amortisation of intangible assets	**17.49**	4.50
Total depreciation and amortisation	**2,882.64**	2,339.04

Note No. 26 - Other Expenses

Rs in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Stores consumed	**6,187.81**	5,599.24
(b) Tools consumed	**229.86**	182.30
(c) Power and fuel	**15,280.97**	13,930.39
(d) Rent including lease rentals (see note 37)	**220.22**	218.23
(e) Rates and taxes	**116.88**	106.09
(f) Insurance	**104.07**	96.62
(g) Repairs and maintenance - Buildings	**315.64**	282.28
(h) Repairs and maintenance - Machinery	**1,160.08**	1,205.43
(i) Repairs and maintenance - Others	**354.51**	331.54
(j) Freight outward	**865.85**	815.11
(k) Subcontracting, hire and service charges	**670.97**	628.00
(l) Net loss/(gain) on foreign currency transactions net off derivative loss/(gain) (other than considered as finance costs)	**–**	182.92
(m) Net loss/(gain) on derivative contracts	**106.81**	31.10
(n) Auditors remuneration and out-of-pocket expenses	**40.12**	29.40
(i) As Auditors*	**35.25**	22.50
(ii) For other services	**4.75**	6.75
(iii) For reimbursement of expenses	**0.12**	0.15
(o) Legal and other professional costs	**446.41**	379.60
(p) Technical assistance fees (including variable fees on account of deputation)	**2,675.98**	2,793.94
(q) Provision for credit loss allowance#	**298.71**	13.00
(r) Provision for quality and other claims	**26.19**	–
(s) Loss on fixed assets scrapped/written off	**7.03**	0.22
(t) Miscellaneous expenses	**1,739.56**	1,472.40
Total Other Expenses	**30,847.67**	28,297.81

* includes Rs. 1.25 lakhs (March 31, 2016 - Rs. 1.00 lakh) for cost audit fees.

includes Rs. 23.00 lakhs (March 31, 2016 - Rs. 13.00 lakhs) on account of credit loss due to receipt of payments later than when contractually due.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 27 - Earnings per Equity Share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Basic earnings per equity share	**(41.69)**	(46.20)
(b) Diluted earnings per equity share	**(41.69)**	(46.20)

Basic and diluted earnings per equity share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Loss as per Statement of Profit and Loss (Rs in lakhs)	**(4,607.65)**	(4,963.26)
(b) Weighted average number of equity shares (Nos)	**11,051,793**	10,744,034
– 10,853,656 equity shares outstanding for the period from April 1, 2016 to January 26, 2017		
– 11,983,656 equity shares outstanding for the period from January 27, 2017 to March 31, 2017		
(c) Earnings per equity share - Basic and Diluted	**(41.69)**	(46.20)

Note No. 28 - Financial Instruments

(i) Capital management

The Company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' return by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and implements capital structure improvement plan when necessary through infusion of additional equity share capital. There is no change in the overall capital risk management strategy of the Company compared to last year.

Net debt to Equity ratio

The ratio at the end of the respective reporting periods, is as follows:

Rs in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt (See note below)	**23,471.82**	22,372.66	22,788.49
Cash and Cash equivalents	**(5,178.97)**	(2,402.67)	(3,159.39)
Net debt	**18,292.85**	19,969.99	19,629.10
Total equity	**17,886.69**	17,729.54	19,194.27
Net debt to equity ratio	**1.02**	1.13	1.02

Note: Debt includes non - current and current borrowings and current maturities of non - current borrowings as disclosed in notes 13, 18 and 19

(ii) Categories of financial instruments

As at March 31, 2017 — **Rs in lakhs**

Particulars	**Amortised Costs**	**Fair Value Through Profit and Loss (FVTPL)**	**Total**
Non-current Assets			
Loans	**7.22**	**–**	**7.22**
Other Financial Assets			
– Non derivative financial assets	**116.43**	**–**	**116.43**
Current Assets			
Trade Receivables	**20,437.59**	**–**	**20,437.59**
Cash and Cash equivalents	**5,178.97**	**–**	**5,178.97**
Bank balances other than Cash and Cash equivalents	**527.43**	**–**	**527.43**
Loans	**14.80**	**–**	**14.80**
Other Financial Assets			
– Non derivative financial assets	**4.51**	**–**	**4.51**
– Derivative financial assets	**–**	**41.17**	**41.17**
Non-current Liabilities			
Borrowings	**5,714.98**	**–**	**5,714.98**
Trade Payables	**1,750.46**	**–**	**1,750.46**
Other Financial Liabilities			
– Non derivative financial liabilities	**500.00**	**–**	**500.00**
Current Liabilities			
Borrowings	**16,116.84**	**–**	**16,116.84**
Trade Payables	**20,188.22**	**–**	**20,188.22**
Other Financial Liabilities			
– Non derivative financial liabilities	**2,347.26**	**–**	**2,347.26**
– Derivative financial liabilities	**–**	**147.98**	**147.98**

As at March 31, 2016 — **Rs in lakhs**

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	9.41	–	9.41
Other Financial Assets			
– Non derivative financial assets	72.59	–	72.59
Current Assets			
Trade Receivables	16,637.19	–	16,637.19
Cash and Cash equivalents	2,402.67	–	2,402.67
Bank balances other than Cash and Cash equivalents	108.14	–	108.14
Loans	16.02	–	16.02
Other Financial Assets			
– Non derivative financial assets	14.24	–	14.24
– Derivative financial assets	–	2.05	2.05
Non-current Liabilities			
Borrowings	7,349.12	–	7,349.12
Trade Payables	1,052.90	–	1,052.90

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

As at March 31, 2016 — **Rs in lakhs**

Particulars	Amortised Costs	FVTPL	Total
Other Financial Liabilities			
– Non derivative financial liabilities	500.00	–	500.00
Current Liabilities			
Borrowings	14,203.54	–	14,203.54
Trade Payables	15,914.18	–	15,914.18
Other Financial Liabilities			
– Non derivative financial liabilities	1,313.83	–	1,313.83
– Derivative financial liabilities	–	33.15	33.15

As at April 1, 2015 — **Rs in lakhs**

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	10.06	–	10.06
Other Financial Assets			
– Non derivative financial assets	66.60	–	66.60
Current Assets			
Trade Receivables	20,934.46	–	20,934.46
Cash and Cash equivalents	3,159.39	–	3,159.39
Bank balances other than Cash and Cash equivalents	801.65	–	801.65
Loans	17.09	–	17.09
Other Financial Assets			
– Non derivative financial assets	78.61	–	78.61
– Derivative financial assets	–	80.86	80.86
Non-current Liabilities			
Borrowings	8,163.28	–	8,163.28
Trade Payables	353.68	–	353.68
Other Financial Liabilities			
– Non derivative financial liabilities	500.00	–	500.00
Current Liabilities			
Borrowings	14,625.21	–	14,625.21
Trade Payables	21,439.16	–	21,439.16
Other Financial Liabilities			
– Non derivative financial liabilities	595.15	–	595.15
– Derivative financial liabilities	–	22.17	22.17

(iii) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

1 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not for speculation. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(a) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the amounts, maturity and other terms of the hedged exposure.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. in lakhs

Particulars	**Currency**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Trade Receivables	USD	**2.29**	1.83	0.28
	EUR	**3.09**	3.84	9.02
Trade Payables	USD	**121.43**	80.87	101.66
	EUR	**3.12**	–	–
Secured Bank Loans	USD	**22.27**	–	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. in lakhs

Particulars	**Currency**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Trade Receivables	USD	**0.73**	0.41	0.02
	EUR	–	–	0.13
Trade Payables	USD	**51.23**	39.48	18.19
	EUR	–	–	–
Secured Bank Loans	USD	–	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's loss before tax and equity can be due to changes in the fair value of monetary assets and liabilities The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	**Currency**	**Change in rate**	**Effect on loss before tax and equity (Rs in lakhs)**
March 31, 2017	**USD**	**+7%**	**(229.26)** @
	USD	**–7%**	**229.26**
	USD	**+10%**	**(327.51)** @
	USD	**–10%**	**327.51**
March 31, 2016	USD	+7%	(181.21) @
	USD	–7%	181.21
	USD	+10%	(258.87) @
	USD	–10%	258.87

@ negative amounts indicate increase in loss before tax.

(b) Interest rate risk

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and current debt obligations with floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Interest rate sensitivity

The sensitivity analysis for floating rate liabilities, is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of changes in market interest rates. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Increase/ (decrease) in basis points	Effect on loss before tax and equity (Rs in lakhs)
March 31, 2017	**INR**	**100**	**(180.53)**#
	INR	**(100)**	**180.53**
March 31, 2016	INR	100	(204.02)#
	INR	(100)	204.02

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

negative amounts indicate increase in loss before tax

(c) Other price risk:

The Company is not exposed to any other price risks.

2 CREDIT RISK

Credit risk management

(a) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposures are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's credit management policy is driven to assess the credit risk of the customers and assign specific credit limit based on the different criteria stipulated in the policy. The committee will also review the performance of the customers periodically in order to control the deviations if any. Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

(b) Apart from three of its largest customers, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to these three parties did not exceed 40% - 45% of trade receivables at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross trade receivables at any time during the year.

(c) The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

(d) There is no change in estimation techniques or significant assumptions during the reporting period.

(e) The Company has in its past history not experienced credit losses on account of cash shortfall except for few parties where legal cases have been filed or are in the process of being filed and the amount has been fully provided for and does not expect significant credit losses on account of cash shortfall in future. However, Company receives delayed payment from some debtors without any compensation which results in credit losses to the Company.

(f) Ageing of Trade Receivables

Rs in Lakhs

Ageing buckets	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not Due	**16,076.41**	13,105.53	15,604.19
0 - 6 months	**3,655.55**	3,006.31	2,848.47
6 months - 12 months	**169.01**	147.17	580.20
12 months - 36 months	**434.87**	107.88	203.26
Beyond 36 months	**424.37**	411.56	312.73

The loss allowance provision for such expected credit loss on account of payments later than when contractually due is determined as follows:

As at March 31, 2017

Particulars	Trade receivables not due	Not due trade receivables expected to be realised within 00-90 Days after due date	Not due trade receivables expected to be realised within 91-180 Days after due date	Not due trade receivables expected to be realised within 181-365 days after due date	Total
Total Amount of trade receivables in bucket (Rs in lakhs)	**16,076.41**				
Percentage of debtors not due expected to be realised within the respective time buckets.		**19.00%**	**2.50%**	**3.00%**	
Amount of trade receivables (Rs in lakhs)		**3,055.00**	**402.00**	**482.00**	
Average delayed payments in the respective time bucket (days)		**60.00**	**150.00**	**270.00**	
Present Value of above cash flows at prevailing interest rates (Rs in lakhs)		**3,001.00**	**384.00**	**445.00**	
Expected credit loss (Rs in lakhs)		**54.00**	**18.00**	**37.00**	**109.00**

As at March 31, 2016

Particulars	Trade receivables not due	Not due trade receivables expected to be realised within 00-90 Days after due date	Not due trade receivables expected to be realised within 91-180 Days after due date	Not due trade receivables expected to be realised within 181-365 days after due date	Total
Total Amount of trade receivables in bucket (Rs in lakhs)	13,105.53				
Percentage of debtors not due expected to be realised within the respective time buckets.		16.50%	2.50%	3.00%	
Amount of trade receivables (Rs in lakhs)		2,162.00	328.00	393.00	
Average delayed payments in the respective time bucket (days)		60.00	150.00	270.00	
Present Value of above cash flows at prevailing interest rates (Rs in lakhs)		2,122.00	313.00	362.00	
Expected credit loss (Rs in lakhs)		40.00	15.00	31.00	86.00

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

As at April 1, 2015

Particulars	Trade receivables not due	Not due trade receivables expected to be realised within 00-90 Days after due date	Not due trade receivables expected to be realised within 91-180 Days after due date	Not due trade receivables expected to be realised within 181-365 days after due date	Total
Total Amount of trade receivables in bucket (Rs in lakhs)	15,604.19				
Percentage of debtors not due expected to be realised within the respective time buckets.		16.50%	2.50%	0.50%	
Amount of trade receivables (Rs in lakhs)		2,575.00	390.00	78.00	
Average delayed payments in the respective time bucket (days)		60.00	150.00	270.00	
Present Value of above cash flows at prevailing interest rates (Rs in lakhs)		2,526.00	372.00	72.00	
Expected credit loss (Rs in lakhs)		49.00	18.00	6.00	73.00

Reconciliation of loss allowance provision for Trade Receivables

Particulars	For the year ended March 31, 2017 (Rs in lakhs)	March 31, 2016
Balance as at beginning of the year	**491.42**	478.42
Impairment losses recognised in the year based on lifetime expected credit losses (cash short fall expected in debtors balances)	**275.71**	–
Allowance for delay in payments later than when contractually due	**23.00**	13.00
Balance at end of the year	**790.13**	491.42

3 **LIQUIDITY RISK**

(a) **Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) **Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate prevailing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above	Total
Non-derivative financial liabilities					
March 31, 2017					
Non-interest bearing	**20,895.47**	**2,737.32**	**684.33**	**–**	**24,317.12**
Variable interest rate instruments	**19,947.05**	**4,126.24**	**2,631.23**	**–**	**26,704.52**
Fixed interest rate instruments- Security Deposit from Customers	**50.00**	**580.41**	**–**	**–**	**630.41**
Total	**40,892.52**	**7,443.97**	**3,315.56**	**–**	**51,652.05**
March 31, 2016					
Non-interest bearing	16,408.01	2,563.57	2,330.52	–	21,302.10
Variable interest rate instruments	17,144.78	4,522.70	3,792.01	833.40	26,292.89
Fixed interest rate instruments- Security Deposit from Customers	50.00	100.00	530.41	–	680.41
Total	33,602.79	7,186.27	6,652.94	833.40	48,275.40
April 01, 2015					
Non-interest bearing	22,034.31	2,638.13	2,638.13	659.53	27,970.10
Variable interest rate instruments	16,879.77	4,148.00	4,208.90	2,647.95	27,884.62
Fixed interest rate instruments- Security Deposit from Customers	50.00	100.00	580.41	–	730.41
Total	38,964.08	6,886.13	7,427.44	3,307.48	56,585.13

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There are no derivative contracts where the contractual cash flows are settled on a net basis.

Rs in lakhs

Particulars	Less than 1 Year
Derivative financial instruments	
March 31, 2017	
Gross settled:	
– foreign exchange forward contracts outflow	**(147.98)**
– foreign exchange forward contracts inflow	**40.64**
– foreign exchange options contracts inflow	**0.53**
Total	**(106.81)**
March 31, 2016	
Gross settled:	
– foreign exchange forward contracts outflow	(33.15)
– foreign exchange forward contracts inflow	1.92
– foreign exchange options contracts inflow	0.13
Total	(31.10)
April 01, 2015	
Gross settled:	
– foreign exchange forward contracts outflow	(22.17)
– foreign exchange forward contracts inflow	59.96
– foreign exchange options contracts inflow	20.90
Total	58.69

(c) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the respective reporting periods which expire within one year:

Rs in lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Secured Bank Overdraft facility (includes sub limit for CC/ WCDL, EBD, EPC)	**3,357.69**	2,679.31	2,623.15
Non-Fund based Bill Acceptance facility (includes sub limit for LC, BG, Buyers credit)	**7,064.07**	12,133.71	10,445.85
	10,421.76	14,813.02	13,069.00

(d) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, if material. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above	Total
Non-derivative financial assets					
March 31, 2017					
Non-interest bearing	**20,521.07**	**17.00**	**–**	**99.43**	**20,637.50**
Fixed interest rate instruments	**5,642.23**	**5.20**	**1.95**	**0.07**	**5,649.45**
Total	**26,163.30**	**22.20**	**1.95**	**99.50**	**26,286.95**
March 31, 2016					
Non-interest bearing	16,654.09	17.00	–	55.59	16,726.68
Fixed interest rate instruments	2,524.15	6.64	2.77	–	2,533.56
Total	19,178.24	23.64	2.77	55.59	19,260.24

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above	Total
April 1, 2015					
Non-interest bearing	21,147.46	–	17.00	49.60	21,214.06
Fixed interest rate instruments	3,843.74	7.56	2.50	–	3,853.80
Total	24,991.20	7.56	19.50	49.60	25,067.86

(e) Transferred financial assets that are not derecognised in their entirety

Rs in lakhs

Particulars	Financial assets at amortised cost	
	Trade Receivable March 31, 2017	Trade Receivable March 31, 2016
Carrying amount of assets	**714.19**	555.35
Carrying amount of associated liabilities	**707.62**	551.85
For those liabilities that have recourse only to the transferred assets:		
– Fair value of assets	**714.19**	555.35
– Fair value of associated liabilities	**707.62**	551.85
Net position	**6.57**	3.50

(f) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability, simultaneously.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as follows:

March 31, 2017

Rs in lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets			
– Trade receivables	**21,474.40**	**(246.68)**	**21,227.72**

March 31, 2016

Rs in lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets			
– Trade receivables	17,333.82	(205.20)	17,128.62

April1, 2015

Rs in lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets			
– Trade receivables	21,444.33	(31.45)	21,412.88

Offsetting arrangement

Trade Receivables and Trade Payables:

The Company accrued liability for the price variation clause agreed with customers, presented as trade payables, for which the settlement was done by issuing issuing credit notes and the customers remitted net payment to the Company. Accordingly, the amount accrued for price variation clause has been netted off against trade receivables.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 29 - Fair Value Measurement

(i) Fair Valuation Techniques and Inputs used - recurring Items

Rs in lakhs

Financial assets/ liabilities measured at fair value	Fair value as at [see foot note (a)]			Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2017	March 31, 2016	April 1, 2015		
Financial assets					
Other financial assets					
– Foreign currency forward contracts	**40.64**	1.92	59.96	Level II	Fair value for forward and option contracts of similar maturities as provided by counter parties which are banks.
– Foreign currency option contracts	**0.53**	0.13	20.90	Level II	
Total financial assets	**41.17**	2.05	80.86		
Financial liabilities					
Other financial liabilities					
– Foreign currency forward contracts	**147.98**	33.15	22.17	Level II	Fair value for forward and option contracts of similar maturities as provided by counter parties which are banks.
Total financial liabilities	**147.98**	33.15	22.17		

Note:

(a) These figures reflect the mark to market impact of forward and option contracts accounted at fair value.

(b) There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs in lakhs

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at amortised cost						
– Deposits placed	**116.43**	**116.43**	72.59	72.59	66.60	66.60
– Loans to employees	**22.02**	**10.81**	25.43	15.09	27.15	16.63
Total	**138.45**	**127.24**	98.02	87.68	93.75	83.23
Financial liabilities						
Financial liabilities not carried at fair value						
– Term loan from bank	**7,354.98**	**7,359.42**	8,169.12	8,519.60	8,163.28	8,163.28
– Security deposit from customers	**500.00**	**489.99**	500.00	480.90	500.00	465.43
– Trade and other payables (including current portion)	**3,119.11**	**3,171.25**	2,459.61	2,498.18	1,013.21	981.76
Total	**10,974.09**	**11,020.66**	11,128.73	11,498.68	9,676.49	9,610.47

Note:

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Particulars	Fair value hierarchy as at March 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	–	**116.43**	–	**116.43**
– Loans to employees	–	**10.81**	–	**10.81**
Total	–	**127.24**	–	**127.24**
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	–	**7,359.42**	–	**7,359.42**
– Security deposit from customers	–	**489.99**	–	**489.99**
– Trade and other payables	–	**3,171.25**	–	**3,171.25**
Total	–	**11,020.66**	–	**11,020.66**

Rs in lakhs

Particulars	Fair value hierarchy as at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	–	72.59	–	72.59
– Loans to employees	–	15.09	–	15.09
Total	–	87.68	–	87.68
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	–	8,519.60	–	8,519.60
– Security deposit from customers	–	480.90	–	480.90
– Trade and other payables	–	2,498.18	–	2,498.18
Total	–	11,498.68	–	11,498.68

Rs in lakhs

Particulars	Fair value hierarchy as at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	–	66.60	–	66.60
– Loans to employees	–	16.63	–	16.63
Total	–	83.23	–	83.23
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	–	8,163.28	–	8,163.28
– Security deposit from customers	–	465.43	–	465.43
– Trade and other payables	–	981.76	–	981.76
Total	–	9,610.47	–	9,610.47

Valuation techniques and inputs used to determine fair value:

(a) **Term loan from bank:**

The fair value of term loan from bank is computed using the discounted cash flow (DCF) method, where the future cash flows are discounted using a market interest rate, that reflects the credit risk of the Company.

(b) The fair value of security deposit from customer, non current trade and other payables and loan to employees are determined using the DCF method, where the future cash flows are discounted using market interest rate.

(c) The deposits placed approximate their fair value.

Note No. 30 - Employee benefits

A) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund for the year ended March 31, 2017 of Rs. 262.44 lakhs (March 31, 2016 - Rs. 266.14 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

B) Defined Benefit Plans:

Gratuity

The scheme provides for lump sum payment to vested employees at retirement or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. In case of death of the employee while in service, gratuity is paid for an amount equivalent to 30 days salary for each completed year of service or part thereof in excess of six months.

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees.

The ceiling limit for gratuity payment is restricted to 20 months' salary. Vesting occurs upon completion of five years of service.

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The Company has taken a group gratuity scheme from Life Insurance Corporation of India which manages the assets.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the amount of plan returns.

Inflation risk and Life expectancy

The Company does not have any defined benefit plans which will be impacted by inflation or life expectancy risk.

C) The significant actuarial assumptions used for the purposes of the actuarial valuations are as follows:

Particulars	As at	
	March 31, 2017	March 31, 2016
Discount rate(s)	**6.90%**	7.60%
Expected rate(s) of increase in salary considered for gratuity entitlement and leave encashment	**3.75%**	7.50%
Expected rate(s) of increase in salary considered for leave availment	**7.50%**	7.50%
Average Longevity	**2006-08 Mortality base**	2006-08 Mortality base
Expected rate of returns on plan assets	**9.00%**	9.40%

Notes :

(i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

(ii) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market and the salary increase that will form part of salary base on which gratuity entitlement is available.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

D) Detailed disclosures for defined benefit plan - Gratuity are as follows:

Rs in lakhs

Particulars	Funded Plan for Gratuity March 31, 2017	Funded Plan for Gratuity March 31, 2016
Amounts recognised in Total Comprehensive Income in respect of these defined benefit plans are as follows:		
Current Service Cost	**92.60**	92.72
Net interest expense	**4.97**	20.35
Components of defined benefit costs recognised in profit or loss	**97.57**	113.07
Remeasurement for (gain)/loss during the year due to:		
Actual return on plan assets (less interest on plan assets)	**(26.32)**	(45.51)
Actuarial gains and loss arising form changes in financial assumptions	**(161.75)**	21.92
Actuarial gains and loss arising form experience adjustments	**(76.28)**	27.87
Changes in demographic assumptions	**6.06**	(6.31)
Adjustment to recognise the effect of asset ceiling	**8.97**	–
Components of defined benefit costs recognised in other comprehensive income	**(249.32)**	(2.03)
Total Expenses/(Income)	**(151.75)**	111.04
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at	**1,215.79**	1,563.22
2. Fair value of plan assets as at	**1,376.51**	1,447.83
3. Adjustment to recognise the effect of asset ceiling	**(8.97)**	–
4. Surplus/ (Deficit)	**151.75**	(115.39)
5. Current portion of the above	**–**	–
6. Non current portion of the above	**151.75**	(115.39)
II. Change in the obligation during the respective year ends		
1. Present value of defined benefit obligation at the beginning of the year	**1,563.22**	1,554.25
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**92.60**	92.72
– Interest Expense	**98.21**	106.07
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**6.06**	(6.31)
ii. Financial Assumptions	**(161.75)**	21.92
iii. Experience Adjustments	**(76.28)**	27.87
4. Benefit payments	**(306.27)**	(233.30)
5. Present value of defined benefit obligation at the end of the year	**1,215.79**	1,563.22
III. Change in fair value of assets during the respective year ends		
1. Fair value of plan assets at the beginning of the year	**1,447.83**	1,249.90
2. Expected return on plan assets	**93.24**	85.72
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return	**26.32**	45.51
4. Contributions by employer (including benefit payments recoverable)	**115.39**	300.00
5. Benefit payments	**(306.27)**	(233.30)
6. Fair value of plan assets at the end of the year	**1,376.51**	1,447.83
IV. The major categories of plan assets		
Insures Manager Funds (100%)	**1,376.51**	1,447.83

E) Movement in Asset Ceiling :

A reconciliation of the asset ceiling during the inter-valuation period is given below:

Rs in lakhs

Principal assumption	Year ended March 31, 2017	Year ended March 31, 2016
Opening value of asset ceiling	**–**	–
Interest on opening balance of asset ceiling	**–**	–
Remeasurements due to change in surplus/(deficit):	**8.97**	–
Total	**8.97**	–

F) Funding arrangements:

The trustees of the plan have outsourced the investment management of the fund to LIC of India. The LIC of India in turn manages theses funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

There is no compulsion on the part of the Company to fully pre fund the liability of the plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The Company expects no contribution to the gratuity funds during the next financial year.

G) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year ended March 31	Changes in assumption	Impact on defined benefit obligation due to Increase	Decrease
Discount rate	**2017**	**50 bps**	**-1.79%**	**1.88%**
	2016	50 bps	-1.74%	1.83%
Salary growth rate	**2017**	**50 bps**	**1.93%**	**-1.85%**
	2016	50 bps	1.82%	-1.75%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

H) Maturity profile of defined benefit obligation:

Rs in lakhs

Particulars	March 31, 2017	March 31, 2016
Within 1 year	**469.25**	542.10
1 - 2 year	**223.35**	302.74
2 - 3 year	**182.47**	245.37
3 - 4 year	**143.42**	206.36
4 - 5 year	**68.58**	168.65
5 - 10 years	**607.83**	757.28

The weighted average duration of the defined benefit obligation as at March 31, 2017 is 3.67 years (2016: 3.64 years)

Note No. 31 - Segment information

For management purposes, the Company is organised into business units based on its products and has two reportable segments, as follows:

– Steel

– Ring

The Managing Director, the chief operating decision maker (CODM), has chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Finance Cost, Treasury Costs, Other Income and Tax as a measure to assess the performance of the segments. Treasury costs, finance costs and other income are not allocated to segments as these income and expenses are considered to be corporate activities. Treasury costs includes foreign exchange (gain)/ loss, fair valuation impact of derivative instruments and bank charges on Letter of Credits, bill discounting, etc.

Year ended March 31, 2017

Rs in lakhs

Particulars	Steel Business	Ring Business	Eliminations	Total Segment
Revenue from operations	**82,249.20**	**9,158.30**	**–**	**91,407.50**
Inter-segment	**4,538.36**	**–**	**(4,538.36)**	**–**
Total revenue	**86,787.56**	**9,158.30**	**(4,538.36)**	**91,407.50**
Segment Expenses before depreciation and amortisation	**(85,962.12)**	**(9,101.92)**	**4,538.36**	**(90,525.68)**
Depreciation and amortisation	**(2,079.61)**	**(803.03)**	**–**	**(2,882.64)**
Segment results	**(1,254.17)**	**(746.65)**	**–**	**(2,000.82)**
Total assets				**66,228.11**
Total liabilities				**48,341.42**

Year ended March 31, 2016

Rs in lakhs

Particulars	Steel Business	Ring Business	Eliminations	Total Segment
Revenue				
Revenue from operations	78,618.44	6,829.79	–	85,448.23
Inter-segment sales	4,013.09	–	(4,013.09)	–
Total revenue	82,631.53	6,829.79	(4,013.09)	85,448.23
Segment expenses				
Segment Expenses before depreciation and amortisation	(82,031.12)	(7,488.84)	4,013.09	(85,506.87)
Depreciation and amortisation	(1,821.32)	(517.72)	–	(2,339.04)
Segment results	(1,220.91)	(1,176.77)	–	(2,397.68)
Total assets	–	–	–	59,754.70
Total liabilities	–	–	–	42,025.16

Adjustments and eliminations:

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Eliminations' column.

Other disclosures:

– Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.

– The accounting policies of the reportable segments are the same as the Company's Accounting Policies described in Note 1 significant accounting polices.

– All Inter-segment transactions are done based on market pricing.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- Revenue and expenses have been identified to the segment based on their relationship to the business activity of the segment. Income and expenses relating to the enterprise as a whole and not allocable on a reasonable basis are included as part of steel business.
- Disclosure for interest revenue and interest expense are not made as the specified amounts are not included in the measure of segment profit or loss reviewed by CODM.

The amounts of additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets (see Ind AS 19, Employee Benefits) and rights arising under insurance contracts are as follows:

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Steel Business	**1,952.01**	2,432.70
Ring Business	**305.96**	1,538.25
Total	**2,257.97**	3,970.95

Reconciliation of loss as per Segments' measure to Entity's profit or loss before tax:

Rs in lakhs

Reconciliation of loss	**Year ended March 31, 2017**	Year ended March 31, 2016
Total segment results	**(2,000.82)**	(2,397.68)
Add: Other income {Includes Interest income of Rs. 57.16 lakhs (March 31, 2016 - Rs. 203.03 lakhs)}	**435.95**	305.86
Less: Treasury costs	**(316.92)**	(477.30)
Less: Finance costs	**(2,725.86)**	(2,394.14)
Loss before tax as per the Statement of Profit and Loss	**(4,607.65)**	(4,963.26)

Rs in lakhs

Geographic information	**Year ended March 31, 2017**	Year ended March 31, 2016
Revenue from external customers		
India	**88,006.94**	82,824.77
Outside India	**3,400.56**	2,623.46
Total revenue per statement of profit or loss	**91,407.50**	85,448.23

Notes:

(i) The export revenue, as a percentage of total revenue, is not significant and hence revenue from external customers attributable to individual foreign country is not disclosed.

(ii) The Company does not have any non current assets other than financial instruments, deferred tax assets, net defined benefit assets (see Ind AS 19, Employee Benefits) and rights arising under insurance contracts located in foreign currency and hence such disclosures are not made.

Revenue from major products

The following is an analysis of the Company's revenue from its major products and services:

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Alloy Steel	**82,249.20**	78,618.44
Ring Braces	**9,158.30**	6,829.79
Total revenue	**91,407.50**	85,448.23

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Steel Division		
External Customer	**23,172.26**	**21,567.63**
Government Entity	**9,891.50**	**11,885.92**
Related Party	**11,041.42**	9,393.02
Total	**44,105.18**	42,846.57

No other single customers contributed 10% or more to the Company's revenue for both the years ended March 31, 2017 and March 31, 2016.

Note No. 32 - Related Party Transactions

a) **Related Parties where joint control exists:**

Investing Parties	Mahindra and Mahindra Ltd.
	Sanyo Special Steel Company Ltd., Japan
	Mitsui and Company Ltd., Japan

b) **Names of other related parties with whom transactions have taken place during the year**

Joint venture of investing parties	Mahindra Sona Ltd.
	Mahindra Aerospace Pvt Ltd.
	Mahindra Logistics Ltd.
Subsidiaries of investing parties	Sanyo Special Steel India Pvt Ltd.
	Mitsui & Co. (Asia Pacific) Pvt. Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Defence Naval Systems Pvt. Ltd
Subsidiary of Joint venture of investing parties	Lords Freight (India) Private Ltd.
Associate of investing parties	Mahindra CIE Automotive Ltd
Subsidiary of Associate of investing Company	Mahindra Gears and Transmission Pvt. Ltd.
Key Management Personnel	Mr. Uday Gupta, Managing Director

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Details of transaction between the Company and its related parties are disclosed below:

Rs in lakhs

		Investing Companies			KMP	Joint Venture of Investing Company			Subsidiary of Investing Company				Subsidiary of Joint Venture of Investing Company	Associate of Investing Company	Subsidiary of Associate of Investing Company
Nature of transactions with Related Parties	**Year ended**	**Mahindra & Mahindra Ltd**	**Sanyo Special Steel Co Ltd Japan**	**Mitsui and Company Japan**	**Mr. Uday Gupta (MD)**	**Mahindra Sona Ltd**	**Mahindra Aerospace Pvt Ltd**	**Mahindra Logistics Ltd**	**Mahindra Defence Systems Ltd**	**Mahindra Defence Naval Systems Pvt Ltd**	**Sanyo Special Steel India Pvt Ltd**	**Mitsui and Company (Asia Pacific) Pvt Ltd**	**Lords Freight (India) Pvt Ltd**	**Mahindra CIE Automotive Ltd**	**Mahindra Gears Transmission Pvt Ltd**
Sale of goods	31-Mar-17	894.53	–	–	–	699.90	–	–	–	–	–	–	–	9,980.11	470.49
	31-Mar-16	973.69	–	–	–	226.36	–	–	–	–	–	–	–	8,711.93	469.89
Purchase of goods	31-Mar-17	–	–	–	–	–	–	–	1.83	1.71	–	531.97	–	1,849.31	–
	31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–	2,469.14	–
Purchase of property and other assets	31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–	16.46	–
	31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Technical assistance agreement (TAA) fees paid	31-Mar-17	–	2,165.94	–	–	–	–	–	–	–	971.33	–	–	–	–
	31-Mar-16	–	2,053.99	–	–	–	–	–	–	–	1,027.05	–	–	–	–
Receiving of services	31-Mar-17	166.34	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	116.01	–	–	–	–	–	4.63	–	–	–	–	2.53	–	–
Remuneration to Key managerial personnel	31-Mar-17	–	–	–	119.04	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	–	–	–	113.19	–	–	–	–	–	–	–	–	–	–
Lease expenses	31-Mar-17	186.50	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	184.94	–	–	–	–	–	–	–	–	–	–	–	–	–
Shared IT Services	31-Mar-17	117.98	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	115.28	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity contribution to the Company (Right Shares issued)	31-Mar-17	2,305.20	1,310.80	904.00	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	1,785.00	1,015.00	700.00	–	–	–	–	–	–	–	–	–	–	–
Reimbursement of Colony Maintenance expenses received	31-Mar-17	107.15	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	107.15	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement of expenses	31-Mar-17	–	–	12.14	–	–	–	–	–	–	20.21	–	–	–	–
	31-Mar-16	3.98	–	0.95	–	–	6.42	–	–	–	–	0.76	–	–	–

Note:

(1) The transaction amounts reported above are inclusive of applicable taxes except for TAA fees which is exclusive of service tax. (2) TAA fees reported above are based on amounts debited in Statement of Profit and Loss and inclusive of unwinding of discounts.

Rs in lakhs

Nature of Balances with Related Parties	**Balance as on**	**Mahindra & Mahindra Ltd**	**Sanyo Special Steel Co Ltd Japan**	**Mitsui and Company Japan**	**Mr. Uday Gupta (MD)**	**Mahindra Sona Ltd**	**Mahindra Aerospace Pvt Ltd**	**Mahindra Logistics Ltd**	**Mahindra Defence Systems Ltd**	**Mahindra Defence Naval Systems Pvt Ltd**	**Sanyo Special Steel India Pvt Ltd**	**Mitsui and Company (Asia Pacific) Pvt Ltd**	**Lords Freight (India) Pvt Ltd**	**Mahindra CIE Automotive Ltd**	**Mahindra Gears Transmission Pvt Ltd**
Trade payables	31-Mar-17	344.07	3,119.12	–	22.50	–	–	–	0.92	1.71	133.72	–	–	55.66	–
	31-Mar-16	272.67	2,796.62	–	22.97	–	–	–	–	–	242.05	–	–	2.80	–
Loans and advances given	31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	–	–	2.64	–	–	–	2.21	–	–	–	5.18	–	–	–
Deposits	31-Mar-17	3.78	–	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-16	3.78	–	–	–	–	–	–	–	–	–	–	–	–	–
Trade Receivables	31-Mar-17	183.30	–	12.14	–	137.53	–	–	–	–	–	–	–	2,726.44	105.47
	31-Mar-16	186.67	–	–	–	105.20	–	–	–	–	–	–	–	2,689.50	137.33

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rs in lakhs

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Short-term employee benefits	**109.33**	104.06
Contribution towards provident and super annuation funds	**9.71**	9.13
Post employment benefits	**–**	–
Other long term employee benefits	**–**	–
Termination benefits	**–**	–
Share-based payment	**–**	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 33 - Reconciliation of Balance Sheet from Previous GAAP to Ind AS

First Time adoption Reconciliations

Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015

Rs in lakhs

		Particulars	Notes	As at March 31, 2016 (End of the last period presented under previous GAAP)			As at April 01, 2015 (Date of transition)		
				Previous GAAP (See Note below)	Effect of transition to Ind AS	As per Ind AS Balance sheet	Previous GAAP (See Note below)	Effect of transition to Ind AS	As per Ind AS Balance sheet
ASSETS									
		NON-CURRENT ASSETS							
(a)		Property, Plant and Equipment	a	16,372.25	196.33	16,568.58	17,071.34	137.39	17,208.73
(b)		Capital Work-in-Progress	a	5,969.90	264.98	6,234.88	3,392.23	240.02	3,632.25
(c)		Other Intangible Assets		48.20	–	48.20	1.57	–	1.57
(d)		Financial Assets							
	(i)	Loans		9.41	–	9.41	10.06	–	10.06
	(ii)	Other Financial Assets		72.59	–	72.59	66.60	–	66.60
(e)		Other Non current Investments	b	1,400.00	(1,400.00)	–	1,400.00	(1,400.00)	–
(f)		Other Non-current Assets	b	141.29	1,124.67	1,265.96	577.96	1,180.67	1,758.63
		TOTAL NON-CURRENT ASSETS		24,013.64	185.98	24,199.62	22,519.76	158.08	22,677.84
		CURRENT ASSETS							
(a)		Inventories	a	15,228.71	(264.98)	14,963.73	17,105.19	(240.02)	16,865.17
(b)		Financial Assets							
	(i)	Trade Receivables	c, d, e, f, o	15,476.32	1,160.87	16,637.19	17,488.49	3,445.97	20,934.46
	(ii)	Cash and Cash Equivalents		2,402.67	–	2,402.67	3,159.39	–	3,159.39
	(iii)	Bank balances other than (iii) above		108.14	–	108.14	801.65	–	801.65
	(iv)	Loans		16.02	–	16.02	17.09	–	17.09
	(v)	Other Financial Assets	g	14.24	2.05	16.29	78.61	80.86	159.47
(c)		Other Current Assets	b, d, g, p	1,372.66	38.38	1,411.04	1,597.61	(10.86)	1,586.75
		TOTAL CURRENT ASSETS		34,618.76	936.32	35,555.08	40,248.03	3,275.95	43,523.98
		Non-Current Assets Classified as Held for Sale		–	–	–	58.25	–	58.25
		TOTAL ASSETS		58,632.40	1,122.30	59,754.70	62,826.04	3,434.03	66,260.07
EQUITY AND LIABILITIES									
		EQUITY							
(a)		Equity Share Capital		1,085.37	–	1,085.37	1,000.00	–	1,000.00
(b)		Other Equity		16,366.61	277.56	16,644.17	18,160.61	33.66	18,194.27
		TOTAL EQUITY		17,451.98	277.56	17,729.54	19,160.61	33.66	19,194.27
		LIABILITIES							
		NON-CURRENT LIABILITIES							
(a)		Financial Liabilities							
	(i)	Borrowings	h	7,380.00	(30.88)	7,349.12	8,200.00	(36.72)	8,163.28
	(ii)	Trade Payables	i, q	1,414.11	(361.21)	1,052.90	437.50	(83.82)	353.68
	(iii)	Other Financial Liabilities	e	–	500.00	500.00	–	500.00	500.00
(b)		Provisions		447.93	–	447.93	528.88	–	528.88
(c)		Deferred tax liabilities		–	–	–	–	–	–
		TOTAL NON-CURRENT LIABILITIES		9,242.04	107.91	9,349.95	9,166.38	379.46	9,545.84
		CURRENT LIABILITIES							
(a)		Financial Liabilities							
	(i)	Borrowings	d, r	13,651.69	551.85	14,203.54	12,764.57	1,860.64	14,625.21
	(ii)	Trade Payables	e, f, g, i, p, q, r	15,762.35	151.83	15,914.18	20,301.06	1,138.10	21,439.16
	(iii)	Other Financial Liabilities	g	1,313.83	33.15	1,346.98	595.15	22.17	617.32
(b)		Provisions	o	417.29	–	417.29	420.89	–	420.89
(c)		Other Current Liabilities		793.22	–	793.22	417.38	–	417.38
		TOTAL CURRENT LIABILITIES		31,938.38	736.83	32,675.21	34,499.05	3,020.91	37,519.96
		Liabilities Associated with Assets Held for Sale		–	–	–	–	–	–
		TOTAL LIABILITIES		41,180.42	844.74	42,025.16	43,665.43	3,400.37	47,065.80
		TOTAL EQUITY AND LIABILITIES		58,632.40	1,122.30	59,754.70	62,826.04	3,434.03	66,260.07

Note:

The regrouping adjustments in amounts reported in the column in “Previous GAAP” have been explained in Note 35 (vi)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note No. 34 - Reconciliation of Profit and Loss from Previous GAAP to Ind AS

First Time adoption Reconciliations

Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016

Rs in lakhs

	Particulars	Note No.	Year ended March 31, 2016 (Latest period presented under previous GAAP) Previous GAAP	Effect of transition to Ind AS	As per Ind AS Statement of Profit or Loss
I	Revenue from operations	j, k	75,794.96	9,653.27	85,448.23
II	Other Income		305.86	–	305.86
III	**Total Revenue (I + II)**		76,100.82	9,653.27	85,754.09
IV	**EXPENSES**				
	(a) Cost of materials consumed		41,696.81	–	41,696.81
	(b) Changes in stock of finished goods and work-in-progress		928.23	–	928.23
	(c) Excise duty on sale of goods	j	–	9,155.28	9,155.28
	(d) Employee benefit expense	l	5,904.01	2.03	5,906.04
	(e) Finance costs	h, i	2,226.05	168.09	2,394.14
	(f) Depreciation and amortisation expense	a	2,257.20	81.84	2,339.04
	(g) Other expenses	a, b, c, g, i, j, k, m	28,297.14	0.67	28,297.81
	Total Expenses		81,309.44	9,407.91	90,717.35
V	**Loss before tax (III-IV)**		(5,208.62)	245.36	(4,963.26)
VI	**Tax expense**		–	–	–
VII	**Loss for the year (V-VI)**		(5,208.62)	245.36	(4,963.26)
VIII	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss				
	(i) Actuarial gains/ (losses) on gratuity valuation	l	–	2.03	2.03
IX	**Total comprehensive loss for the year (VII + VIII)**		(5,208.62)	247.39	(4,961.23)

Note No. 35 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015:

Rs in lakhs

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Total equity (shareholders' funds) under previous GAAP		17,451.99	19,160.61
Ind AS: Adjustments increase/ (decrease):			
Investments regrouped as prepaid expense and amortised	b	(219.33)	(163.33)
Loan processing fees accounted using effective interest method	h	30.88	36.72
Allowance for expected credit loss on trade receivables	c	(86.00)	(73.00)
Discounting of long term liability in respect of Technical Assistance Agreement (TAA) fees	i	522.44	86.47
Unwinding of interest on TAA fees	i	(168.20)	(5.95)
Recognition of spares consumed as items of property, plant and equipment	a	287.25	146.47
Depreciation on spares recognized as property, plant and equipment	a	(90.92)	(9.08)
Difference in exchange gain/ (loss) on remeasurement of trade payables	g	46.65	(11.32)
Derecognition of deferred premium on forward exchange contracts	g	(14.12)	(32.01)
Measurement of derivatives at fair value	g	(31.10)	58.69
Total increase due to Ind AS adjustments		277.55	33.66
Equity as reported under Ind AS		17,729.54	19,194.27

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

Rs in lakhs

Particulars	Notes	Year Ended March 31, 2016
Loss as per previous GAAP	s	(5,208.62)
Ind AS: Adjustments (increase in loss)/ decrease in loss:		
Investments regrouped as prepaid expense and amortised	b	(56.00)
Loan processing fees accounted using effective interest method	h	(5.84)
Allowance for expected credit loss on trade receivables	c	(13.00)
Discounting of long term liability in respect of Technical Assistance Agreement (TAA) fees	i	435.97
Unwinding of interest on TAA fees	i	(162.25)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

Particulars	Notes	Year Ended March 31, 2016
Recognition of spares consumed as items of property, plant and equipment	a	140.78
Depreciation on spares recognized as property, plant and equipment	a	(81.84)
Expense related to equity issue adjusted in securities premium reserve	m	3.50
Actuarial Gain/Loss on Gratuity transferred to Other Comprehensive Income	l	(2.03)
Difference in exchange gain/(loss) on remeasurement of trade payables	g	(0.72)
Derecognition of deferred premium on forward exchange contracts	g	17.89
Measurement of derivatives at fair value	g	(31.10)
Total adjustment to profit or loss		245.36
Loss under Ind AS		(4,963.26)
Other comprehensive income	l	2.03
Total comprehensive income under Ind AS		(4,961.23)

(iii) Material adjustments to the Statement of Cash Flows

Rs in lakhs

Particulars	Year ended March 31, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	1,265.32	280.07	1,545.39
Net cash flows from investing activities	(2,947.27)	(171.57)	(3,118.84)
Net cash flows from financing activities	925.23	788.70	1,713.93
Net increase (decrease) in cash and cash equivalents	(756.72)	897.20	140.48
Cash and cash equivalents at beginning of period	3,159.39	(8,218.92)	(5,059.53)
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	2,402.67	(7,321.72)	(4,919.05)

(iv) Analysis of cash and cash equivalents as at March 31, 2016 and April 1, 2015 for the purpose of Statement of Cash flows under Ind AS

Rs in lakhs

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		2,402.67	3,159.39
Bank Overdrafts which forms integral part of cash management system	n	(7,321.72)	(8,218.92)
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS		(4,919.05)	(5,059.53)

(v) Notes explaining 'Effect of transition to Ind AS' :

a) Under Ind AS, all spares which meet the definition of property, plant and equipment can be capitalised. In the preparation of financial statements under previous GAAP, only those spares which could be used only in connection with an item of fixed asset and whose use is expected to be irregular were capitalised. Accordingly, certain items charged as spares consumed in the preparation of financial statements under Previous GAAP have been capitalised resulting in the reduction of loss for the year ended March 31, 2016 by Rs. 140.78 lakhs (April 1, 2015 - Rs. 146.47 lakhs credited to equity). Further, the depreciation charge on all such spares for the year ended March 31, 2016 is Rs. 81.84 lakhs (April 1, 2015 - Rs. 9.08 lakhs debited to equity).

Further the amount of spares which meet the definition of Property, Plant and Equipment as per Ind AS but classified as inventory in the preparation of financial statements under Previous GAAP have been regrouped from inventory to Capital work-in-progress.

The above adjustments have resulted in increase in property, plant and equipment, capital work-in progress and equity balance and decrease in inventory as at March 31, 2016 by Rs. 196.33 lakhs (April 1, 2015 - Rs. 137.39 lakhs).

b) Under Ind AS, the equity and preference share investment of Rs. 1,400.00 lakhs in Sai Wardha Power Company Ltd. is a prepaid expense considering that the value of such investment will be Re. 1 on expiry of a period of twenty five years as per the terms contained in the power purchase agreement. Accordingly, the amortization of Rs. 1,400.00 lakhs over a period of twenty five years till May 2037 has resulted in an increase in loss for the year ended March 31, 2016 by Rs. 56 lakhs (April 1, 2015 - Rs. 163.33 lakhs debited to equity).

The above adjustments have resulted in decrease in non-current investments as at March 31, 2016 by Rs. 1,400.00 lakhs (April 1, 2015 – Rs. 1,400.00 lakhs) and increase in other non-current assets (prepaid expense) as at March 31, 2016 by Rs. 1,124.67 lakhs (April 1, 2015 – Rs. 1,180.67 lakhs) and increase in other current assets (prepaid expense) as at March 31, 2016 by Rs. 56.00 lakhs (April 1, 2015 – Rs. 56.00 lakhs).

c) Under Ind AS, the Company is required to apply expected credit loss model for recognising the allowance for doubtful trade receivables. Accordingly, the Company has calculated and recognized such credit loss allowance which has resulted in an increase in loss and decrease in equity for the year ended March 31, 2016 by Rs. 13.00 lakhs (April 1, 2015 – Rs. 73.00 lakhs debited to Equity).

The above adjustment has resulted in decrease in trade receivables as at March 31, 2016 by Rs. 86.00 lakhs (April 1, 2015 – Rs. 73.00 lakhs).

d) Under Ind AS, trade receivables discounted with banks, are not derecognised until the derecognition criterias are met but a corresponding financial liability is recognized to the extent of amounts received on discounting. In the preparation of financial statements under Previous GAAP, trade receivables were derecognized on discounting even when bank had recourse to the Company in case of non realisation from debtors and the amount was disclosed as contingent liability. Consequently, the Company has recognised trade receivables and secured current borrowing as at March 31, 2016 of Rs. 555.35 lakhs and Rs. 546.97 lakhs respectively (April 1, 2015 - Rs.1,895.49 lakhs and Rs.1,834.60 lakhs respectively). Further, the prepaid interest on bill discounting, in the preparation of financial statements under Previous GAAP, has been reversed as at March 31, 2016 amounting to Rs. 3.50 lakhs (April 1, 2015 - Rs. 34.85 lakhs) and interest on the secured current borrowings recognized as at March 31, 2016 amounting to Rs. 4.88 lakhs (April 1, 2015 – Rs. 26.04 lakhs) is included in such borrowings.

The above adjustments have resulted in an increase in trade receivables and secured current borrowings as at March 31, 2016 by Rs. 555.35 lakhs and Rs. 551.85 lakhs respectively (April 1, 2015 – Rs. 1,895.49 lakhs and Rs. 1,860.64 lakhs respectively) and a decrease in other current assets (prepaid expense) as at March 31, 2016 by Rs. 3.50 lakhs (April 1, 2015 – Rs. 34.85 lakhs).

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

e) Under Ind AS, financial assets can be set off against financial liabilities only if there is a legal right to set off and the parties intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. In the preparation of financial statements under Previous GAAP, the Company presented trade receivables from and payables to (including deposits received from) same party on a net basis. Consequently, trade receivables and trade payables (including deposit) which in the preparation of financial statements under Previous GAAP had been presented on net basis are presented on a gross basis under Ind AS.

The above adjustment has resulted in an increase in trade receivables by Rs. 896.71 lakhs (April 1, 2015 - Rs. 1,654.93 lakhs), increase in trade payable by Rs. 396.71 lakhs (April 1, 2015 - Rs. 1,154.93 lakhs) and an increase in other non-current financial liabilities (deposit received) by Rs. 500.00 lakhs (as at April 01, 2015 - Rs. 500.00 lakhs).

f) Under Ind AS, financial assets can be set off against financial liabilities only if there is a legal right to set off and the parties intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. In the preparation of financial statements under Previous GAAP, the Company accrued liability for the price variation clause agreed with customers, presented as trade payables, for which the settlement was done by issuing credit notes and the customers remitted net payment to the Company. Accordingly, the amount accrued for price variation clause has been netted off against trade receivables.

The above adjustment has resulted in decrease in trade receivables and trade payables as at March 31, 2016 by Rs. 205.20 lakhs (April 1, 2015 - Rs. 31.45 lakhs).

g) Under Ind AS, the derivatives which are not designated as hedging instruments are fair valued through Statement of profit and loss and the premium or discount arising at the inception of a forward exchange contract is not amortised as expense over the life of the contract. In the preparation of financial statements under Previous GAAP, mark to market loss on derivatives were recognized and mark to market gains were ignored and the premium or discount arising at the inception of a forward exchange contract was amortised as expense over the life of the contract. Accordingly, the unamortised premium as at March 31, 2016 of Rs. 14.12 lakhs is reversed and debited to the Statement of Profit and Loss (as at April 1, 2015 – premium of Rs. 32.01 lakhs debited to equity). The loss on fair valuation of derivatives as at March 31, 2016 of Rs. 31.10 lakhs is debited to the Statement of Profit and Loss (as at April 1, 2015 - profit on fair valuation of derivatives of Rs. 58.69 lakhs credited to equity).

The above adjustments have resulted in decrease in other current assets as at March 31, 2016 by Rs. 14.12 lakhs (as at April 1, 2015 – by Rs. 32.01 lakhs) and increase in other current financial assets as at March 31, 2016 by Rs. 2.05 lakhs (as at April1, 2015 – Rs. 80.86 lakhs) and increase in other current financial liabilities as at March 31, 2016 by Rs. 33.15 lakhs (as at April 1, 2015 – Rs. 22.17 lakhs).

Further the difference between the exchange gain/ loss on revaluation of trade payables, for which forward contracts have been entered into, at closing exchange rate instead of forward rates has, for the year ended March 31, 2016, resulted in an exchange loss of Rs. 0.72 lakhs (April 1, 2015 – Rs. 11.32 lakhs debited to equity).

h) Under Ind AS, the transaction costs incurred towards origination of borrowings are to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of profit and loss over the tenure of the borrowing as part of finance cost by applying the Effective Interest Rate (EIR) method. In the preparation of financial statements under Previous GAAP, these transaction costs were charged to Statement of profit and loss as and when incurred. The Company had incurred a transaction cost of Rs. 41.00 lakhs on origination of borrowings prior to April 1, 2015 which has been reduced from borrowings and credited to equity as at April 1, 2015. The charge of such transaction cost as per the EIR method debited to finance cost for the year ended March 31, 2016 is Rs. 5.84 lakhs (as at April 1, 2015 – Rs. 4.28 lakhs debited to equity).

The above adjustment has resulted in a decrease in borrowings as at March 31, 2016 by Rs. 30.88 lakhs (as at April 1, 2015 – Rs. 36.72 lakhs).

i) Under Ind AS, financial liabilities are to be initially recognised at fair value. Non-current financial liabilities are discounted to present value, if the effect of time value of money is material. In the preparation of financial statements under Previous GAAP, non-current liabilities were not discounted and were recorded at amounts required to settle the liability. The Company has discounted the non-current financial liability relating to Technical Assistance Agreement (TAA) fees to its present value which has resulted in reduction of legal and professional fee for the year ended March 31, 2016 by Rs. 435.97 lakhs (April 1, 2015 – Rs. 86.47 lakhs credited to Equity). Further the unwinding of discount has resulted in an increase in finance cost for the year ended March 31, 2016 by Rs. 162.25 lakhs (April 1, 2015 - Rs. 5.95 lakhs debited to equity).

The above adjustments have resulted in reduction of total trade payables (current and non-current) as at March 31, 2016 by Rs. 354.24 lakhs (April 1, 2015 – Rs. 80.52 lakhs).

j) Under Ind AS, revenue from sale of products includes excise duty since the recovery of excise duty flows to the entity on its own account. In the preparation of financial statements under Previous GAAP, revenue from sale of products was presented net of excise duty. Accordingly, the excise duty recovered is included as a part of Revenue from operations and also disclosed as an expense in the Statement of profit and loss.

The above adjustment has resulted in increase in revenue from operations and expenses for the year ended March 31, 2016 by Rs. 9,110.12 lakhs. The excise duty expense as disclosed in Statement of Profit and Loss of Rs. 9,155.28 lakhs also includes Rs. 45.16 lakhs (in the preparation of financial statements under Previous GAAP included in other expenses) of excise duty payments on other accounts.

k) Under Ind AS, the freight charged to customer in invoices, where sales terms are CIF, are included as a part of revenue from operations and cash discount are to be deducted from the same. In the preparation of financial statements under Previous GAAP, the freight charged to the customers in invoices, where the sales terms were CIF, were netted off against the freight expenses incurred by the Company and cash discount given to customer was disclosed as an expense. Consequently, the billing for freight, where sales terms are CIF, have been included as part of revenue and the cash discount given to customers is netted off from revenue from operations.

The above adjustment have resulted in increase in revenue for the year ended March 31, 2016 by Rs. 543.16 lakhs, increase in outward freight expenses by Rs. 559.79 lakhs and decrease in other expenses by Rs. 16.63 lakhs.

l) Under Ind AS, the actuarial gains or losses on remeasurement of the net defined benefit obligation or asset is recognised in Other comprehensive income. In the preparation of financial statements under Previous GAAP, the actuarial gains and losses were recognised in the Statement of profit and loss. Consequently, the remeasurement gain for the year ended March 31, 2016 of Rs. 2.03 lakhs is transferred from Statement of profit and loss (employee benefits expense) to other comprehensive income.

m) Under Ind AS, share issue expenses are adjusted against securities premium reserve whereas in the preparation of financial statements under Previous GAAP, equity share issue expenses were debited to Statement of Profit and Loss.

The above adjustment has resulted in decrease in loss and securities premium reserve for the year ended March 31, 2016 by Rs. 3.50 lakhs.

n) Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. In the preparation of financial statements

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

under Previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents as at March 31, 2016 have reduced by Rs. 7,321.72 lakhs (as at April 1, 2015 – Rs. 8,218.92 lakhs) and cash flows from financing activities for the year ended March 31, 2016 have also reduced by Rs. 897.20 lakhs to the extent of the movements in bank overdrafts.

(vi) Regrouping adjustments in the amounts reported in the column 'Previous GAAP'

o) Provision for quality and other claims as at March 31, 2016 amounting to Rs. 273.43 lakhs (April 1, 2015 - Rs. 292.79 lakhs) were treated as provision for doubtful trade receivables and disclosed as a deduction from trade receivables. The amount relating to Provision for quality and other claims is now disclosed as provision under current liabilities and not as provision for doubtful trade receivables. Accordingly, the amounts reported for provisions (under current liabilities) and trade receivables (under current financial assets) as at March 31, 2016 and April 1, 2015 have been presented after giving effect to the regrouping adjustment stated above.

p) Amounts recoverable from employee salaries as at March 31, 2016 of Rs. 31.38 lakhs (April 1, 2015 - Rs. 23.11 lakhs) were reported under other current assets in the financial statements. The same is now netted off against salary payable to employees and hence, the amounts reported for other current assets and trade payables as at March 31, 2016 and as at April 1, 2015 have been presented after giving effect to such regrouping adjustment.

q) The exchange loss relating to non-current portion of Technical Assistance Agreement (TAA), disclosed as other long term liability in the financial statements for the year ended March 31, 2016, was not included therein and was instead included in the current portion of TAA liability grouped under current trade payables. An exchange loss of Rs. 92.23 lakhs has now been regrouped from current trade payables to non-current trade payable due to which the amount of non-current TAA liability disclosed as other non-current financial liabilities is now reported as Rs. 1,414.11 lakhs instead of the earlier amount of Rs. 1,321.88 lakhs.

r) Purchase bill discounted outstanding as at March 31, 2016 was Rs. 1,329.97 lakhs (April 1, 2015 - Rs. 45.65 lakhs) was disclosed as acceptances under the heading trade payables. This amount has now been disclosed as a part of current borrowings and accordingly the amounts reported for trade payable and current borrowings as at March 31, 2016 and April 1, 2015 have been presented after giving effect to the regrouping adjustment stated above.

s) Under Previous GAAP, Total Comprehensive Income was not reported and hence the reconciliation of Total Comprehensive Income starts from Loss under Previous GAAP.

Note No. 36 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs in Lakhs

	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Principal amount outstanding	**714.76**	414.89
(ii)	Interest due on the above	**–**	–
(iii)	Principal amount paid during the year beyond the appointed day	**195.52**	125.23
(iv)	Interest paid during the year beyond the appointed day	**–**	1.42
(v)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 ('The Act')	**–**	–
(vi)	Amount of interest accrued and remaining unpaid at the end of the year	**0.57**	–
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. - 37 Leasing disclosure

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Operating Lease		
Lease expense recognised in Statement of Profit and Loss	**220.22**	218.23
Description of lease:		
The Company has entered into operating lease arrangements for colony land and building, office and residential premises. The leases are for a maximum period of three years and are cancellable. The lease can be renewed based on mutual agreement of the parties.		

Note No. 38 - Contingent liabilities and commitments

Rs in lakhs

I.	Contingent liabilities (to the extent not provided for)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Matters relating to availment of service tax credit on bank charges (including taxes and equal amount of penalty with interest)	**329.69**	71.70	83.83
(b)	Matters relating to availment of Input tax credit on service tax paid through reverse charge mechanism on import of services (including taxes and equal amount of penalty with interest)	**76.14**	–	–
(c)	Matters relating to sales tax on disallowance of Input tax credit and non-submission of C forms (including taxes with interest)	**94.19**	–	–

Note:

The Company has appealed in respect of the above matters to the appropriate authorities and the outflow of economic benefits on above matters is dependant on the outcome of the appeal.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Rs in lakhs

II.	Commitments	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for.	**1,014.90**	371.60	2,069.39
(b)	The Company has entered into a Technical Assistance Agreement (TAA) with Sanyo Special Steel Company Limited, Japan (Sanyo). The fixed fee as per the TAA is US Dollars 105.00 lakhs. The balance amount of TAA fee commitment (excluding amount already accrued as liabilities) as at respective year ends at closing exchange rates are disclosed.....	**3,717.28**	4,616.81	5,582.10

Note No. 39 - Specified Bank Notes

In exercise of powers conferred by sub-section (1) of section 467 of Companies Act, 2013 (18 of 2013), the Central Government has amended Schedule III to the Companies Act, requiring to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The details are furnished below:

Rs in lakhs

Particulars	Specified Bank Notes	Other Denomination notes	Total
Closing cash in hand as on November 08, 2016.....	1.59	0.54	2.13
(+) Permitted receipt	0.13 @	6.10 #	6.23
(–) Permitted payment ..	–	4.91	4.91
(–) Amount deposited in bank	1.72	–	1.72
Closing cash in hand as on December 30, 2016 ...	–	1.73	1.73

Note:

@ The receipts relate to unspent advances returned by employees of the Company.

The receipts relate to amounts withdrawn from banks.

Note No. 40 - Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on May 23, 2017.

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Kozo Takahashi
Shingo Tada
Katsu Yanagimoto
Daljit Mirchandani
Jayashree Vaidhyanathan
Directors

Mumbai, 23rd May, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their second Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2017.

1) Financial Highlights and state of the Company's Affairs:

(Rs. In Lakh)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**0.03**	0.00
Profit before Depreciation, Finance Costs and Taxation	**(45.57)**	(0.08)
Less: Depreciation & Amortization	**0.00**	0.00
Profit/(Loss) before Finance Costs and Taxation	**(45.57)**	(0.08)
Less: Finance Costs	**100.70**	0.00
Profit/(Loss) before Tax	**(146.27)**	(0.08)
Less: Taxation	**0.00**	0.00
Profit/(Loss) for the Year	**(146.27)**	(0.08)
Other comprehensive income	**(0.01)**	0.00
Total comprehensive income for the year	**(146.28)**	(0.08)
Balance brought forward from earlier years	**(0.08)**	0.00
Profit available for Appropriation	**–**	–
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit carried forward	**(146.36)**	(0.08)
Net worth	**853.64**	0.92

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

2) Operations

During the year, your Company has started the product development activity. Your Company has bought 100% stake in BSA Company Limited. Post-acquisition of BSA, your Company has the worldwide rights for BSA brand.

3) Outlook for the current year

In the current year, your Company will continue to engage in product development activity.

4) Dividend

In view of losses, your Directors do not recommend any dividend.

5) Consolidated Financial Statements

Subsidiary

BSA Company Limited, U. K., in which your Company acquired 100% stake on 20th October, 2016 is the subsidiary of your Company.

A report on the performance and financial position of the subsidiary and its contribution to the overall performance of the Company is provided in Form AOC-1, which is attached to the Financial Statements of the Company and forms part of this Report.

6) Share Capital

The authorised share capital of your Company as on 31st March, 2017 stood at Rs. 10 crore, divided into 1 crore equity shares of Rs. 10 each.

During the year, your Company allotted 99,90,000 equity shares of Rs. 10/- each, aggregating Rs. 9,99,00,000/- for cash at par on Preferential basis.

Changes in the equity share capital of your Company during the year were as under:

Share-holder	As at 1st April 2016		Equity Shares Allotted during the Year	As at 31st March 2017	
	Equity Shares	% to Capital		Equity Shares	% to Capital
Mahindra & Mahindra Ltd.	0	0.00%	6,000,000	6,000,000	60.00%
Mr. Boman Irani	5,000	50.00%	3,990,000	3,995,000	39.95%
Mr. Anupam Thareja	5,000	50.00%	0	5,000	0.05%
Total	**10,000**	**100%**	**9,990,000**	**10,000,000**	**100%**

The issued, subscribed and paid-up share capital of your Company as on 31st March, 2017 stood at Rs. 10,00,00,000 divided into 1,00,00,000 equity shares of Rs. 10/- each.

7) Holding Company

Mahindra & Mahindra Limited is the holding company of your Company.

8) Board of Directors

The Board comprises of the following directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Vijay Paradkar (DIN:00149410)	Director	Non-Executive Director	Non-Independent Director
Mr. Vincent Rodrigues (DIN:006587755)	Director	Non-Executive Director	Non-Independent Director
Mr. Amit Goyal (DIN:002557166)	Director	Non-Executive Director	Non-Independent Director
Mr. Nikhilesh Panchal (DIN: 00041080)	Director	Non-Executive Director	Independent Director
Mr. Naveen Kumar Kshatriya (DIN: 00046813)	Director	Non-Executive Director	Independent Director

Mr. Vijay Paradkar was appointed as a director of your Company w.e.f. 18th October, 2016.

Mr. Vincent Rodrigues and Mr. Amit Goyal were appointed as directors of your Company w.e.f. 13th October, 2016.

Mr. Anupam Thareja (DIN: 01091533) and Mr. Boman Irani (DIN: 00057453) resigned from the directorship of your Company w.e.f. 13th October, 2016.

Mr. Nikhilesh Panchal and Mr. Naveen Kumar Kshatriya were appointed as Independent Directors w.e.f. 29th May, 2017, subject to approval of the shareholders.

9) Number of Board Meetings

During the year under review, seven meetings of the Board of Directors were held on 12th May, 2016, 18th August, 2016, 7th October, 2016, 13th October, 2016, 18th October, 2016, 27th December, 2016 and 13th February, 2017.

10) Directors' Responsibility Statement

Pursuant to section 134(3) (c) of the Companies Act, 2013, your Directors, based on the representation from the operating management, and after due enquiry, confirm that:

(i) In the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11) Committees of the Board

Audit Committee

The Audit Committee was constituted at the Board Meeting held on 29th May, 2017.

The Composition of the Audit Committee is as follows:

Committee Member	Designation
Mr. Nikhilesh Panchal	Member
Mr. Naveen Kshatriya	Member
Mr. Vijay Paradkar	Member

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted at the Board Meeting held on 29th May, 2017.

The composition of the Nomination and Remuneration Committee is as follows:

Committee Member	Designation
Mr. Nikhilesh Panchal	Member
Mr. Naveen Kshatriya	Member
Mr. Vijay Paradkar	Member

12) Attendance of directors at the meetings of the Board

Type of meeting and no. of meetings held during FY 2016-17	Mr. Vijay Paradkar	Mr. Vincent Rodrigues	Mr. Amit Goyal	Mr. Anupam Thareja	Mr. Boman Irani
Board meetings (Seven)	2 (Appointed w.e.f. 18th October, 2016)	2 (Appointed w.e.f. 13th October, 2016)	3 (Appointed w.e.f. 13th October, 2016)	4 (Resigned w.e.f. 13th October, 2016)	4 (Resigned w.e.f. 13th October, 2016)

13) Key Managerial Personnel (KMP)

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

1. Mr. Ashish Joshi as the Chief Executive Officer (with effect from 29th May, 2017);
2. Mrs. Mangala Savla (ACS – 28089) as Company Secretary (with effect from 15th April, 2017).
3. Mr. Yogesh Shah (Membership No. 118525) as the Chief Financial Officer (with effect from 29th May, 2017).

14) Auditors

Statutory Auditors

The Members of the Company had, at the 1st Annual General Meeting (AGM) held on 29th September, 2016 appointed MSKA & Co., Chartered Accountants, (Firm Registration No: 117035W) to hold office till the conclusion of the 6th AGM, subject to ratification at every AGM.

The aforesaid Auditors have resigned from their office with effect from the conclusion of the forthcoming AGM.

It is proposed to appoint B. K. Khare & Co. (Firm Registration No. 105102W) as the Statutory Auditors of the Company to hold office from the conclusion of the 2nd AGM, till the conclusion of the 7th AGM, subject to ratification by members at every AGM.

As required by the provisions of section 139 of the Companies Act, 2013, the Company has received a written certificate from B. K. Khare & Co. that their appointment, if made, would be in conformity with the limits specified in Section 141 of the Act and that they satisfy the criteria provided in that Section.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report.

Reporting of frauds by Auditors:

During the year under review, the Statutory Auditors have not reported to the Board/Audit Committee, any instances of frauds committed in the Company by its officers or employees details of which are required to be mentioned in this Report pursuant to Section 143(12) of the Companies Act 2013.

15) Internal Financial Controls

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same are in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Board of Directors.

16) Risk Management Policy

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

17) Human Resources

Keeping employees happy and enthused is one of the strategic goals of your Company. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

18) Particulars of public deposits, loans, guarantees or investments

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

Your Company has not made any loans/advances and investments which are required to be disclosed in the financial statements of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule V thereto, applicable to the ultimate Parent company, Mahindra & Mahindra Limited.

No loans have been granted under Section 186 of the Act and details of investments made are given in Note No. 12 of the Financial Statements.

19) Particulars of Transactions with Related Parties

All the related party transactions were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties referred to in Sub Section 1 of section 188 are given in the prescribed Form AOC-2 as **Annexure I** and the same forms part of this report.

20) Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form No. MGT 9 is attached herewith as **Annexure II** and forms part of this report.

21) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

22) Safety, Health and Environment Performance

Your Company is committed towards safety, health and environment. Your Company encourages involvement of all its employees in activities related to safety, health & environment including promotion of safety standards.

23) Corporate Social Responsibility(CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

24) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Particulars relating to energy conservation, Technology Absorption and Foreign Exchange Earnings and outgo, as required under section 134(3)(m) of Companies Act, 2013 read with companies rule 8(3) of The Companies (Accounts) rules, are given in Annexure III to this report.

25) General

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

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

26) Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Vijay Paradkar
Chairman

Mumbai, 29th May, 2017

ANNEXURE I

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length 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:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra and Mahindra Ltd (AD Kandivli)	Personnel Cost reimbursement for availing field expertise	1st Dec'2016 to 31st March'2017	Sharing CDMM related manpower resources for which the Company reimbursed Rs. 33.30 Lakh.	Not Applicable	Nil
2	Mahindra and Mahindra Ltd (AD Kandivli)	Secretarial Dept Services related to company law matters	1st Dec'2016 to 31st March'2017	Availing of secretarial expertise in corporate laws and reimbursement of Rs. 4.39 Lakh.	Not Applicable	Nil
3	Mahindra Two Wheelers Limited	1. Personnel Cost reimbursement for availing field expertise; 2. R & D service charges and Facility Cost	1st Dec'2016 to 31st March'2017	Sharing R & D related manpower resources, services and facility cost for which the Company reimbursed Rs. 196.83 Lakh.	Not Applicable	Nil

For and on behalf of the Board

Vijay Paradkar
Chairman

Mumbai, 29th May, 2017

ANNEXURE II

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017

[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.	Corporate Identification Number (CIN)	:	U34101MH2015PTC265665
ii.	Registration Date	:	17/06/2015
iii.	Name of the Company	:	Classic Legends Private Limited
iv.	Category/Sub-Category of the Company	:	Company limited by shares. Indian non-government company.
v.	Address of the Registered office and contact details	:	702, Natraj, M. V. Road Junction, WEH, Andheri East Mumbai – 400 069 Tel.: +91-22-24905619 Fax: +91-22-24951236 Contact: BADE.KIRAN@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NIL

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company

The Company is engaged in the business of manufacturing and sale of two wheelers.

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Design, Development, Sales,Marketing and related activities for Motorcycles & Two Wheeled Products	30911	100

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 & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Holding Company	60%	2(46)
2.	BSA Company Limited Speedwell House, West Quay Road, Southampton, Hampshire, SO15 IGY	–	Subsidiary Company	100%	2(87)

IV. SHAREHOLDING PATTERN

(Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	–	10,000	10,000	100%	–	40,00,000	40,00,000	40%	(60%)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	60,00,000	60,00,000	60%	60%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	–	**10,000**	**10,000**	**100%**	–	**1,00,00,000**	**1,00,00,000**	**100%**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
NRIs–Individuals	–	–	–	–	–	–	–	–	–
Other -Individuals	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	–	–	–	–	–	–	–	–
Banks/FI	–	–	–	–	–	–	–	–	–
Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**10,000**	**10,000**	**100%**	–	**1,00,00,000**	**1,00,00,000**	**100%**	–
B. Public Shareholding									
1. Institutions									
Mutual Funds	–	–	–	–	–	–	–	–	–
Banks/FI	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
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)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRS & ADRS	–	–	–	–	–	–	–	–	–
Grand Total A+B+C	–	10,000	10,000	100%	–	10,000,000	10,000,000	100%	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in Share holding 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	Mr. Boman Irani	5000	50	–	39,95,000	39.95	–	-10.05
2	Mr. Anupam Thareja	5000	50	–	5000	0.05	–	-49.95
2	Mahindra & Mahindra Limited	–	–	–	60,00,000	60	–	+60
	Total	**10,000**	**100**	–	**1,00,00,000**	**100**	–	–

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Boman Irani	5000	50	39,95,000	39.95
2	Mr. Anupam Thareja	5000	50	5000	0.05
3.	Mahindra & Mahindra Limited	–	–	60,00,000	60
	Total	**10,000**	**100**	**1,00,00,000**	**100**

During the year, 99,90,000 equity shares of Rs. 10 each were allotted for cash at par to Mr. Boman Irani (39,90,000 shares) and Mahindra & Mahindra Limited (60,00,000 shares) on 18th Oct, 2016.

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	–	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Top Ten Shareholders Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–

V. INDEBTEDNESS:

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

Rs. in Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year 01.04.2016				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	2,200	–	2,200
– Reduction	–	–	–	–

Rs. in Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Net Change	–	2,200	–	2,200
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	–	2,200	–	2,200
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	101	–	101
Total (i+ii+iii)	0	2,301	0	2,301

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. In Lakh)
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	–	–
	Total (A)	–	–
	Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs. Lakh)
I.	Independent Directors			
	Fee for attending board/committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	–	–	–
II.	Other Non-Executive Directors	–	–	–
	Fee for attending board/committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Overall Ceiling as per the Act	As per schedule V of the Companies Act, 2013 – Not Applicable		

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	
		Ashish Joshi	Mangala Savla	Yogesh Shah	Total
1.	Gross salary (Rupees)	–	–	–	–
	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	–	–	–	–
	Total(C)	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Vijay Paradkar
Chairman

Mumbai, 29th May, 2017

ANNEXURE III

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(i) Company has recently started the product development work.

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

i) Company has recently started the product development work.

ii) Expenditure incurred on Research and Development:

1. Capital – Rs .NIL
2. Recurring – Rs. NIL

Percentage of total R & D expenditure to Total turnover: NIL %

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

Rs. in Lakh

	Financial Year 2016-17	Financial Year 2015-16
Total Foreign Exchange earned	NIL	NIL
Total Foreign Exchange used	3079	NIL

For and on behalf of the Board

Vijay Paradkar
Chairman

Mumbai, 29th May, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
CLASSIC LEGENDS PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Classic Legends Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and 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 Standalone Ind AS 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 including other comprehensive income, cash flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 Ind AS 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 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 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 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, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income/loss and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

   c) [The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.]

   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account [and with the returns received from the branches not visited by us].

   e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company, its branches and joint operations which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting [or] qualified/adverse opinion on the operating effectiveness of the Company's internal financial controls over financial reporting [or] qualified/adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting [or] disclaimer of opinion on the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

  ii. There are no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

  iii. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For and on behalf of

MSKA & Co.,
Chartered Accountants
Firm Registration No. 117035W

Krishna Gopal Maheshwari
Partner
Membership No. 048555

Place: Mumbai.
Dated: 29th May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CLASSIC LEGENDS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Classic Legends Private limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone 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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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 and on behalf of

MSKA & Co.,
Chartered Accountants
Firm Registration No. 117035W

Krishna Gopal Maheshwari
Partner
Membership No. 048555

Place: Mumbai.
Dated: 29th May, 2017

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31st March, 2017:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

   (c) The title deeds of immovable properties are held in the name of the company.

2) The Company does not hold any physical inventories.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

   b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment to promoters and others during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order have been complied with.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

MSKA & Co.,
Chartered Accountants
Firm Registration No. 117035W

Krishna Gopal Maheshwari
Partner
Membership No. 048555

Place: Mumbai.
Dated: 29th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rs. in Lacs

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
ASSETS			
Non-current assets			
(a) Capital work-in-progress		**254.16**	–
(b) Financial Assets		**–**	–
(i) Investments	4	**2,806.52**	–
(c) Other non-current assets	5	**272.48**	–
Total Non – Current Assets		**3,333.16**	–
Current assets			
(a) Financial Assets		**–**	–
(i) Cash and cash equivalents	6	**73.84**	0.97
(ii) Loans	7	**6.10**	–
		–	–
(b) Other current assets	5a	**0.03**	–
Total Current Assets		**79.97**	0.97
Total Assets		**3,413.13**	0.97
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	8	**1,000.00**	1.00
(b) Other Equity	9	**(146.36)**	(0.08)
Total Equity attributable to owners of the Company		**853.64**	0.92
LIABILITIES			
Non-current liabilities			
(a) Provisions	10	**0.68**	–
Total Non – Current Liabilities		**0.68**	–
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	11	**2,200.00**	**–**
(ii) Trade payables			
(a) Total Outstanding dues of micros enterprises and small enterprises		**–**	**–**
(b) Total Outstanding dues of creditors other than micros enterprises and small enterprises	12	**240.04**	**–**
(b) Provisions	10a	**101.65**	**–**
(c) Other current liabilities	13	**17.12**	**0.06**
Total Current Liabilities		**2,558.81**	**0.06**
Liabilities associated with assets held for sale			
Total Equity and Liabilities		**3,413.13**	**0.97**

Significant accounting policy
See accompanying notes to the financial statements

In terms of our report attached
For MSKA & Co

Chartered Accountants

FRN No. 117035W

Krishna Gopal Maheshwari
Partner
M. No. 048555

Date: 29th May, 2017
Place: Mumbai

For and on behalf of the Board
CIN No. U34101MH2015PTC265665

Vijay Paradkar (DIN 00149410) Director

Amit Goyal (DIN 02557166) Director

Vincent Rodrigues (DIN 06587755) Director

Chief Operating Officer

Company Secretary

Date: 29th May, 2017
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rs. in Lacs

Particulars	Note No.	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
I. Revenue from operations		**–**	–
II. Other Income	14	**0.03**	–
III. Total Revenue (I + II)		**0.03**	–
IV. Expenses:			
Employee benefits expense	15	**9.66**	–
Finance costs	16	**100.70**	–
Other expenses	17	**35.94**	0.08
Total Expenses (IV)		**146.30**	0.08
V. Loss before tax for the year (III – IV)		**(146.27)**	(0.08)
VI. Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
Total tax expense		**–**	–
VII. Loss after tax for the year (V – VI)		**(146.27)**	(0.08)
IX. Profit/(loss) after tax from discontinued operations		**–**	–
X. Profit/(loss) after tax from discontinued operations (XII + XIII)		**–**	–
VIII. Profit/(loss) for the period (XI + XIV)		**(146.27)**	(0.08)
VIII. Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities		**(0.01)**	–
IX. Total comprehensive income for the year		**(146.28)**	(0.08)
X. Total comprehensive income for the period attributable to owners of the Company		**–**	–
Owners of the Company		**–**	–
Non controlling interests		**–**	–
X. Earnings per equity share (Nominal value per share Rs. 10 each),			
Basic & Diluted (in Rs.)	19	**(3.25)**	(0.84)

See accompanying notes to the special purpose condensed financial statements

In terms of our report attached
For MSKA & Co

Chartered Accountants

FRN No. 117035W

Krishna Gopal Maheshwari
Partner
M. No. 048555

For and on behalf of the Board
CIN No. U34101MH2015PTC265665

Vijay Paradkar (DIN 00149410) Director

Amit Goyal (DIN 02557166) Director

Vincent Rodrigues (DIN 06587755) Director

Chief Operating Officer

Company Secretary

Date: 29th May, 2017
Place: Mumbai

Date: 29th May, 2017
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Rs. in Lacs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit before tax for the period	(146.27)	(0.08)
Adjustments for:		
Finance costs	100.70	–
Interest accrue but not due on employee advances	(0.03)	–
Acturial Gain/Loss	1.62	–
Operating profit before Working Capital changes	(43.98)	(0.08)
Movements in working capital:		
Increase in Loans and advances	(6.10)	
Increase/(Decrease) in trade payable	240.04	
Increase/(decrease) in provisions	–	
(Decrease)/increase in other current liabilities	17.06	0.06
Cash generated from operations	207.02	(0.03)
Income taxes paid	–	–
Cash flows from operating activities	207.02	(0.03)
Amounts advanced to foreign supplier Capex	(272.48)	
Payments for capital work in progress	(254.16)	
Purchase of investment in share of subsidiary	(2,806.52)	
Cash flows from investing activities	(3,333.16)	–
Proceeds from issue of equity instruments of the Company	999.00	1.00
Proceeds from borrowings short term	2,200.00	
Cash flows from financing activities	3,199.00	1.00
Net cash inflow/(outflow)	72.87	0.97
Cash and cash equivalents at the beginning of the period	0.97	–
Cash and cash equivalents at the end of the period	73.84	0.97

Notes:

1. Figures in brackets represent outflows of cash and cash equivalents.
2. Cash and cash equivalents comprise of:

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash on hand	–	0.04
Balance with Banks	73.84	0.94
Demand Deposits with Banks	–	–
	73.84	0.97

Significant accounting policy
See accompanying notes to the financial statements

In terms of our report attached
For MSKA & Co

Chartered Accountants

FRN No. 117035W

Krishna Gopal Maheshwari
Partner
M. No. 048555

For and on behalf of the Board
CIN No. U34101MH2015PTC265665

Vijay Paradkar (DIN 00149410) Director

Amit Goyal (DIN 02557166) Director

Vincent Rodrigues (DIN 06587755) Director

Chief Operating Officer

Company Secretary

Date: 29th May, 2017
Place: Mumbai

Date: 29th May, 2017
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

Rs. in Lacs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a. Changes in Equity		
Balance at the beginning of the year	**1.00**	–
Shares issued during the year	**999.00**	1.00
Shares bought back during the year	**–**	–
Balance at the end of the year	**1,000.00**	1.00
b. Other Equity (Retained Earning)		
Opening Balance	**(0.08)**	–
Profit/loss for the period	**(146.27)**	(0.08)
Other comprehensive income for the period	**(0.01)**	–
Total comprehensive income for the period	**(146.28)**	(0.08)
Share issue costs	**–**	–
Closing Balance	**(146.36)**	(0.08)

See accompanying notes to the special purpose condensed financial statements

In terms of our report attached
For MSKA & Co

Chartered Accountants

FRN No. 117035W

Krishna Gopal Maheshwari
Partner
M. No. 048555

Date: 29th May, 2017
Place: Mumbai

For and on behalf of the Board
CIN No. U34101MH2015PTC265665

Vijay Paradkar (DIN 00149410) Director

Amit Goyal (DIN 02557166) Director

Vincent Rodrigues (DIN 06587755) Director

Chief Operating Officer

Company Secretary

Date: 29th May, 2017
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **Corporate Information:**

Company details

Classic Legends Private Limited (CLPL) is subsidiary of Mahindra and Mahindra Ltd (w.e.f 18th October'2016). CLPL is engaged in the development of motorized two-wheeler vehicles for selling at future date.

2. **Statement of Compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Up to the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.

3. **Significant Accounting Policies**

3.01 Basis of accounting preparation and presentation

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

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.04 Employee benefits

1. **Defined Benefit Plan:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

– service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

– net interest expense or income; and

– re-measurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) **Compensated Absences:** The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilized compensated absence on the basis of an independent actuarial valuation.

3.05 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation/amortization and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset/plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery – 5 years/7 years/8 years/10 years

ii) Vehicles – 3 years for R&D vehicles and 8 years for other vehicles

iii) Office equipment – 2 years

iv) Assets costing less than Rs. 5000 each – 1 year

3.06 Inventories

Inventories are stated at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In determining the cost of inventories the moving weighted average method is used in respect of “raw materials”, “stores and spares” and “spares for resale”. Cost of work-in-progress and manufactured finished goods include material cost, labor and manufacturing overheads on the basis of full absorption costing. Excise duty in respect of inventory of finished goods manufactured is shown separately as an item of expense and included in valuation of inventory of finished goods.

3.07 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability, 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.08 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.09 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

3.10 Current Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

3.11 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.12 First-time adoption of Ind AS:

These financial statements, for the period ended 31st March, 2017, has been prepared in accordance with Ind AS. For periods, up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2016.

Exceptions from full retrospective application:

- De-recognition of financial assets and liabilities exception – Financial assets and liabilities de-recognized before transition date are not re-recognized under Ind AS.
- Estimates exception – On an assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates, that were required under Ind AS but not required under Previous GAAP, are made by the Company for the relevant reporting dates, reflecting conditions existing as at that date without using any hindsight.
- The remaining mandatory exceptions either do not apply or are not relevant to the Company.

NOTE 4 - Non-Current Investment

Rs. in Lacs.

Particulars	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount	As at 31st March, 2016 No. of shares	As at 31st March, 2016 Amount
Unquoted investments in equity instruments of subsidiary				
BSA & Co.	**120,000.00**	**2,806.52**	–	–
(Fully paid equity shares of GBP 1 each)				
Total	**120,000.00**	**2,806.52**	–	–

NOTE 5 - Other non-current assets (Unsecured, considered goods unless otherwise stated)

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Capital advances		
(i) Advances to Foreign Supplier	**272.48**	–
Total	**272.48**	–

NOTE 5A - Other current assets (Unsecured, considered goods unless otherwise stated)

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Int Accured But Not Due - Others	**0.03**	–
Total	**0.03**	–

NOTE 6 - Cash and Bank Balances

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Cash in hand	**–**	0.04
(b) Balances with banks		
(i) In current account	**73.84**	0.94
Total	**73.84**	0.97

NOTE 7 – Current Loans (Unsecured, considered goods unless otherwise stated)

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Loans to employees	**6.10**	–
Total	**6.10**	–

NOTE 8 - Share Capital

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Authorised:		
1,00,0000 (31st March, 2016, 10,000) equity shares of Rs 10/- each.	**1,000.00**	1.00
	1,000.00	1.00
Issued, Subscribed and Paid up:	**1,000.00**	1.00
Total	**1,000.00**	1.00

Rs. in Lacs.

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	As at 31st March, 2017 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2016 Amount	As at 31st March, 2016 No. of shares
Balance as at beginning of the year	**1.00**	**10,000**		
Add: Additional equity shares issued during the period	**999.00**	**9,990,000**	1.00	10,000
Less: Equity Shares forfeited/Bought back during the period	**–**	**–**	–	–
Balance as at end of the year	**1,000.00**	**10,000,000**	1.00	10,000

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Rs. in Lacs.

Particulars	As at 31st March, 2017 No. of shares	As at 31st March, 2017 % Shareholding	As at 31st March, 2016 No. of shares	As at 31st March, 2016 % Shareholding
Equity Shares:				
Mahindra & Mahindra Limited	**6,000,000**	**60.00%**	–	0.00%
Boman Irani	**3,995,000**	**39.95%**	5,000	0.05%
Anupam Thareja	**5,000**	**0.05%**	5,000	0.05%
Total	**10,000,000**		10,000	

ii) The Company has only one class of Share i.e. Equity Shares having par value of Rs. 10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, The holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held.

NOTE 9 - Other equity

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Retained earnings		
Balance at the beginning of the year	**(0.08)**	–
Add:		
Loss for the period	**(146.27)**	(0.08)
Other comprehensive income for the year	**(0.01)**	–
Balance at the end of the year	**(146.36)**	(0.08)
Total	**(146.36)**	(0.08)

NOTE 10 - Non Current Provisions

Rs. in Lacs.

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Provision for employee benefits		
Provision for compensated absences	**0.20**	–
Provision for Gratuity	**0.48**	–
Total	**0.68**	–

NOTE 10a - Current Provisions

Rs. in Lacs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
Provision for compensated absences	**0.95**	–
(b) Other Provisions		
Interest accrued but not due on Unsecured Loan	**100.70**	–
Total	**101.65**	–

NOTE 11 - Current Borrowings

Rs. in Lacs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Carried at amortised cost		
Unsecured Borrowings		
Term Loans from Banks		
– Financial Institution	**2,200.00**	–
Total	**2,200.00**	–

NOTE 12 - Trade Payables

Rs. in Lacs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Trade payable for goods & services		
– Total outstanding dues of micro and small enterprises	**–**	
– Total outstanding dues of other than micro and small enterprises		
i) Acceptances	**–**	
ii) Others than acceptances	**240.04**	–
Total	**240.04**	–

NOTE 13 - Other Current Liabilities

Rs. in Lacs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Statutory remittances (Contribution to PF, ESIC, withholding taxes, Excise duty, VAT, Service Tax etc.)	**17.12**	0.06
Total	**17.12**	0.06

NOTE 14 - Other income

Rs. in Lacs.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest - Employees Loan/Advance	**0.03**	–
Total	**0.03**	–

NOTE 15 - Employee benefits expense

Rs. in Lacs.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Salaries and wages, including bonus	**9.19**	–
(b) Contribution to provident and other funds	**0.47**	–
Total	**9.66**	–

NOTE 16 - Finance cost

Rs. in Lacs.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Other borrowing cost		–
Interest on unsecured Loan	**100.70**	–
Total	**100.70**	–

NOTE 17 - Other expenses

Rs. in Lacs.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Legal and professional Fees	**9.92**	0.03
Auditor Remuneration	**0.46**	0.06
Travelling Expenses	**12.68**	–
Rates and Taxes	**0.03**	–
Repairs and Maintenance	**0.05**	–
Other expenses	**12.80**	0.00
Total	**35.94**	0.08

NOTE 18a - Reconciliation with previous GAAP

Reconciliation of equity as under Previous GAAP (I GAAP) to Ind AS as at 31st March, 2016

	As on 31st March, 2016		
Particulars	**Previous GAAP**	**Effect of transition to Ind AS**	**Ind AS balance sheet**
ASSETS			
1 Current assets			
(b) Financial Assets			
(i) Cash and cash equivalents	0.97	–	0.97
Total Current Assets	**0.97**	**–**	**0.97**
Total Assets (1+2)	**0.97**	**–**	**0.97**
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	1.00	–	1.00
(b) Other Equity	(0.08)	–	(0.08)
Equity attributable to owners of the Company	**0.92**	**–**	**0.92**
2 Current liabilities			
(a) Other current liabilities	0.06	–	0.06
Total Current Liabilities	0.06	–	0.06
Total Equity and Liabilities (1+2)	0.97	–	0.97
	–	–	–

NOTE 18b - Reconciliation with previous GAAP

Reconciliation of profit as under Previous GAAP (I GAAP) to Ind AS as at 31st March, 2016

	As on 31st March, 2016		
Particulars	**Previous GAAP**	**Effect of transition to Ind AS**	**Ind AS balance sheet**
I Revenue from operations	–	–	–
II Other Income	–	–	–
III Total Revenue (I + II)	–	–	–
IV EXPENSES			
a) Other expenses	0.08	–	0.08
Total Expenses (IV)	0.08	–	0.08
V Profit/(loss) before tax	(0.08)	–	(0.08)
VI Tax Expense			
1 Current tax	–		–
Total tax expense	–	–	–
VII Profit/(loss) after tax	(0.08)	–	(0.08)
VIII Other comprehensive income			
(i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities/ (asset)	–	–	–
IX Total comprehensive income for the period	(0.08)	–	(0.08)

NOTE 19 - Disclosures under Ind AS 33

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Loss for the year (Rs. In Lacs.)	**(146.27)**	(0.08)
Weighted average number of equity shares	**4,498,658**	10,000
Face Value of Share	**10**	10
Earning per share		
Basic & Diluted	**(3.25)**	(0.84)

NOTE 20 - Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio (including liabilities directly associated with assets held for sale) is as follows:

Rs. in Lacs.

	31st March, 2017	31st March, 2016
Debt (A)	**2,300.70**	–
Equity (B)	**853.64**	0.92
Debt Ratio (A/B)	**2.70**	0.00

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Rs. in Lacs.

	Carrying Amount		Fair Value	
Particulars	**31st March, 2017**	31st March, 2016	**31st March, 2017**	31st March, 2016
FINANCIAL ASSETS	–	–		–
Financial assets measured at amortised cost				
Non-current Assets	–	–		–
a) Investment	**2,806.52**	–	2,806.52	–
Current Assets				
a) Cash & bank balances	**73.84**	0.97	73.84	**0.97**
b) Loans	**6.10**	–	6.10	–
Total Financial Assets	**2,886.46**	0.97	**2,886.46**	**0.97**
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Current Liabilities				
a) Borrowings	**2,200.00**	–	2,200.00	–
b) Trade Payables	**240.04**	–	240.04	–
Total Financial Liabilities	**2,440.04**	–	**2,440.04**	–

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designed at Fair Value Through Profit & Loss. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Refer note no. 21 for going concern.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in Lacs.

Particulars	**31st March, 2017** Less than 1 Year	**31st March, 2017** 1-3 Years	31st March, 2016 Less than 1 Year	31st March, 2016 1-3 Years
Financial liabilities				
Borrowings	2,200.00	–	–	–
Trade payables	240.04	–	–	–
Total	**2,440.04**	**–**	**–**	**–**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets & interest that will be earned on those assets.

Rs. in Lacs.

Particulars	**31st March, 2017** Less than 1 Year	**31st March, 2017** 1-3 Years	31st March, 2016 Less than 1 Year	31st March, 2016 1-3 Years
Non-derivative financial assets				
Loans	6.00	0.10	–	–
Total	**6.00**	**0.10**	**–**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. Non of financial asset of CLPL is having such risk at present.

NOTE 21 - Employee benefits

(a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. INR 0.47 Lacs (31st March, 2016 NIL)

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Life expectancy

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31st March, 2017
Discount rate(s) (%)	6.8
Expected rate(s) of salary increase(%)	
– Staff	10
– Workers	NA
Average Longevity	6.02
Medical inflation	NA

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Rs. in Lacs.

Particulars	**Unfunded Plan Gratuity 2017**
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	
Service Cost	
Current Service Cost	0.47
Net interest expense	–
Components of defined benefit costs recognised in profit or loss	0.47
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	
1. Present value of defined benefit obligation as at 31st March	–
2. Fair value of plan assets as at 31st March	–
3. Surplus/(Deficit)	–
4. Current portion of the above	–
II. Change in the obligation during the year ended 31st March	
1. Present value of defined benefit obligation at the beginning of the year	–
2. Expenses Recognised in Profit and Loss Account	
– Current Service Cost	0.47
– Interest Expense (Income)	–
3. Recognised in Other Comprehensive Income	
Remeasurement gains/(losses) - Actuarial Gain (Loss) arising from:	
i. Financial Assumptions	–
ii. Experience Adjustments	–
4. Benefit payments	–
5. Present value of defined benefit obligation at the end of the year	0.47
III. Change in fair value of assets during the year ended 31st March	
1. Fair value of plan assets at the beginning of the year	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–
3. Expenses Recognised in Profit and Loss Account	–
– Expected return on plan assets	–
4. Recognised in Other Comprehensive Income	
Remeasurement gains/(losses) - Actual Return on plan assets in excess of the expected return	–
5. Contributions by employer (including benefit payments recoverable)	–
6. Benefit payments	–
7. Fair value of plan assets at the end of the year	–
IV. The Major categories of plan assets	
Debt instruments (quoted)	0%

Rs. in Lacs.

Particulars		Unfunded Plan Gratuity
		2017
V.	**Actuarial assumptions**	
	1. Discount rate (%)	6.80
	2. Expected rate of return on plan assets (%)	10.00
	3. Attrition rate (%)	15.00

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Rs. in Lacs.

	2017
Within 1 year	–
1 - 2 year	0.01
2 - 3 year	0.01
3 - 4 year	0.02
4 - 5 year	0.02
5 - 10 years	5.46

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE 22 : Related Party Disclosures:

1) List of Related parties and relationships

Description of relationship	Name of the Related Party
(a) Holding company	Mahindra and Mahindra Limited
(b) Subsidiary companies	M/S BSA Company Ltd.
(c) Joint Venture of Subsidiary Company	Not Applicable
(d) Fellow subsidiaries (where there are transactions)	Mahindra Two Wheelers Ltd.
(e) Key Managerial Personnel	Mr. Ashish Joshi - Chief Operating Officer

2) Related Party Transactions:

Rs. in Lacs

Name of related party	Description of Relationship	Nature of Transactions	Amount Current Year Transactions	Amount Outstanding as at 31st March, 2017		Amount Previous Period	Amount Outstanding as at 31st March, 2016	
				Credit	Debit		Credit	Debit
1) Mahindra & Mahindra Limited	Ultimate Holding Company	Reimbursement of expenses paid	3.82	4.01	–	–	–	–
		Purchase of Fixed Assets	28.96	30.41	–	–	–	–
		Issue of Share capital	600.00	–	–	–	–	–
2) Mahindra Two Wheelers Ltd	Fellow subsidiaries	Purchase of Fixed Assets	171.16	183.15	–	–	–	–
3) Ashish Joshi	Key Managerial Personnel	Managerial Remuneration	26.23	–	–	–	–	–

Note:

Employee benefits payable (gratuity and leave encashment) are calculated on the basis of actuarial valuation. Amount payable for individual employee as at 31st March, 2017, cannot be separately identified and therefore has not been included above.

23 Details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016.

Rs. in Lacs.

	SBN'1000	SBN'500	Other Denomination Notes	Total
Closing Cash in hand as on November 08, 2016				
(+) Permitted Receipts	–	–	–	–
(-) Permitted Payments	–	–	–	–
(-) Amounts deposited in banks	–	–	–	–
Closing Cash in hand as on December 30, 2016	**–**	**–**	**–**	**–**

24 Commitments
Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2017 is NIL.

25 Contingent Liabilities
Contingent Liabilities as at the close of the year - Nil (Previous Year - Nil).

26 Segment reporting
The Company is engaged in the development of two wheeler vehicle which is the primary business segment. At present, the Company has no revenue generation. Accordingly, these financial statements has non applicability of IND AS 108 operating segment.

27 Dues to micro small and medium enterprises
The Company has no dues to micro, small and medium enterprises during the year ended 31st March, 2017 and 31st March, 2016

28 Unsecured Borrowings
Unsecured loans obtained from the Tata Capital Finance are repayable on Demand.

29 Management Opinion
In the opinion of the management, current assets and loans and advances recoverable in cash or in kind are considered good and adequate provision has been made for all known liabilities in the accounts.

30 Taxation
No provision towards current tax has been made keeping in view the losses incurred by the Company during the year. Also no deferred tax is considered in the accounts due to losses incurred during the year.

31 Earnings/Outgoings in Foreign Exchange
Expenditure and Earnings in Foreign currencies- Nil (Previous Year - Nil)

In terms of our report attached
For MSKA & Co

Chartered Accountants

FRN No. 117035W

Krishna Gopal Maheshwari
Partner
M. No. 048555

Date: 29th May, 2017
Place: Mumbai

For and on behalf of the Board
CIN No. U34101MH2015PTC265665

Vijay Paradkar (DIN 00149410) Director

Amit Goyal (DIN 02557166) Director

Vincent Rodrigues (DIN 06587755) Director

Chief Operating Officer Company Secretary

Date: 29th May, 2017
Place: Mumbai

FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2016

Statement Containing salient features of the financial statements of subsidiaries/associate companies/joint ventures as included in the Consolidated Financial Statements

S No	Name of Subsidiary	The date since when subsidiary was acquired (DD/MM/YYYY)	Reporting Currency	Exchange Rate	Share Capital (Local Currency in Lacs)	Reserves & Surplus (Local Currency in Lacs)	Total Assets (Local Currency in Lacs)	Total Liabilities exclusing share capital and Reserves (Local Currency in Lacs)	Investments (excluding investment in Subsidiaries) (Local Currency in Lacs)	Gross Turnover (Local Currency in Lacs)	Profit/ (Loss) before Tax (Local Currency in Lacs)	Provision for Tax (Local Currency in Lacs)	Profit/ (Loss) after Tax (Local Currency in Lacs)	Proposed Dividend and Tax thereon (Local Currency in Lacs)	Proportion of ownership interest@	Proportion of voting power where different
1	BSA company Limited	21.10.2016	GBP	80.94	97.13	(63.67)	62.22	28.76	–	8.80	(15.93)	–	(15.93)	–	100%	100%

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activities of the Company continued to be that of the design, assembly and marketing of motorcycles and related spare parts and licensing arrangements related thereto.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D A Bennett	(Resigned 31 December 2016)
Mr C Bennett	(Resigned 31 December 2016)
Mr D S Gill	(Appointed 20 October 2016)
Mr A Joshi	(Appointed 20 October 2016)

Auditors

The auditors, Wilkins Kennedy LLP, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr A Joshi
Director

Date : 26th May, 2017
Place : UK

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BSA COMPANY LIMITED

We have audited the financial statements of BSA Company Limited for the year ended 31 March 2017 which comprise the Profit And Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtain,ed in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

for and on behalf of Wilkins Kennedy LLP

Chartered Accountants
Statutory Auditor
26 May 2017

Athenia House
10-14 Andover Road
Winchester
Hampshire
S023 7BS

BALANCE SHEET AS AT 31ST MARCH '2017

		2017		2016	
	Notes	**GBP**	**INR in Lacs**	GBP	INR in Lacs
Fixed Assets					
Intangible Assets	**4**	**42,112**	**34.09**	50,440	40.83
Current Assets					
Debtors	**5**	**8,284**	**6.71**	1,463	1.18
Cash at bank and in hands		**26,458**	**21.42**	17,788	14.40
		34,742	**28.12**	19,251	15.58
Creditors: amount falling due within one year	**6**	**(35,521)**	**(28.75)**	(486,151)	(393.49)
Net current liabilities		**(779)**	**(0.63)**	(466,900)	(377.91)
Total assets less current liabilities		**41,333**	**33.45**	(416,460)	(337.08)
Capital and reserves					
Called up share capital	**7**	**120,000**	**97.13**	120,000	97.13
Capital redemption reserve		**60,000**	**48.56**	60,000	48.56
Profit and loss reserve		**(138,667)**	**(112.24)**	(596,460)	(482.77)
Total Equity		**41,333**	**33.45**	(416,460)	(337.08)

These Financials statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 26th May, 2017 and are signed on its behalf by:

Exchange rate: 1GBP = INR 80.94.

Mr A Joshi
Director

Company Registration No. 01531594
U.K.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH '2017

		2017		2016	
Particulars	**Notes**	**GBP**	**INR in Lacs**	GBP	INR in Lacs
Turnover		**32,281**	**26.13**	28,233	22.85
Cost of Sales		**(7,248)**	**(5.87)**	(9,202)	(7.45)
Gross Profit		**25,033**	**20.26**	19,031	15.40
Distribution Cost		**(17,748)**	**(14.37)**	(6,593)	(5.34)
Administrative expenses		**(36,237)**	**(29.33)**	(25,078)	(20.30)
Profit / (Loss) on exceptional items	**2**	**486,745**	**393.97**	–	–
Profit / (Loss) before taxation		**457,793**	**370.54**	(12,640)	(10.23)
Taxation		**–**	**–**	–	–
Profit / (Loss) for the Financial year		**457,793**	**370.54**	(12,640)	(10.23)

Exchange rate: 1GBP = INR 80.94.

Mr A Joshi
Director

Company Registration No. 01531594
U.K.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH '2017

Note 1: Accounting Policies

Company information:

BSA Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Speedwell House, West Quay Road, Southampton, Hampshire, SO15 1GY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest GBP.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences: Straight line over 15 years

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

Financial instruments are recognised in the company’s statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 2: Exceptional Items

	2017 GBP	2017 INR in Lacs	2016 GBP	2016 INR in Lacs
Waiver of monies due......	**486,745**	**393.97**	–	–
	486,745	**393.97**	–	–

Before sale of its shareholding, the holding company, BSA - Regal Group Limited, waived an amount due to it GBP 486,745/-.

Note 3: Operating profit / (loss)

	2017 GBP	2017 INR in Lacs	2016 GBP	2016 INR in Lacs
Operating profit / (loss) for the year is stated after charging / (crediting):				
Fees payable to the company's auditor for the audit of the company's financial Statements	**2,500**	**2.02**	1,560	1.26
	2,500	**2.02**	1,560	1.26

Note 4: Intangible fixed assets

	GBP	INR in Lacs
Cost:		
At 1st April '2016 and 31st March '2017....................	125,400	101.50
Amortisation and impairment:		
At 1st April '2016...	74,960	60.67
Amortisation charged for the year	8,328	6.74
At 31st March '2017	**83,288**	**67.41**
Carrying amount		
At 31st March '2017	**42,112**	**34.09**
At 31st March '2016..	50,440	40.83

Note 5: Debtors

	2017 GBP	2017 INR in Lacs	2016 GBP	2016 INR in Lacs
Amount falling due within one year:				
Trade debtors..................	**22**	**0.02**	1,201	0.97
Other debtors..................	**8,262**	**6.69**	262	0.21
	8,284	**6.71**	1,463	1.18

* Exchange rate: 1GBP = INR 80.94.

Note 6: Creditors

	2017 GBP	2017 INR in Lacs	2016 GBP	2016 INR in Lacs
Amount falling due within one year:				
Trade creditors................	**10,338**	**8.37**	–	–
Other taxation and social security............................	**1,145**	**0.93**	–	–
Other creditors................	**–**	**–**	475,518	384.88
Accruals and deferred income.............................	**24,038**	**19.46**	10,633	8.61
	35,521	**28.75**	486,151	393.49

Note 7: Called up share capital

	2017 GBP	2017 INR in Lacs	2016 GBP	2016 INR in Lacs
Ordinary share capital				
Issued and fully paid				
20,000 'A' and 'B' Ordinary shares of GBP 1 each	**–**	**–**	20,000	16.19
1,00,000 Unclassified Ordinary shares of GBP 1 each	**–**	**–**	100,000	80.94
1,20,000 Ordinary shares of GBP 1 each	**120,000**	**97.13**	–	–
	120,000	**97.13**	120,000	97.13

Note 8: Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The auditor was Wilkins Kennedy LLP.

Note 9: Parent company

Until 8 October 2016, the company was a subsidiary undertaking of BSA-Regal Group Limited, a company incorporated in Great Britain. The entire share capital was purchased on that date by Classic Legends Private Limited, which is itself a subsidiary of Mahindra & Mahindra Limited.

The accounts of Classic Legends Private Limited are those of the smallest group of which the company is a member and for which group accounts are prepared. Their registered office is at 702 - Natraj, M V Road Junction Western Express Highway, Andheri East Mumbai, Mumbai City, MH 400069, India.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Ninth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2017.

1) Financial Highlights and state of the Company's Affairs: **(Rs. In Lakh)**

Particulars	For the year ended 31st March, 2017*	For the year ended 31st March, 2016*
Total Income	**33,389**	70,330
Profit before Depreciation, Finance Costs and Taxation	**(41,410)**	(53,516)
Less: Depreciation & Amortization	**4,287**	5,446
Profit/(Loss) before Finance Costs and Taxation	**(45,697)**	(58,962)
Less: Finance Costs	**1,484**	2,315
Profit/(Loss) before Tax	**(47,181)**	(61,277)
Less: Taxation	**(21)**	–
Profit/(Loss) for the Year	**(47,160)**	(61,277)
Other comprehensive income	**62**	(299)
Total comprehensive income for the year	**(47,098)**	(61,576)
Balance brought forward from earlier years	**(239,608)**	(178,032)
Profit available for Appropriation	**–**	–
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit carried forward	**(286,706)**	(239,608)
Net worth	**14,019**	27,151

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are the Company's first Ind AS financial statements prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013 ('the Act'). Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

**Considering the scheme of demerger is approved by respective Boards. The financials were stated in the audited accounts after considering the requirement of Ind AS 105. The above financial highlights of P&L will match with the audited P&L read in conjunction with note no. 25 (b).*

No material changes and commitments have occurred after the close of the year till the date of this Report which would affect the financial position of your Company, except the following: -

Demerger of Two-Wheeler Business of the Company and its merger into Mahindra & Mahindra Limited

Your Company is engaged in the businesses of manufacturing and selling of two wheelers ("Two Wheelers Business") and trading in spare parts and accessories ("Spares Business").

The Company's past business strategy was focused on addressing the mass two wheeler market. Given the market response, the Company has decided to make a strategy shift by focusing on the niche premium two wheeler segment.

Considering the present business environment, a Scheme of Arrangement between the Company and Mahindra & Mahindra Limited ('M & M'), the ultimate holding company and their respective Shareholders and Creditors ("Scheme") was announced on 3rd December, 2016, whereby the Company would demerge the Two Wheeler Business and merge it into M & M. The appointed date of the Scheme is 1st October, 2016. In accordance with the Scheme, M & M shall allot 4,63,287 Ordinary (Equity) Shares of Rs. 5 each to Aay Kay Global and 40,601 Shares to Emerging India Fund, the shareholders of the Company, other than Mahindra Vehicle Manufacturers Limited, the holding company of your Company which is a subsidiary of M & M, in the share exchange ratio of 1 fully paid-up Ordinary (Equity) Share of Rs. 5 each for every 461 fully paid-up shares of Rs. 10 each held in the Company. The proposed demerger would enable your Company to streamline its operations by focusing on the Spares Business.

Subsequent to the year end, pursuant to the directions of the National Company Law Tribunal, Mumbai Bench by its Order dated 5th April, 2017 a meeting of the Equity Shareholders of the Company has been convened on 13th June, 2017, for seeking approval of the shareholders to the aforesaid Scheme.

2) Operations

During the year, your Company sold 71,994 vehicles registering de-growth of 56% as compared to previous year. In domestic Scooter segment the Company registered de-growth of 58% while motorcycle segment registered de-growth of 77%. Overall, the Industry grew by 7% for the year (Motorcycles by about 4% and Scooters by about 11%).

While you Company was the only OEM to register de-growth in domestic market, it registered the best ever numbers for Exports market (despite industry facing de-growth of about 6%), ending FY17 with 23,079 units.

For Motorcycles, The 100-110 cc segment (in which Mahindra Centuro is present), remained almost the same as that of previous year. The growth in Motorcycles came from >250cc Category (which saw about 30% growth as compared to previous year). With the improving infrastructure, female literacy levels and disposable income in rural areas, a visible shift is happening from the motorcycle segment to the scooter segment in rural markets (From 28% contribution to total two wheelers in FY15, scooter contribution stands at 32% for FY17).

The Company was focused on right sizing the resources and reducing costs for the entire financial year. Right sizing the resources to the business also saw marketing spends reduced significantly. The challenge was to reduce the inventory levels of the Company and reduce the market exposure, which was achieved by persistent efforts. Following Hon'ble Supreme Court's verdict on 29th March 2017 to disallow registration of BSIII vehicles from 1st April, 2017, the entire dealer inventory was liquidated in flash sale for 3 days. The switchover to BSIV manufacturing happened from 1st of April, 2017 as planned.

Export markets saw continued challenges – internally as well as externally. Because of the business uncertainties and reduction of volumes in the domestic market, the production output was very volatile. This affected the planned output because of break in order cycles and also saw market stock out in a few months. The strategy was to consolidate in focus markets, which was best achieved in key markets like Nigeria (Which saw a cumulative FY17 retails of 10000+), Sri Lanka, Bangladesh & Uganda. The crash in crude and other commodities' prices has led to alarming levels of currency depreciation in African countries, making imports very expensive. For example, Nigerian Naira has depreciated more than 100% in 2 years. The situation in other African markets is also not encouraging. In countries like Ethiopia and Nigeria, foreign currency is being rationed for priority sectors. In Bangladesh and Sri Lanka, regulatory changes to duty structure and financing norms have shrunk overall market. In spite of this, exports showed remarkable growth over previous year by 28%, which amongst the serious players is the best growth after Honda & Suzuki.

MOJO: Mojo continued its unconventional go-to-market approach, which had a strong focus on digital and social platforms to create a viral impact and amplify the customer experiences. From the launch in October 2015 with 4 towns and 11 dealerships, Mojo network grew to 40 cities and 59 dealerships. The retails for the year crossed 1400 units in FY17. The network of Mojo also saw an innovation in 1st ever Mojo Exclusive Dealership in Bangalore – a one stop shop for all bike enthusiasts in the biggest Mojo market.

Mojo saw a new variant (Mojo Tourer – Completely accessorized Mojo) as well as two new colors (Matte Red & Sunburst Yellow) introduced during the year. On the brand front, Mojo's 1st ATL (TV) burst reached to almost 2.8 million of the Company's TG in 6000 spots. Mojo born for the road digital campaign also received a very encouraging response by marking 1 lakh+ website views as well as 2 million views on YouTube. The Mojo Book - which captures the journey of Mojo since launch along with the passion of Mojo Owners was also launched during the year.

Mojo conquered all the 4 terrains in its trails that were planned for the year, making a strong stake to the claim of being one of the best tourers in the market. Mountain, Coastal, Jungle & Desert Trail – All saw a very good participation from media, ride enthusiasts & customers alike. Actor Rannvijay Singh & Actor-Director Nagesh Kukunoor participated in the Mountain Trail, making it a memorable event for all the attendees.

3) Outlook for the current year

As per the research report published by Nomura, Scooter industry is expected to grow at a CAGR of 20% over next 5 years based on prediction of higher GDP growth, higher urbanisation and woman empowerment. Motor cycle industry seeing polarisation between low cost entry level products and premium motor cycles is expected to grow in range of 0%-6% over next 5 years. The Company is working towards containing losses by improving efficiencies, focussed market approach & cost management. The Company will focus on improving sales of MOJO & expects to bring a few MOJO variants in FY 18.

4) Dividend

In view of losses, your Directors do not recommend any dividend.

5) Consolidated Financial Statements

The following were the subsidiary/Joint Venture companies of your Company till 26th September, 2016:

- Mahindra Two Wheelers Europe Holdings S.à r.l., Luxembourg (subsidiary)
- Peugeot Motocycles S.A.S., Mandeure (PMTC) (subsidiary)
- Peugeot Motocycles Italia S.p.A (subsidiary)

- Peugeot Motocycles Deutshland GmbH (subsidiary)
- Jinan Qingqi Peugeot Motocycles Co Ltd. (Joint Venture of Peugeot Motocycles S.A.S., Mandeure).

Your Company sold its entire stake in Mahindra Two Wheelers Europe Holdings S.à r.l., Luxembourg to Mahindra & Mahindra Limited on 27th September, 2016, consequent to which, all the above entities ceased to be the subsidiaries/Joint Venture of your Company and became the step-down subsidiaries/Joint Venture of Mahindra & Mahindra Limited.

Consequent to the above, your Company is not required to prepare consolidated financial statements for the year ended 31st March 2017.

6) **Share Capital**

The authorised share capital of your Company as on 31st March, 2017 stood at Rs. 3,500 crore, divided into 350 crore equity shares of Rs. 10 each.

During the year, your Company allotted 34,00,00,000 equity shares of Rs. 10/- each, aggregating Rs. 3,40,00,00,000/- to the shareholders for cash at par on right basis.

Changes in the equity share capital of your Company during the year were as under:

	As at 1st April 2016			As at 31st March 2017	
Shareholder	Equity Shares held	% to Capital	Equity Shares Allotted during the Year	Equity Shares held	% to Capital
Mahindra Vehicle Manufacturers Limited	2,42,60,97,350	91.26%	34,00,00,000	2,76,60,97,350	92.25%
Aay Kay Global	21,35,75,006	8.03%	0	21,35,75,006	7.12%
Emerging India Fund	1,87,16,860	0.70%	0	1,87,16,860	0.62%
Total	**2,65,83,89,216**	**100%**	**34,00,00,000**	**2,99,83,89,216**	**100%**

The paid-up share capital of your Company as on 31st March, 2017 stood at Rs. 29,98,38,92,160 divided into 2,99,83,89,216 equity shares of Rs 10/- each.

7) **Holding Company**

Mahindra Vehicle Manufacturers Limited is the holding company and Mahindra & Mahindra Limited is your Company's ultimate holding company.

8) **Board of Directors**

The Board comprises of the following directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Rajesh Jejurikar (00046823)	Director	Non-Executive Director	Non-Independent Director
Mr. V. S. Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Mr. Shirish Saraf (01918219)	Director	Non-Executive Director	Non-Independent Director
Dr. Punita Kumar Sinha (05229262)	Director	Non-Executive Director	Independent Woman Director
Mr. Naveen Kumar Kshatriya (00046813)	Director	Non-Executive Director	Independent Director

Mr. V. S. Parthasarathy retires by rotation at the forthcoming Annual General Meeting ('AGM') and is eligible for re-appointment.

Mr. Ramesh Venkatraman (DIN: 03545080), a nominee director of Aay Kay Global, resigned from the directorship of your Company w.e.f. 28th June, 2016.

Mr. Shirish Saraf was nominated by Aay Kay Global as an additional director of your Company w.e.f. 27th July, 2016 and holds office till the date of the forthcoming AGM. A notice pursuant to the provisions of Section 160 of the Act was received from Aay Kay Global, proposing the appointment of Mr. Shirish Saraf as a Director at the forthcoming AGM.

Mr. Anand Mahindra (DIN: 0004695), the Chairman of the Board, resigned from the directorship w.e.f. 17th March, 2017.

Dr. Pawan Kumar Goenka was appointed as the Chairman of the Board with effect from 27th April, 2017.

Mr. Ranjan Pant, who had not attended any meeting of the Board of Directors during a period of 12 months, vacated his office as a Director with effect from 27th April, 2017, as per the provisions of Section 167 (1) (b) of the Act.

Evaluation of Performance of Directors

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including chairman.

9) **Number of Board Meetings**

During the year under review, five meetings of the Board of Directors were held on 25th April, 2016, 27th July, 2016, 2nd November, 2016, 3rd December, 2016 and 25th January, 2017.

10) **Directors' Responsibility Statement**

Pursuant to section 134(3) (c) of the Act, your directors, based on the representation from the operating management, and after due enquiry, confirm that:

(i) In the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11) Codes of Conduct

Your Company had adopted Codes of Conduct for its Directors and senior management employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors and senior management employees, affirming compliance with the respective Codes.

12) Policy for remuneration of Directors, Key Managerial Personnel and Other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

Your Board had, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors, and the remuneration of directors, key managerial personnel and other employees.

These policies are furnished as Annexure I and form part of this Report.

13) Vigil Mechanism

Your Company has established a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/ make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism also provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

14) Committees of the Board

i) Audit Committee

The composition of the Audit Committee is as follows:

Committee Member	Designation
Mr. V. S. Parthasarathy	Chairman
Dr. Punita Kumar Sinha	Member
Mr. Naveen Kumar Kshatriya	Member

During the year under review, the Audit Committee met five times on 25th April, 2016, 27th July, 2016, 2nd November, 2016, 3rd December, 2016, 25th January, 2017.

ii) Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Committee Member	Designation
Mr. Rajesh Jejurikar	Chairman
Mr. V. S. Parthasarathy	Member
Dr. Punita Kumar Sinha	Member
Mr. Naveen Kumar Kshatriya	Member

During the year under review, the Committee met thrice on 25th April, 2016, 27th July, 2016 and 2nd November, 2016.

iii) Meeting of Independent Directors

A meeting of the Independent Directors of the Company was held on 2nd November, 2016 without the participation of the Chairman or any other director or Management Personnel. The Meeting was conducted in an informal and flexible manner 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, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), 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.

The Company has received Declarations from the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Act.

15) Attendance of directors at the meetings of the Board / Committees

Type of meeting and no. of meeting held during FY 2016-17	Mr. Anand Mahindra (Up to 17th March, 2017)	Dr. Pawan Kumar Goenka	Mr. Rajesh Jejurikar	Mr. V. S. Parthasarathy	Mr. Ramesh Venkataraman (up to 28th June, 2016)	Mr. Ranjan Pant (up to 27th April, 2017)	Dr. Punita Kumar Sinha	Mr. Naveen Kumar Kshatriya	Mr. Shirish Saraf (From 27th July, 2016)
Board (Five meetings)	1	5	4	5	1	–	4	5	–
Audit Committee (Five meetings)	(Not a member)	(Not a member)	(Not a member)	5	(Not a member)	(Not a member)	4	5	(Not a member)
Nomination and Remuneration Committee (Three meetings)	(Not a member)	(Not a member)	2	3	(Not a member)	(Not a member)	3	3	(Not a member)

16) **Key Managerial Personnel (KMP)**

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

1. Mr. Prem Rathi, Manager;
2. Mr. Vinod Sahay, Chief Executive Officer (w.e.f. 2nd November, 2016);
3. Mr. Mahendra Bhalerao, Chief Financial Officer and
4. Ms. Poonam Vaze, Company Secretary.

17) **Auditors**

i) **Statutory Auditors**

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018), Statutory Auditors, hold office up to the conclusion of the forthcoming AGM.

As recommended by the Audit Committee, the Board had approved and recommended for your consideration, the appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration Number: 105102W) in place of M/s. Deloitte Haskins & Sells LLP for a period of 5 years subject to ratification at every AGM.

As required by the provisions of Section 139 read with Section 141 of the Act, your Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

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

ii) **Internal Auditor**

Pursuant to Section 138 of the Act, read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2017. The Board at its meeting held on 27th April, 2017 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the Financial Year ending on 31st March, 2018.

iii) **Secretarial Auditor**

Pursuant to Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sachin Bhagwat, a Company Secretary in practice (Certificate of Practice No. 6029) was appointed as the Secretarial Auditor of your Company for the Financial Year ended 31st March, 2017. The Board at its meeting held on 27th April, 2017 re-appointed Mr. Sachin Bhagwat as the Secretarial Auditor of your Company for the Financial Year ending on 31st March, 2018.

Secretarial Audit Report for the Financial Year ended 31st March, 2017 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as Annexure II and forms part of this Report.

There were no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

iv) **Cost Auditor**

For the purpose of sub-section (1) of section 148 of the Act, as per the Companies (Cost Records & Audit) Rules, 2014 issued by the Ministry of Corporate Affairs vide notification dated 30th June 2014, the requirement for maintenance of cost records & Audit was not applicable to the Company. Accordingly, cost audit was not required for the year under review.

Reporting of frauds by Auditors:

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported to the Board/ Audit Committee any instances of frauds committed in the Company by its officers or employees.

18) **Internal Financial Controls**

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

19) **Risk Management Policy**

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which addresses risks, inter-alia which, in the opinion of the Board, may threaten the existence of the Company.

20) **Human Resources**

Keeping employees happy and enthused is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

21) **Particulars of public deposits, loans, guarantees or investments**

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

Your Company has not made any loans/advances and investment which are required to be disclosed in the financial statements of the Company pursuant to

Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule V thereto, applicable to the ultimate Holding company, Mahindra & Mahindra Limited.

No loans have been granted under Section 186 of the Act and details of investments made are given in Note No. 6 of the Financial Statements.

22) Contracts or Arrangement with Related Parties

All Related Party Transactions entered during the year were in the ordinary course of business and on Arm's length basis. There are no transactions which are required to be disclosed in Form AOC- 2 pursuant to section 188 of the Companies Act, 2013.

23) Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form No. MGT 9 is attached herewith as Annexure III and forms part of this report.

24) The Sexual Harassment of Women at Workplace (prevention, prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013.

25) Industrial Relations

Industrial relations remained cordial during the year under review.

26) Safety, Health and Environment Performance

Your Company is committed towards safety, health and environment. Your Company encourages involvement of all its employees in activities related to safety, health & environment including promotion of safety standards. The various initiatives and measures taken in this area have started yielding results. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company. Your Company has received the **OHSAS 18001 certification** for Safety and Health Management System **& ISO 14001 certification** for Environment Management.

27) Sustainability Initiatives

Your Company undertakes various energy saving projects including use of Solar power purchased as an alternative source of power. Treated waste water utilization for garden and toilet flushing and upgrading from conventional lighting to energy efficient LED lighting.

28) Corporate Social Responsibility(CSR)

The provisions relating to Corporate Social Responsibility ('CSR') enumerated under Section 135 of the Act are not applicable to your Company. Despite this, the Company undertakes various activities and projects and contributes towards the community and the environment through a series of CSR activities.

29) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Act read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure VI to this Report.

30) Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

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

31) General

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

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

32) Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

ANNEXURE I

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Two Wheelers Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Act and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Act and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

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

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

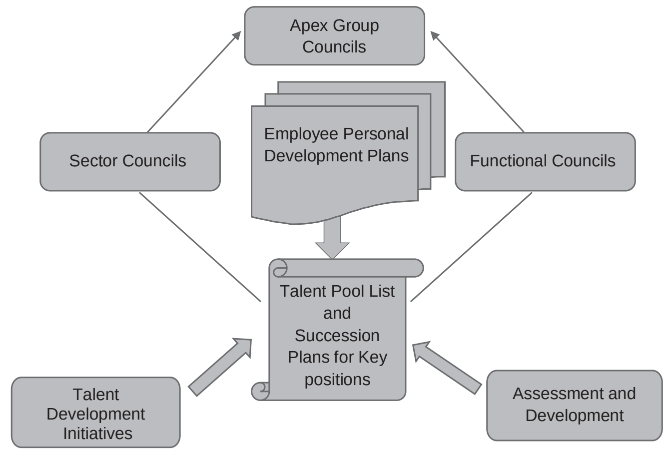
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Two Wheelers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Act and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Manager of the Company & the Company Secretary shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Act the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

ANNEXURE II

Form No. MR 3
SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2017

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

To,

The Members,
Mahindra Two Wheelers Limited
Mahindra Towers, P. K. Kurne Chowk
Worli
Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Two Wheelers Limited. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 31 March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 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 to the Company)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder to the extent of overseas direct investment. The provisions of external commercial borrowings and foreign direct investment were not applicable to the Company.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company)**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the 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 to the Company)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**

(vi) According to the information provided by the Company, no other law was specifically applicable to the Company.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with Stock Exchanges, if applicable. **(Not applicable to the Company)**

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the

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

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

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period, the following events took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:

a) The Board of Directors of the Company approved a Scheme of Arrangement (Demerger) for demerging the entire undertaking of the Company dealing with Two-wheeler business, into Mahindra and Mahindra Ltd.; and

b) The Board of Directors allotted on rights basis to the Company's holding Company, Mahindra Vehicle Manufacturers Limited, 340,000,000 equity shares of Rs. 10 each at par aggregating to Rs. 3,400,000,000.

Signature:

Sachin Bhagwat
ACS: 10189
CP: 6029

Place : Pune
Date : 17th April, 2017

ANNEXURE III

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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.	Corporate Identification Number (CIN)	:	U35911MH2008PLC185462
ii.	Registration Date	:	05th August, 2008
iii.	Name of the Company	:	Mahindra Two Wheelers Limited
iv.	Category/Sub-Category of the Company	:	Company limited by shares. Indian non-government company.
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: BADE.KIRAN@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 038 Tel: 040 - 23312454 Fax: 040 - 23311968 Email: venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

The Company is engaged in the business of manufacturing and sale of two wheelers.

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacture of Motorcycles, scooters etc and their engine	30911	100

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 Vehicle Manufacturers Limited	U34100MH2007PLC171151	Immediate Holding Company	92.25%	2(46)
2.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding company	–	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	242,60,97,344	6	242,60,97,350	91.26	276,60,97,344	6	276,60,97,350	92.25	0.99
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):	242,60,97,344	6	242,60,97,350	91.26	276,60,97,344	6	276,60,97,350	92.25	0.99

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	242,60,97,344	6	242,60,97,350	91.26	276,60,97,344	6	276,60,97,350	92.25	0.99
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	1,87,16,860	1,87,16,860	0.70	–	1,87,16,860	1,87,16,860	0.62	(0.08)
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	11,09,51,640	10,26,23,366	21,35,75,006	8.03	11,09,51,640	10,26,23,366	21,35,75,006	7.12	(0.91)
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	11,09,51,640	12,13,40,226	23,22,91,866	8.73	11,09,51,640	12,13,40,226	23,22,91,866	7.74	(0.99)
2. Non-Institutions									
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)									
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	11,09,51,640	12,13,40,226	23,22,91,866	8.73	11,09,51,640	12,13,40,226	23,22,91,866	7.74	(0.99)
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	253,70,48,984	12,13,40,232	265,83,89,216	100	287,70,48,984	12,13,40,232	299,83,89,216	100	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Vehicle Manufacturers Limited	2,42,60,97,344	91.25	–	2,76,60,97,344	92.24	–	0.99
2	Mahindra Vehicle Manufacturers Limited jointly with Mr. Narayan Shankar*	1	–	–	1		–	
3	Mahindra Vehicle Manufacturers Limited jointly with Dr. Pawan Kumar Goenka*	1	–	–	1		–	
4	Mahindra Vehicle Manufacturers Limited jointly with Mr. K. Chandrasekar*	1	0.01	–	1	0.01	–	
5	Mahindra Vehicle Manufacturers Limited jointly with Mr. V S Parthasarathy*	1	–	–	1		–	
6	Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajesh Jejurikar*	1	–	–	1		–	
7	Mahindra Vehicle Manufacturers Limited jointly with Mr. Mahendra Bhalerao*	1	–	–	1		–	
	Total	2,42,60,97,350	91.26	–	2,76,60,97,350	92.25		0.99

* Shares held by Mahindra Vehicle Manufacturers Limited jointly with Nominees to comply with the statutory provisions of the Act, with regard to minimum number of members.

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra Vehicle Manufacturers Limited (MVML)	2,42,60,97,350	91.26	*2,76,60,97,350	92.25%

* During the year, the following shares of Rs. 10 each were allotted for cash at par to Mahindra Vehicle Manufacturers Ltd. pursuant to Rights issues: -

On 27th July, 2016 – 190,999,998 shares.

On 29th September, 2016 – 149,000,002 shares.

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Aay Kay Global	21,35,75,006	8.03%	21,35,75,006	7.12%
2	Emerging India Fund	1,87,16,860	0.70%	1,87,16,860	0.62%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(Rs. In Lakh)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year 01.04.2016				
i) Principal Amount	18,458	1,499		19,957
ii) Interest due but not paid				0
iii) Interest accrued but not due	112			112
Total (i+ii+iii)	18,570	1,499	0	20,069
Change in Indebtedness during the financial year				
+ Addition	31,727	1,500	–	33,227
- Reduction	48,141	1,500	–	49,641
Net Change	(16,414)	0	–	(16,414)
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	2,044	1,500		3,544
ii) Interest due but not paid				0
iii) Interest accrued but not due	0			0
Total (i+ii+iii)	2,044	1,500	0	3,544

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. In Lakh)
		Mr. Prem Rathi, Manager	
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53.73	53.73
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.31	0.31
	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	1.35	1.35
	Total (A)	**55.39**	**55.39**
	Ceiling as per the Act	As per schedule V of the Act	

B. Remuneration of other directors

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs. Lakh)
1	Independent Directors	**Dr. Punita Kumar Sinha**	**Mr. Naveen Kumar Kshatriya**	
	• Fee for attending board/committee meetings	2.61	2.61	5.22
	• Commission	–		–
	• Others, please specify	–		–
	Total (1)	2.61	2.61	5.22
2	Other Non-Executive Directors	–		–
	• Fee for attending board/committee meetings	–		–
	• Commission	–		–
	• Others, please specify	–		–
	Total (2)	–		–
	Total (B)=(1+2)	2.61	2.61	5.22
	Total Managerial Remuneration	–		48.59
	Overall Ceiling as per the Act	As per schedule V of the Act		

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
		Vinod Sahay	**Poonam Vaze**	**Mahendra Bhalerao**	
1	Gross salary (Rupees)				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	150.12	–	53.54	203.66
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.23	–	0.31	0.54
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	0
2	Stock Option	32.64	–	23.15	55.79
3	Sweat Equity	–	–	–	0
4	Commission				
	– As % of profit	–	–	–	0
	– Others, specify...	–	–	–	0
5	Others, please specify	3.14	1.8	1.35	6.29
	Total	**186.13**	**1.8**	**78.35**	**266.28**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

ANNEXURE IV

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy: After acquiring business assets from Kinetic Motor Company Limited, the Company has started operations to scale up the production of two wheelers at the Pithampur plant. Specific Power and Fuel consumption for F-17 has maintained 36 KWH/eq. veh. as compared the 29 kwh/eq. veh. of F16. However, fuel cost is reduced by 8% as compared to F16. The Company is continuously focusing on measures for saving power and fuel consumption through improved operational methods by optimization of process, sequential operation of different plant loads to reduce the electricity demand from 2000 kva to 1350 kva, recovery of waste solvent, hot washing to cold washing, better house-keeping and awareness programs both to the employees & suppliers resulting in reduced energy consumption & emissions.

(ii) The steps taken by the Company for optimization of fuel by implementing of indirect heating to direct heating technology in paint shop oven and pre-treatment line. There is approx. 30% fuel saving will be reflecting in FY 18.

(iii) The capital investment on energy conservation equipment: Rs. 12 Lakh (Energy & fuel).

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

i) The efforts made towards technology absorption: The Company has developed in-house skills in the area of product design & development through investments in human resource, software, hardware & lab / validation facilities.

ii) The benefits derived like product improvement, cost reduction, import substitution: Company has designed and developed BSIV upgrades of models, Mojo, GUSTO110, GUSTO 125 & Centuro. Also there are significant efforts toward working on Mojo variants like M103 – Low cost Mojo, M104 – Mojo ABS, M105 – Mojo Scrambler & driving the material cost reduction on Mojo platform.

Your Company has till date filed for 83 provisional patents and a few of them are being introduced in our products.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: Nil

(b) the year of import: Nil

(c) whether the technology been fully absorbed: Nil

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

iv) Expenditure incurred on Research and Development:

1. Capital -- Rs. 71.67 Lakh
2. Recurring -- Rs. 1,433 Lakh

Percentage of total R & D expenditure to Total turnover: 4.51 %

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

Rs. In Lakh

	Financial Year 2016-17	Financial Year 2015-16
Total Foreign Exchange earned	**8,499**	6,973
Total Foreign Exchange used	**2,368**	5,172

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Two Wheelers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to Note 25 to the accompanying IND AS financial statements regarding the Scheme of Arrangement for demerger of 'Two Wheelers' business on a going concern basis. The company is in the process of taking necessary steps for obtaining the requisite approvals as may be required for implementation of the scheme.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; Refer Note- 33 to the Ind AS financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note- 33(iii) to the Ind AS financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

H. L. Shah
Partner
(Membership No. 033590)

Place : Mumbai
Date : April 27, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 Two Wheelers Limited ("the Company") as of March 31, 2017 in conjunction with our audit of 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtainedis 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 Ind ASfinancial 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 Ind ASfinancial 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 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 our opinion, to the best of our information and according to the explanations given to us 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, 2017, 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

H. L. Shah
Partner
(Membership No. 033590)

Place : Mumbai
Date : April 27, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situationof fixed assets.

(b) The fixed assets have not been physically verified during the year but the Company has a system of verifying the fixed assets once in every three years. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.

(c) In respect of immovable property of buildings included in Property, Plant and Equipment in the financial statements, have been constructed on land taken on lease, in respect of which the lease agreements are in the name of the Company.

(ii) As explained to us, the inventories were physically verified during the year by the management (except for stock lying with third parties for which confirmations have been received) at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3 (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of provisions of section 73 to 76 or any other relevant provision of the Act and the rules framed thereunder. Hence reporting under clause 3 (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act. Hence reporting under clause 3(vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax,Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Based on our audit procedure and according to the information and explanation given to us, there are no arrears of statutory dues which had remained outstanding as at March 31, 2017 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us and records of the Company, the details of dues of the Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lacs)	Amount Unpaid (Rs. Lacs)
Central Sales Act and Local Tax Laws	Sales Tax	Appellate Tribunal Board, Ernakulum	2010-11	5.93	5.93
		Deputy Commissioners (Appeals - I), Ernakulum	2013-14	4.14	4.14
		Joint Commissioners, Appeal – Ranchi	2010-11	9.08	9.08
		Appellate Tribunal, Kolkata	2010-11	0.85	0.85
		Joint Commissioners, Appeal – Pune	2010-11	36.05	36.05
		Deputy Commissioners, Pune	2011-12	13.40	13.40
		Joint Commissioners, Appeal – Raipur	2012-13	1.99	1.99
		Deputy Commissioners, Pune	2012-13	1,467.74	1,467.74

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lacs)	Amount Unpaid (Rs. Lacs)
The Central Excise Act, 1944	Central Excise Duty	Commissioners (Appeals) Central Excise, Bhopal	F.Y. 2008-09 and F.Y. 2012-13	110.48	110.48
		Appellate Tribunal, New Delhi	January 2009 to October 2014	7,522.33	7,522.33
		Commissioners (Appeals) Central Excise, Pune	September, 2013	1.60	1.60
		Commissioners (Appeals) Central Excise, Pune	April 2011 to December 2014	0.57	0.57

(viii) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

H. L. Shah
Partner
(Membership No. 033590)

Place : Mumbai
Date : April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rs. In Lacs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	**40.37**	24,514.78	24,927.51
(b) Capital work-in-progress		–	794.13	1,385.39
(c) Other Intangible assets	5	–	5,936.71	3,096.71
(d) Intangible assets under development		–	1,498.29	5,099.40
(e) Financial Assets				
(i) Investments	6	–	10,280.88	11,853.73
(ii) Loans	7	–	22.70	28.72
(iii) Others financial assets	8	**33.66**	2,162.08	1,928.08
(f) Deferred tax assets (net)	9	**44.28**	–	–
(g) Other non-current assets	10	**278.01**	6,172.18	6,844.50
Total Non - Current Assets		**396.32**	51,381.75	55,164.04
Current assets				
(a) Inventories	11	**1,079.67**	12,313.24	11,725.14
(b) Financial Assets				
(i) Trade receivables	12	**88.97**	2,515.32	1,362.87
(ii) Cash and cash equivalents	13	**233.59**	161.01	519.96
(iii) Loans	7a	–	83.99	115.11
(iv) Other financial assets	8a	–	5.20	0.45
(c) Other current assets	10a	**261.60**	9,075.76	8,236.11
(d) Assets classified as held for sale	25	**34,359.17**	–	–
Total Current Assets		**36,023.00**	24,154.52	21,959.64
Total Assets		**36,419.32**	75,536.27	77,123.68
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	14	**299,838.92**	265,838.92	209,438.92
(b) Other Equity	14a	**(285,820.21)**	(238,687.87)	(177,055.65)
Total Equity attributable to owners of the Company		**14,018.71**	27,151.05	32,383.27
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	–	–	1,498.40
(b) Provisions	16	**14.42**	862.39	549.55
(c) Deferred tax liabilities (Net)	9	–	–	–
Total Non - Current Liabilities		**14.42**	862.39	2,047.95
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15a	–	18,458.23	9,075.00
(ii) Trade payables	17			
(a) Total Outstanding dues of micro enterprises and small enterprises		**9.64**	91.35	153.11
(b) Total Outstanding dues of creditors other than micro enterprises and small enterprises		**1,143.33**	22,044.20	25,313.20
(iii) Other current financial liabilities	18	**195.35**	3,514.81	4,957.98
(b) Provisions	16a	**264.31**	1,542.13	911.76
(c) Other current liabilities	19	**409.38**	1,872.11	2,281.41
(d) Liabilities directly associated with assets classified as held for sale	25	**20,364.18**	–	–
Total Current Liabilities		**22,386.19**	47,522.83	42,692.46
Total Equity and Liabilities		**36,419.32**	75,536.27	77,123.68

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board

Mr. V.S. Parthasarathy
Dr. Pawan Kumar Goenka
Mr. Rajesh Jejurikar
Director's

H. L. Shah
Partner

Mr. Prem Rathi
Manager & GM Accounts & Finance

Ms. Poonam Vaze
Company Secretary

Date: April 27, 2017
Place: Mumbai

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Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Rs. In Lacs

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	20	**5,087.03**	4,913.67
	Total Revenue (I)		**5,087.03**	4,913.67
II	**EXPENSES**			
	Cost of materials consumed	21	**955.68**	822.58
	Purchases of stock-in-trade		**1,827.40**	1986.20
	Changes in stock of finished goods and stock-in-trade (trading goods)	21a	**187.70**	19.16
	Excise duty on sale of goods		**609.80**	597.45
	Employee benefits expense	22	**478.09**	452.44
	Finance costs	23	**82.10**	92.77
	Depreciation and amortisation expense	4	**17.75**	31.64
	Other expenses	24	**995.42**	990.40
	Total Expenses (II)		**5,153.94**	4,992.64
III	**Loss before tax for the year from continuing operations (I - II)**		**(66.91)**	(78.97)
IV	**Tax expense**			
	- Current tax		**23.48**	–
	- Deferred tax		**(44.28)**	–
	Total tax expense		**(20.80)**	–
V	**Loss after tax for the year from continuing operations (III - IV)**		**(46.11)**	(78.97)
VI	**Loss before tax from discontinued operations**		**(47,114.01)**	(61,198.49)
VII	Tax expense for discontinued operations		**–**	–
VIII	**Loss after tax from discontinued operations (VI + VII)**		**(47,114.01)**	(61,198.49)
IX	**Loss for the year (V + VIII)**		**(47,160.12)**	(61,277.46)
X	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities		**62.28**	(298.76)
XI	**Total comprehensive income for the year**		**(47,097.84)**	(61,576.22)
XII	**Earnings per equity share** (Nominal value per share Rs. 10 each),	29		
	Basic & Diluted (in Rs.) of continuing operations		**(0.002)**	(0.003)
	Basic & Diluted (in Rs.) of discontinuing operations		**(1.646)**	(2.627)

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Company Secretary

Date: April 27, 2017
Place: Mumbai

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Rs. In Lacs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Profit before tax for the year	**(47,180.92)**	(61,277.46)
Adjustments for:		
Income tax expense recognised in profit & loss	**20.80**	–
Finance costs	**1,483.63**	2,333.74
Gain on Sale of Investment	**(86.67)**	(0.39)
Loss on Sale of Investment	**622.98**	–
Interest income	**(90.03)**	(33.39)
Loss on sale of Property, plant and equipment	**189.74**	6.67
Depreciation and amortisation of non-current assets	**4,287.12**	5,445.95
Impairment of property, plant & equipment, intangible assets including capital work in progress	**16,780.36**	3,850.53
Realised exchange gain/loss	**(186.65)**	230.69
Actuarial Gain/Loss	**62.28**	(298.76)
Operating profit before Working Capital changes	**(24,097.36)**	(49,742.42)
Movements in working capital:		
Increase in trade and other receivables	**(54.14)**	(1,152.47)
(Increase)/decrease in inventories	**6,993.51**	(588.09)
(Increase)/decrease in other assets	**1,025.77**	(1,474.90)
(Increase)/decrease in deferred tax Asset	**(44.28)**	–
Decrease in trade payables	**(8,379.68)**	(3,330.76)
Increase/(decrease) in provisions	**(619.92)**	929.66
(Decrease)/increase in other payables	**(600.03)**	(401.63)
Cash generated from operations	**(25,776.13)**	(55,760.61)
Income taxes paid	**(43.87)**	(13.21)
Cash flows from operating activities	**(25,820.00)**	(55,773.82)
Payments to acquire current investment (Mutual Fund)	**(40,143.00)**	(1,750.00)
Proceeds on sale of current investment (Mutual Fund)	**40,229.67**	1,750.39
Interest received	**92.43**	18.13
Payments for property, plant and equipment (including capital work in progress and capital advances)	**(1,703.08)**	(6,568.78)
Proceeds from disposal of property, plant and equipment	**322.23**	129.83
Proceeds on sale of investment in share of subsidiary	**19,655.92**	1,572.85
Deferred consideration paid for investment in subsidiary	**(8,566.67)**	–
Cash flows from investing activities	**9,887.50**	(4,847.58)
Proceeds from issue of equity instruments of the Company	**34,000.00**	56,400.00
Payment for share issue costs	**(34.50)**	(56.00)
Proceeds from borrowings short term	**34,944.02**	57,083.23
Repayment of borrowings Long term	**(1,500.00)**	(3,250.00)
Repayment of borrowings Short term	**(49,858.23)**	(47,700.00)
Interest paid	**(1,498.03)**	(2,214.79)
Cash flows from financing activities	**16,053.26**	60,262.44
Net cash inflow/(outflow)	**120.76**	(358.96)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
		Rs. In Lacs
Cash and cash equivalents at the beginning of the period	**161.01**	519.97
Cash and cash equivalents at the end of the period	**281.77**	161.01

Notes :

1 Figures in brackets represent outflows of cash and cash equivalents.

2 Cash and cash equivalents comprise of :

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash on hand	**0.10**	1.33
Balances with Banks	**281.67**	159.68
	281.77	161.01

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board

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Dr. Pawan Kumar Goenka
Mr. Rajesh Jejurikar
Director's

H. L. Shah
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Manager & GM Accounts & Finance

Ms. Poonam Vaze
Company Secretary

Date: April 27, 2017
Place: Mumbai

Date: April 27, 2017
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Changes in Equity

Rs. In Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Balance at the beginning of the year	**265,838.92**	209,438.92	209,438.92
Shares issued during the year	**34,000.00**	56,400.00	–
Shares bought back during the year	**–**	–	–
	299,838.92	265,838.92	209,438.92

b. Other Equity

Rs. In Lacs.

Particular	Reserves and Surplus: Securities premium reserve	Reserves and Surplus: Retained Earnings	Total
Balance as at April 1, 2015	976.54	(178,032.19)	(177,055.65)
Loss for the year	–	(61,277.46)	(61,277.46)
Other comprehensive income for the year, net of income tax	–	(298.76)	(298.76)
Total comprehensive income for the year	–	(61,576.22)	(61,576.22)
Share issue costs	(56.00)	–	(56.00)
Balance as at March 31, 2016	920.54	(239,608.41)	(238,687.87)

Rs. in lacs

Particular	Reserves and Surplus: Securities premium reserve	Reserves and Surplus: Retained Earnings	Total
Balance as at April 1, 2016	920.54	(239,608.41)	(238,687.87)
Loss for the year	–	(47,160.12)	(47,160.12)
Other comprehensive income for the year, net of income tax	–	62.28	62.28
Share issue costs	(34.50)	–	(34.50)
Balance as at March 31, 2017	**886.04**	**(286,706.25)**	**(285,820.21)**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached
For **Deloitte Haskins & Sells**
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Partner

Date: April 27, 2017
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Mr. Prem Rathi
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mahindra Two Wheelers Ltd. (MTWL) is subsidiary of Mahindra Vehicle Manufacturers Limited (w.e.f 17 February 2016). MTWL is engaged in the business of manufacturing & selling motorized two-wheeler vehicles.

MTWL has a manufacturing plant located at Pithampur near Indore and an assembly unit at SUPA near Ahmednagar. MTWL also has R&D center at Chinchwad, Pune.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

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

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

Product warranty expenses

The estimated liability for product warranties is accounted when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods

Sale of products including export benefits thereon are recognized, net of discounts and sales incentives, when the products are shipped, after following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from operation includes Excise Duty but excludes Sales Tax and Value Added Tax.

(ii) Benefit on account of entitlement of export benefits like Duty drawback scheme & Focus Market scheme is accounted in the year of export.

(iii) Dividend income from investments is recognized when the right to receive payment has been established.

(iv) Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement.

(v) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.04 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

3.05 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.06 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.

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

3.07 Employee benefits

1. Defined Contribution Plan:

Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

(i) Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The gratuity plan is funded plan and the Company makes the contributions to the recognized funds.

(ii) Compensated Absences:

The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilized compensated absence on the basis of an independent actuarial valuation.

3.09 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

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 or loss and other comprehensive income 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 or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

3.10 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery - 5 - 10 years

ii) Vehicles - 3 years for R&D vehicles and 8 years for other vehicles

iii) Office equipment - 2 years

iv) Assets costing less than Rs 5000 each - 1 year

3.11 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Following summarizes the nature of intangible and the estimated useful life:

(a) Technical Know-how - 5 years

(b) Software Costs - 3 years

(c) Product development expenditure - 5 years

3.12 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

3.13 Inventories

Inventories are stated at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In determining the cost of inventories the moving weighted average method is used in respect of “raw materials”, “stores and spares” and “spares for resale”. Cost of work-in-progress and manufactured finished goods include material cost, labor and manufacturing overheads on the basis of full absorption costing. Excise duty in respect of inventory of finished goods manufactured is shown separately as an item of expense and included in valuation of inventory of finished goods.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability, 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.15 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.16 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product’s technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property plant & equipment & Intangible assets utilized for research and development are capitalized and depreciated/amortized in accordance with the policies stated for Property plant & equipment & Intangible assets.

3.17 Operating Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of manufacture and sale of two wheelers, which in the context of Indian Accounting Standard 108 ‘Segment Information’ represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.18 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

3.19 Current Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

3.20 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.21 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principle market for the asset or liability
- In the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) Financial Assets

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

2) Non-Derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

3) Investments in Mutual Funds

The fair value of available mutual funds held for trading is determined with reference to their net asset value as at the reporting date and is recorded as other income/expense. The Company invests its surplus funds in mutual funds. These investments have been classified as FVTPL by the management.

3.22 First-time adoption of Ind AS:

These financial statements, for the period ended March 31, 2017, has been prepared in accordance with Ind AS. For periods, up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015.

Exceptions from full retrospective application:

- De-recognition of financial assets and liabilities exception - Financial assets and liabilities de-recognized before transition date are not re-recognized under Ind AS.
- Estimates exception - On an assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates, that were required under Ind AS but not required under Previous GAAP, are made by the Company for the relevant reporting dates, reflecting conditions existing as at that date without using any hindsight.
- The remaining mandatory exceptions either do not apply or are not relevant to the Company.

Note - 4 Property, Plant and Equipment

Rs. In Lacs.

Description of Assets	**Buildings**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block						
Balance as at 1st April 2015	5,953.22	27,554.11	1,430.92	319.48	1,230.00	36,487.73
Additions	17.24	5,325.81	30.43	22.61	474.85	5,870.94
Disposals	–	12.02	–	–	202.48	214.50
Balance as at 31st March 2016	5,970.46	32,867.90	1,461.34	342.09	1,502.37	42,144.16
II. Accumulated depreciation						
Balance as at 1st April 2015	1,176.44	9,102.62	896.12	133.07	251.99	11,560.24
Depreciation for the year	184.59	3,381.50	268.99	30.10	154.57	4,019.75
Eliminated on disposal of assets	–	7.94	–	–	70.07	78.01
Balance as at 31st March 2016	1,361.03	12,476.18	1,165.12	163.17	336.49	15,501.99
III. Impairment						
Balance as at 1st April 2015	–	–	–	–	–	–
Impairment losses recognised during the year	–	2,127.40	–	–	–	2,127.40
Reversals of impairment losses recognised during the year	–	–	–	–	–	–
Balance as at 31st March 2016	–	2,127.40	–	–	–	2,127.40
Net block (I-II-III)	4,609.44	18,264.32	296.23	178.92	1,165.88	24,514.78
Balance as at 31st March 2016*	4,609.44	18,264.32	296.23	178.92	1,165.88	24,514.78
Balance as at Apr 01, 2015	4,776.78	18,451.49	534.80	186.41	978.03	24,927.51

***Note:-**

Current maturities of long-term debt (at amotised cost) is secured by first paripassu charge on property plant & equipments.

Rs. In Lacs.

Description of Assets	**Buildings**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block						
Balance as at 1st April 2016	5,970.46	32,867.90	1,461.34	342.09	1,502.37	42,144.16
Adjustment relating to discontinued operations (Refer note no. 24)	5,970.46	32,783.81	1,447.15	339.74	1,502.37	42,043.53
Additions	–	1.47	–	–	–	1.47
Disposals	–	–	–	–	–	–
Balance as at 31st March 2017	–	85.56	14.19	2.35	–	102.10
III. Accumulated depreciation						
Balance as at 1st April 2016	1,361.03	12,476.18	1,165.12	163.17	336.49	15,501.99
Adjustment relating to discontinued operations (Refer note no. 24)	1,361.03	12,441.52	1,157.29	161.68	336.49	15,458.01
Depreciation for the year	–	14.41	3.25	0.09	–	17.75
Eliminated on disposal of assets	–	–	–	–	–	–
Balance as at 31st March 2017	–	49.07	11.08	1.58	–	61.73
V. Impairment						
Balance as at 1st April 2016	–	2,127.40	–	–	–	2,127.40
Adjustment relating to discontinued operations (Refer note no. 24)	–	2,127.40	–	–	–	2,127.40
Impairment losses recognised during the year	–	–	–	–	–	–
Reversals of impairment losses recognised during the year	–	–	–	–	–	–
Balance as at 31st March 2017	–	–	–	–	–	–
Net block (I-II-III)	–	36.49	3.11	0.77	–	40.37
Balance as at 31st March 2017	–	36.49	3.11	0.77	–	40.37
Balance as at 31st March 2016	4,609.44	18,264.32	296.23	178.92	1,165.88	24,514.78

During F.Y. 17, the Company recognised an impairment charge (Plant & Equipment), of amounting to INR 9,468.47 Lacs FY 16 INR 2,127.40 Lacs).

Note - 5 Other Intangible Assests

Rs. In Lacs.

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Trademarks/ Brands	Total
I. Gross Block					
Balance as at 1st April 2015	1,256.65	4,580.18	861.14	155.00	6,852.97
Additions	–	4,659.08	39.54	–	4,698.62
Disposals	–	–	–	–	–
Balance as at 31st March 2016	1,256.65	9,239.26	900.68	155.00	11,551.59
II. Accumulated amortisation					
Balance as at 1st April 2015	1,256.65	1,722.76	621.85	155.00	3,756.26
Amortisation expense for the year	–	1,253.02	173.14	–	1,426.17
On disposal of assets	–	–	–	–	–
Balance as at 31st March 2016	1,256.65	2,975.78	794.99	155.00	5,182.43
III. Impairment					
Balance as at 1st April 2015	–	–	–	–	–
Impairment losses recognised during the year	–	432.45	–	–	432.45
Reversals of impairment losses recognised during the year	–	–	–	–	–
Balance as at 31st March 2016	–	432.45	–	–	432.45
Net block (I-II)	–	5,831.02	105.68	–	5,936.71
Balance as at 31st March 2016	–	5,831.02	105.68	–	5,936.71
Balance as at Apr 01, 2015	–	2,857.42	239.29	–	3,096.71

Rs. In Lacs.

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Trademarks/ Brands	Total
I. Gross Block					
Balance as at 1st April 2016	1,256.65	9,239.26	900.68	155.00	11,551.59
Adjustment relating to discontinued operations (Refer note no. 24)	1,256.65	9,239.26	900.68	155.00	11,551.59
Additions	–	–	–	–	–
Disposals					–
Balance as at 31st March 2017	**–**	**–**	**–**	**–**	**–**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2016	1,256.65	2,975.78	794.99	155.00	5,182.43
Adjustment relating to discontinued operations (Refer note no. 24)	1,256.65	2,975.78	794.99	155.00	5,182.43
Amortisation expense for the year	–	–	–	–	–
On disposal of assets	–	–	–	–	–
Balance as at 31st March 2017	**–**	**–**	**–**	**–**	**–**
III. Impairment					
Balance as at 1st April 2016	–	432.45	–	–	432.45
Adjustment relating to discontinued operations (Refer note no. 24)	–	432.45	–	–	432.45
Impairment losses recognised during the year	–	–	–	–	–
Reversals of impairment losses recognised during the year	–	–	–	–	–
Balance as at 31st March 2017	–	–	–	–	–
Net block (I-II-III)	–	–	–	–	–
Balance as at 31st March 2017	**–**	**–**	**–**	**–**	**–**
Balance as at 31st March 2016	–	5,831.02	105.68	–	5,936.71

Note - 6 Non-Current Investment

Rs. In Lacs.

Particular	As at March 31, 2017 No. of Shares	Amount	As at March 31, 2016 No. of Shares	Amount	As at April 01, 2015 No. of Shares	Amount
Unquoted investments in equity instruments of subsidiary						
Mahindra Two Wheelers Europe Holdings S.a r.l.	–	–	14,900,000	10,280.88	17,000,000	11,853.73
(Fully paid equity shares of euro 1 each)						
Total	**–**	**–**	**14,900,000**	**10,280.88**	**17,000,000**	**11,853.73**

Note - 7 Non current loans (Unsecured, considered goods unless otherwise stated)

Rs. in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to employees	–	22.70	28.72
Total	–	22.70	28.72

Note - 7a Current Loans (Unsecured, considered goods unless otherwise stated)

Rs. in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to employees	–	83.99	115.11
Total	–	83.99	115.11

Note - 8 Other non current financial assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Finanacial assets at amortised cost			
Security Deposits	**33.66**	412.90	445.00
Balance with banks (under lien)	–	317.84	7.70
Derivatives financial instruments at fair value			
Financial assets for call option in subsidiary	–	1,431.34	1,475.38
Total	**33.66**	2,162.08	1,928.08

Note - 8a Other current financial assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued but not due on fixed deposit	–	5.20	0.45
Total	–	5.20	0.45

Note - 9 Deferred Taxes

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax liabilities			
Tax effect of items constituting deferred tax liabilities			
Temporary difference for provision	**11.96**	1,167.06	1,249.97
	11.96	1,167.06	1,249.97
Deferred tax assets			
Tax effect of items constituting deferred tax assets			
- On difference between book balance & tax balance of Property, plant & Equipments	**1.77**	–	–
- Other Provisions for Potential Statutory Liabilities	**54.47**	1,167.06	1,249.97
- Defined benefit obligations			
	56.24	1,167.06	1,249.97
Net Deffered Tax Asset/ (Liabilities)	**44.28**	–	–

Note - 10 Other non-current assets (Unsecured, considered goods unless otherwise stated)

Rs in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Capital advances	–	907.24	1,987.10
(b) Balances with government authorities			
(i) Advance income tax	–	29.33	16.12
(ii) VAT credit receivable #	**278.01**	3,621.26	3,203.23
(c) Lease prepayments	–	1,504.25	1,527.94
(d) Others (Stamp duty paid under protest)	–	110.10	110.11
Total	**278.01**	6,172.18	6,844.50

Note - 10a Other current assets (Unsecured, considered goods unless otherwise stated)

Rs in Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Lease prepayments	–	51.08	97.91
(b) Balances with government authorities			
(i) CENVAT credit receivable #	12.42	1,902.42	3,155.01
(ii) VAT credit receivable #	12.21	135.53	112.64
(iii) Service Tax credit receivable #	185.69	5,833.95	2,722.95
(c) Prepaid expenses	1.12	146.35	174.81
(d) Advance to suppliers	50.16	991.89	1,962.34
(e) Others	–	14.54	10.45
Total	**261.60**	9,075.76	8,236.11

The balance is net off amount pertaining to discontinued operations.

Note - 11 Inventories

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Raw materials	–	2,889.39	4,710.16
(b) Work-in-progress	–	373.20	141.59
(c) Finished goods	–	7,264.28	5,122.72
(d) Spares for two wheelers	1,079.67	1,267.37	1,286.53
(e) Stores and spares	–	519.00	464.14
Total	**1,079.67**	12,313.24	11,725.14
Included above, goods-in-transit -			
(i) Raw materials	–	475.08	5.35
(ii) Finished and semi-finished goods	–	–	34.94
(iii) Spares for two wheelers	–	15.40	–
Total	–	490.48	40.29

The above includes goods in transit Rs NIL (March 31, 2016 Rs 490.48 Lacs, April 01, 2015 Rs 40.29)

Note - 12 Trade receivables

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade receivables			
(a) Considered good	88.97	2,515.32	1,362.87
(b) Doubtful	10.41	381.47	324.33
	99.38	2,896.79	1,687.20
Less: Allowance for credit losses	(10.41)	(381.47)	(324.33)
Total	**88.97**	2,515.32	1,362.87

Movement in the allowance for expected credit loss

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance at beginning of the year	6.87	324.33	218.56
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	4.90	83.62	148.63
Amounts recovered during the year	(1.36)	(26.48)	(42.86)
Balance at end of the year	**10.41**	381.47	324.33

Rs. In Lacs

Ageing of Expected credit loss allowance	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Within the credit period			
1-30 days past due	3.45	1.70	2.05
31-60 days past due	0.20	–	2.83
61-90 days past due	3.22	0.18	39.68
More than 90 days past due	3.54	379.59	279.77
Total	**10.41**	381.47	324.33

Note - 13 Cash and Bank Balances

Rs. In Lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Cash in hand	–	1.33	3.95
(b) Balances with banks			
- In current account	233.59	115.82	494.92
- In EEFC accounts	–	43.86	21.09
Total	**233.59**	161.01	519.96

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and bank balances			
- From Continued operations	233.59	161.01	519.96
- From discontinued operations	48.18	–	–
Total	**281.77**	161.01	519.96

Note - 14 Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised:			
3,500,000,000 (March 31, 2016, 3,500,000,000, April 1, 2015, 2,800,000,000) equity shares of Rs 10/- each.	350,000.00	350,000.00	280,000.00
	350,000.00	350,000.00	280,000.00
Issued, Subscribed and Paid up:			
2,998,389,216 (March 31, 2016 - 2,658,389,216, April 1, 2015 - 2,094,389,216) equity shares of Rs 10/- each fully paid up.	299,838.92	265,838.92	209,438.92
Total	**299,838.92**	**265,838.92**	**209,438.92**

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	**As at March 31, 2017**		As at March 31, 2016		As at April 01, 2015	
	Amount	**No. of shares**	Amount	No. of shares	Amount	No. of shares
Balance as at beginning of the year	**265,838.92**	**2,658,389,216**	209,438.92	2,094,389,216	125,873.46	1,258,734,588
Add: Additional equity shares issued during the year	**34,000.00**	**340,000,000**	56,400.00	564,000,000	83,565.46	835,654,628
Less: Equity Shares forfeited/Bought back during the year	**–**	**–**	–	–	–	–
Balance as at end of the year	**299,838.92**	**2,998,389,216**	**265,838.92**	**2,658,389,216**	**209,438.92**	**2,094,389,216**

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 01, 2015	
	Number of shares	**% Shareholding**	Number of shares	% Shareholding	Number of shares	% Shareholding
Equity Shares:						
Mahindra Vehicle Manufacturing Limited	**2,766,097,344**	**92.25**	2,426,097,350	91.26	–	–
Mahindra & Mahindra Limited	**–**	**–**	–	–	1,862,097,350	88.91
Aay Kay Global	**213,575,006**	**7.12**	213,575,006	8.03	213,575,006	10.20

ii) The Company has only one class of Share i.e. Equity Shares having par value of Rs. 10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, The holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held

Note - 14a Other equity

Rs. in lacs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
(a) Securities premium account:			
Balance at the beginning of the year	**920.54**	976.54	976.54
Less: Share issue costs	**(34.50)**	(56.00)	–
Balance at the end of the year	**886.04**	920.54	976.54
(b) Retained earnings			
Balance at the beginning of the year	**(239,608.41)**	(178,032.19)	(178,032.19)
Add :			
Loss for the year	**(47,160.12)**	(61,277.46)	–
Other comprehensive income for the year	**62.28**	(298.76)	–
Balance at the end of the year	**(286,706.25)**	(239,608.41)	(178,032.19)
TOTAL (a)+(b)	**(285,820.21)**	**(238,687.87)**	**(177,055.65)**

Note - 15 Non-Current Borrowings

Rs. in lacs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Carried at amortised cost			
Secured Borrowings -Term Loans			
– From Banks	**–**	–	1,498.40
Total	**–**	–	1,498.40

Note :-

-Term loan is secured by first paripassu charge on property, plant & equipments.

Note - 15a Current Borrowings

Rs. in lacs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Carried at amortised cost			
Secured Borrowings			
Loans repayable on demand from banks			
(i) Working Capital Loans	**–**	11,750.00	8,375.00
(ii) Cash Credit	**–**	408.23	–
Loans from related parties	**–**	1,500.00	–
Other Loans		–	700.00
Term Loans from Banks			
– Foreign Currency Term Loan from Bank	**–**	4,800.00	–
Total	**–**	**18,458.23**	**9,075.00**

Note:-

– WCDL Cash Credit facility, Foreign currency term loan is secured by first paripassu charge on stocks and receivables.

Note - 16 Non Current Provisions

Rs. in lacs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
(a) Provision for employee benefits			
Provision for compensated absences	**14.42**	579.02	475.57
(b) Other Provisions			
Warranty	**–**	250.13	19.55
Free Service Coupons	**–**	33.25	54.43
Total	**14.42**	**862.39**	**549.55**

Note - 16a Current Provisions

Rs. in lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Provision for employee benefits			
Provision for compensated absences	**7.82**	205.15	168.70
Provision for Gratuity	**4.63**	480.44	27.20
(b) Other Provisions			
Warranty	**–**	355.46	237.07
Free Service Coupons	**–**	271.76	261.47
Provision for Income Tax	**23.48**	–	–
Other Provisions for Statutory Liabilities	**228.38**	229.31	217.32
Total	**264.31**	**1,542.13**	**911.76**

Details of movement in Other Provisions is as follows:

Rs. in lacs

Particulars	Provision for statutory liailities	Warranty claims	Free service coupon
Balance at 1 April 2015	29.28	256.63	315.90
Additional provisions recognised	22.84	768.32	342.81
Amounts used during the year	–	410.06	355.91
Unused amounts reversed during the year	–	–	–
Unwinding/discounting impact	–	(9.30)	2.21
Balance at 31 March 2016	52.12	605.59	305.01
Balance at 1 April 2016 #	52.12	605.59	305.01
Additional provisions recognised	176.26	520.04	168.60
Amounts used during the year	–	601.80	322.55
Unused amounts reversed during the year	–	–	–
Unwinding/discounting impact	–	1.49	11.48
Balance at 31 March 2017	228.38	525.32	162.54

The balance is pertaining to continuing operations

Provision for Potential Statutory Liabilities:

Provision is made for statutory liablities expected to be settled within one year.

Product warranty & free service charges:

Provision for product warranty & free service charges represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future product warranty & free service charges s based on historical product warranty & free service charges information and is adjusted regularly to reflect new information. The products are generally covered under a free product warranty & free service charges period are accrued at the time of products are sold, based on past experience to be discharged over the period of 21/24 months from the date of sales.

Note - 17 Trade Payables

Rs. in lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade payable for goods & services			
– Total outstanding dues of micro and small enterprises	**9.64**	91.35	153.11
– Total outstanding dues of other than micro and small enterprises			
i) Acceptances	**30.24**	1,516.62	1,322.11
ii) Others than acceptances	**1,113.09**	20,527.58	23,991.09
Total	**1,152.97**	**22,135.55**	**25,466.31**

Note - 18 Other Current Financial Liabilities

Rs. in lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Financial liabilities measured at amortised at cost			
(a) Current maturities of long-term debt (at amotised cost)	**–**	1,499.08	3,246.52
(b) Interest accrued but not due on borrowings	**–**	111.90	22.05
(c) Trade/Security Deposits	**195.35**	1,065.45	1,056.86
(d) Payable on purchase of property, plant and equipment	**–**	651.80	632.55
	195.35	3,328.23	4,957.98
Other Financial liabilities measured at fair value			
Derivative instrument not designated as hedging instruments			
(a) Foreign currency derivative liabilities	**–**	186.58	–
	–	186.58	–
Total	**195.35**	3,514.81	4,957.98

Note - 19 Other Current Liabilities

Rs. in lacs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Advances received from customers	**162.26**	613.66	716.63
b) Statutory remittances (Contribution to PF, ESIC, withholding taxes, Excise duty, VAT, Service Tax etc.)#	**247.12**	1,258.45	1,564.78
Total	**409.38**	**1,872.11**	**2,281.41**

The balance is net off amount pertaining to discontinued operations.

Note - 20 Revenue from Operations

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Revenue from sale of products	**5,079.45**	4,904.76
b) Other operating revenue	**7.58**	8.91
Total	**5,087.03**	**4,913.67**
Other operating revenues comprise:		
Sale of scrap	**7.56**	8.91
Duty drawback and other export incentives	**0.02**	–
Total	**7.58**	**8.91**

Note - 21 Cost of materials consumed

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw material	**790.12**	635.14
Other items	**165.56**	187.44
Total	**955.68**	**822.58**

Note - 21a Changes in inventories of finished goods and stock-in-trade

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year #:		
(d) Spares for two wheelers	**1,079.67**	1,267.37
	1,079.67	1,267.37
Inventories at the beginning of the year#:		
(d) Spares for two wheelers	**1,267.37**	1,286.53
	1,267.37	1,286.53
Net (increase)/decrease	**187.70**	19.16

The balance is pertaining to continuing operations

Note - 22 Employee benefits expense

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries and wages, including bonus	**419.11**	398.94
(b) Contribution to provident and other funds	**37.76**	25.05
(c) Spares for two wheelers	**21.22**	28.45
Total	**478.09**	452.44

Note - 23 Finance cost

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense		
– Interest on cash credit	**82.10**	92.77
Total	**82.10**	92.77

Note - 24 Other expenses

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores consumed	**6.58**	22.77
Processing & machining charges	**9.50**	20.75
Cost of Services - Deputation Charges, Software Service, Business Support Service, etc.	**294.18**	299.02
Power & fuel	**8.05**	7.52
Freight and handling charges	**294.31**	406.54
Repairs and maintenance		
– Machinery	**4.27**	4.89
– Others	**4.80**	3.75
Rent including lease rentals	**71.33**	76.36
Rates and taxes	**7.49**	3.46
Insurance	**2.81**	2.48
Provision for doubtful debts and advances	**3.54**	1.64
Advertisement, promotion & selling expenses	**15.52**	5.91
Payment to auditors (Refer Note 24.1)	**4.09**	1.95
Other expenses	**268.95**	133.36
Total	**995.42**	990.40

Note - 24.1 Payment to auditors includes (net of service tax):

Rs. in lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit fees	**30.00**	26.00
Audit of internal control over financial reporting	**6.00**	8.00
Other services (includes Limited Review)	**11.00**	5.00
Out of pocket expenses reimbursed	**–**	0.75
	47.00	39.75
– Pertaining to continuing operations	**4.09**	1.95
– Pertaining to discontinuing operations	**42.91**	37.80

Note - 25 Discontinued Operations

– Scheme of Arrangement

The Board of Directors of the Company in their meeting held on December 3, 2016, approved the Scheme of Arrangement between the Company and Mahindra & Mahindra Limited ("the Resulting Company") and their respective Shareholders and Creditors ("the Scheme") for demerger of the Two Wheelers Business, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Two Wheelers Business ("Demerged Undertaking") of the Company and its transfer as a going concern to the Resulting Company with effect from October 1, 2016 or such other date as may be directed or approved by the High Court ("the Appointed Date"), in consideration of allotment of 1 (One) Ordinary (Equity) Shares of Rs. 5 each fully paid-up of the Resulting Company to the shareholders of the Company for every 461 (Four Hundred Sixty One) equity shares fully paid-up held by them in the Company, based on an independent joint valuation report. Fractional entitlements to be rounded-off to the next higher whole number.

Further in terms of the Scheme, the aggregate of balance in Retained Earnings as at September 30, 2016 and the additional amount debited to Reserves (balance in Retained Earnings), if any, arising due to excess of assets over liabilities transferred under the Scheme is to be written off against the Securities Premium Account and the Share Capital of the Company, resulting in reduction of Securities Premium Account, as on close of business hours on September 30, 2016, aggregating Rs. 741.73 Lakhs and reduction of the paid-up equity share capital of the Company by Rs. 299,239.24 Lakhs being effect of reduction in face value and paid-up value of each equity share from Rs. 10/- (Rupees Ten only) to Rs. 0.02 (Two Paisa only) per share.

The company is in the process of taking necessary steps for obtaining the requisite approvals (shareholders\ creditors\ authorities\Honorable High Court\ National Company Law Tribunal) as may be required for implementation of the scheme, pending which no adjustments thereof has been made in these financial statements.

25(a) - Further, the Vehicles undertaking has been classified as " Discontinued Operations" in financial statements of the Company. The major classes of assets and liabilities of the vehicle undertaking at the end of the year are as follows:

Rs. In Lacs

Particulars	Discontinued Operations Two Wheeler Business March 31, 2017
I. Assets	
Non-Current Assets	**18,875.44**
(a) Property, Plant and Equipment	**13,587.34**
(b) Capital work-in-progress	**32.58**
(c) Other Intangible assets	**54.90**
(d) Intangible assets under development	**212.43**
(e) Financial Assets	
(i) Investments	**–**
(ii) Loans	**18.37**

Rs. In Lacs

Particulars	Discontinued Operations Two Wheeler Business March 31, 2017
(iii) Others financial assets	**671.94**
(f) Deferred tax assets (net)	**–**
(g) Other non-current assets	**4,297.88**
Current Assets	**15,483.73**
(a) Inventories	**4,240.06**
(b) Financial Assets	
(i) Trade receivables	**2,480.49**
(ii) Cash and cash equivalents	**48.18**
(iii) Loans	**13.41**
(iv) Other financial assets	**2.80**
(c) Other current assets	**8,698.79**
Assets classified as held for sale	**34,359.17**
II. Liabilities	
Non-Current Liabilities	**551.30**
(a) Financial Liabilities	
(i) Borrowings	**–**
(b) Provisions	**551.30**
Current Liabilities	**19,812.88**
(a) Financial Liabilities	
(i) Borrowings	**3,543.97**
(ii) Trade payables	**12,602.90**
(iii) Other current financial liabilities	**1,689.34**
(b) Provisions	**1,052.01**
(c) Other current liabilities	**924.66**
Liabilities directly associated with assets held for sale	**20,364.18**

Discontinued operations

25(b) - The combined results of the discontinued operations including the loss for the year are set out below. The comprative loss and cash flow from discontinuing operations have been presented as if these operation were discontinued in the prior year as well.

Rs. In Lacs

Particulars	Discontinued Operations Two Wheelers Business March 31, 2017	March 31, 2016
Revenue and Expense		
Revenue from operations	**27,634.21**	65,152.27
Other income	**668.03**	263.96
Revenue from operations	**28,302.24**	65,416.23
Expense		
Cost of materials consumed	**20,805.72**	57,352.55
Changes in stock of finished goods, work-in-progress and stock-in-trade (trading goods)	**6,188.83**	(2,373.18)
Excise duty on sale of goods	**2,636.57**	6,693.05
Employee benefits expense	**11,907.09**	11,218.08
Finance costs	**1,401.53**	2,222.50
Depreciation and amortisation expense	**4,269.37**	5,414.30
Impairment of Property, Plant & Equipment, Intangible assets including Capital Work in Progress	**16,780.36**	3,850.53
Other expenses	**11,426.78**	42,236.89
Total Expenses	**75,416.25**	126,614.72
Loss before tax	**(47,114.01)**	(61,198.49)
Less: Tax Expense		
(1) Current Tax	**–**	–
(1) Deferred Tax (Credit)	**–**	–
Loss for the year	**(47,114.01)**	(61,198.49)
Loss from discontinued operations up to the Appointment Date i.e. October 1, 2016 (attributable to the owners of the Company)	**(27,035.28)**	(61,198.49)
Loss from discontinued operations for the subsequent period from the Appointment Date i.e. October 1, 2016	**(20,078.73)**	–
Cash Flows: Pertaining to discontinued operations		
Net Cash from/(used in) Operating activities	**(26,116.07)**	(55,860.78)
Net Cash from/(used in) Investing activities	**9,888.96**	(4,823.89)
Net Cash from/(used in) Financing activities	**16,135.37**	60,355.22

Note 25(c) - The amount pertaining to continuing and discontinued operations have been segregated considering specific assets and liabilities identified to the respective operations and interchangeable assets and liabilities allocated on the following basis -

- **Cash and Cash equivalents:** Based on the specific designated bank accounts identified by the Management.
- **Employee Benefits:** In proportionate of the salary cost of the employee identified to the respective operation.
- **Trade payables and advances to suppliers:** In proportionate of the cost of goods sold of the respective business.
- **VAT liabilities, VAT input credits:** In proportionate of the cost of goods sold of the respective business.

Note 25(d) - 'During the current year the Company has continued to incur losses and as at the year end it's net-worth is substantially eroded with the accumulated losses aggregating to Rs 286,706.25 Lacs. The Company is in the process of demerging its two wheeler business and has filed "Scheme of Arrangement" as explained in detail in note no. 25. Accordingly, considering the demerger of the two wheeler business, continued support from the holding company and business plan of the continuing operations, in the opinion of the management, the Company will be able to generate profits in the future in excess of its accumulated losses and continue to operate as a going concern.

Note - 26 Reconciliation with previous GAAP

Reconciliation of equity as under Previous GAAP (I GAAP) to Ind AS as at April 01, 2015 & March 31, 2016

Rs in lacs

Particulars	Notes	As on April 01, 2015 Previous GAAP	As on April 01, 2015 Effect of transition to Ind AS	As on April 01, 2015 Ind AS balance sheet	As on March 31, 2016 Previous GAAP	As on March 31, 2016 Effect of transition to Ind AS	As on March 31, 2016 Ind AS balance sheet
ASSETS							
1 Non-current assets							
(a) Property, Plant and Equipment	i	26,579.91	(1,652.40)	24,927.51	26,071.39	(1,556.61)	24,514.78
(b) Capital work-in-progress		1,385.39	–	1,385.39	794.14	–	794.13
(c) Other Intangible assets		3,096.71	–	3,096.71	5,936.71	–	5,936.71
(d) Intangible assets under development		5,099.40	–	5,099.40	1,498.29	–	1,498.29
(e) Financial Assets							
(i) Investments	ii	13,329.11	(1,475.38)	11,853.73	11,756.26	(1,475.38)	10,280.88
(ii) Loans		28.72	–	28.72	22.70		22.70
(iii) Other Financial Assets	ii	452.70	1,475.38	1,928.08	730.74	1,431.34	2,162.08
(f) Deferred tax assets (net)							
(g) Other non-current assets	i&iii	5,328.45	1,516.05	6,844.50	4,669.33	1,502.85	6,172.18
Total Non - Current Assets		55,300.39	(136.35)	55,164.04	51,479.56	(97.80)	51,381.75
2 Current assets							
(a) Inventories		11,725.14	–	11,725.14	12,313.24	–	12,313.24
(b) Financial Assets							
(i) Investments							
(ii) Trade receivables		1,362.87	–	1,362.87	2,515.32	–	2,515.32
(iii) Cash and cash equivalents		519.96	–	519.96	161.01	–	161.01
(iv) Loans		115.11	–	115.11	83.99		83.99
(v) Other Financial Assets		0.45		0.45	5.20		5.20
(c) Other current assets	i&iv	8,100.67	135.44	8,236.11	9,270.17	(194.41)	9,075.76
Total Current Assets		21,824.20	135.44	21,959.64	24,348.94	(194.41)	24,154.52
Total Assets (1+2)		77,124.59	(0.91)	77,123.68	75,828.50	(292.22)	75,536.27
EQUITY AND LIABILITIES							
1 Equity							
(a) Equity Share capital		209,438.92	–	209,438.92	265,838.92	–	265,838.92
(b) Other Equity	vi	(177,099.27)	43.62	(177,055.65)	(238,616.69)	(71.18)	(238,687.87)
Equity attributable to owners of the Company		32,339.65	43.62	32,383.27	27,222.23	(71.18)	27,151.05
2 LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings	iii	1,500.00	(1.60)	1,498.40	–	–	
(b) Provisions	v	560.14	(10.60)	549.55	891.59	(29.19)	862.39
Total Non - Current Liabilities		2,060.14	(12.20)	2,047.95	891.59	(29.19)	862.39
3 Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		9,075.00	–	9,075.00	18,815.82	(357.59)	18,458.23
(ii) Trade payables		25,466.31	–	25,466.31	22,138.12	(2.56)	22,135.55

Rs in lacs

Particulars	Notes	As on April 01, 2015 Previous GAAP	Effect of transition to Ind AS	Ind AS balance sheet	As on March 31, 2016 Previous GAAP	Effect of transition to Ind AS	Ind AS balance sheet
(iii) Other current financial liabilities		4,957.98	–	4,957.98	3,514.82		3,514.81
(b) Provisions	v	940.64	(28.86)	911.76	1,559.48	(17.35)	1,542.13
(c) Other current liabilities	iii	2,284.87	(3.47)	2,281.41	1,686.44	185.66	1,872.11
Total Current Liabilities		42,724.79	(32.33)	42,692.46	47,714.68	(191.84)	47,522.83
Total Equity and Liabilities (1+2+3)		77,124.59	(0.91)	77,123.68	75,828.50	(292.22)	75,536.27

Notes to reconciliation of equity as at April 01, 2015 & March 31 2016

i Leasehold Land:

Company has leasehold land in its books of accounts. As per Ind AS, leasehold land is considered as operating lease. Accordingly, premium paid is considered as prepayment, March 31,16 Rs. 1556.61 Lacs, (April 1, 2015 Rs 1,652.40 Lacs) of lease charges and same is charged to Statement of Profit and Loss over the period of lease. The prepayment is disclosed under Other non current assets/Other current assets.

ii Financial Assets:

Company has recognized derivative assets of call option PMTC (Europian subsidiary) amounted to Rs 1,475.38 under IND AS and original I GAAP investment value has been reducedto that extent.

iii Borrowings

IND AS 109, requires transaction cost incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These cost are recognized in the profit or loss over the tennure of borrowing as a part of interest expenses by applying the effective interest rate method. Under previous GAAP, these transaction cost were charged to profit or loss as and when incurred. Accordingly, borrowing as on March 31,2016 have been reduced by Rs. 0.91 Lac March 31, 2016 (Apri 01, 2015 Rs 5.07 Lacs).

iv Security Deposits

Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs 9.20 Lacs as at March 31,2016 (April 01, 2015 - Rs 10.59 Lacs). The prepaid rent increased by Rs 8.87 Lacs as at March 31, 2016 (April 01, 2015 Rs 9.68 Lacs).

v Provision

Under Indian GAAP, the Company has accounted for provisions (warranty & free service coupon), including long term provision, at the undiscounted amount. Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind-AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This change reduced the provision by Rs 46.55 Lacs as at March 31, 2016 (April 01, 2015 Rs 39.46 Lacs).

vi Effects of transition to Ind AS on retained earnings:

Retained earnings as at April 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note - 26 (a) - Reconciliation with previous GAAP

Reconciliation of statement of Profit and Loss as under Previous GAAP (I GAAP) to Ind AS For the year ended

Rs. In Lacs

	Particulars	Note No.	For the year ended March 31, 2016 Previous GAAP	Effect of transition to Ind AS	Ind AS (Discontinued operation)	Ind AS (Continuing operation)
I	**Revenue from operations**	v	62,775.44	7,290.50	65,152.27	4,913.67
II	**Other Income**	i&ii	351.95	(88.00)	263.96	–
III	**Total Revenue (I + II)**		63,127.39	7,202.51	65,416.23	4,913.67
IV	**EXPENSES**					
	(a) Cost of materials consumed		58,175.12	–	57,352.55	822.58
	(b) Purchases of Stock-in-trade		1,986.20	–	–	1,986.20
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade		(2,354.02)	–	(2,373.18)	19.16
	(d) Excise duty on sale of goods		–	7,290.50	6,693.05	597.45
	(e) Employee benefit expense	iii	11,971.84	(301.32)	11,218.08	452.44
	(f) Finance costs	i&ii	2,428.94	(113.67)	2,222.50	92.77
	(g) Depreciation and amortisation expense	iv	5,543.84	(97.90)	5,414.30	31.64

Rs. In Lacs

Particulars		Note No.	For the year ended March 31, 2016 Previous GAAP	Effect of transition to Ind AS	Ind AS (Discontinued operation)	Ind AS (Continuing operation)
(h)	Impairment of Property, Plant & Equipment, Intangible assets including Capital Work in Progress		3,850.53	–	3,850.53	–
(i)	Other expenses	ii&iv	43,042.36	184.94	42,236.89	990.40
	Total Expenses (IV)		124,644.81	6,962.55	126,614.72	4,992.64
V	**Loss before tax**		(61,517.42)	239.96	(61,198.49)	(78.97)

Notes to reconciliation with previous GAAP as on March 31, 2016.

i Provisions

Under Indian GAAP, the Company has accounted for provisions (warranty & free service coupon), including long term provision, at the undiscounted amount. Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind-AS 37 also provides that where amount is discounted, the carrying amount of a provision increases in each period to reflect the passage of time which is Rs 10.50 lacs reported under other income in IND AS.

ii Foreign currency term loan

Foreign Currency Term Loan- Forward Cover – impact of Mark to Market - of Rs. 186.58 Lacs & reversal of forward premium Rs. 110.74 Lacs. I GAAP other income consist of Net gain on foreign currency transaction of Rs 98.50 lac which is reversed due to mark to market loss impact reversal on foreign currency term loan.

iii Employee benefits expense

Acturial valuation losses recognized through other comprehensive income of Rs 298.76 lacs. Employee stock options fair valuation - difference between intrinsic value and fair value of Rs 2.56 lacs.

iv Depreciation & Amortization

Under Indian GAAP, leasehold land was considered as part of property plant and equipment, the same was amortised over the period of lease whereas under Ind AS leasehold land is treated as operating lease and reclassified under prepayment. The amount is charged to Lease rental on systematic basis over the period of lease

v Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit & loss as a part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March 2016 by INR 7290.50 Lacs. Their is no impact on the total equity and Profit.

Note - 27 Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio (including liabilities directly associated with assets held for sale) is as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Debt (A)	**3,543.97**	19,957.31	13,819.93
Equity (B)	**14,018.71**	27,151.04	32,383.27
Debt Ratio (A / B)	**0.25**	0.74	0.43

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Particulars	Carrying Amount **March 31, 2017**	March 31, 2016	April 1, 2015	Fair Value **March 31, 2017**	March 31, 2016	April 1, 2015
FINANCIAL ASSETS						
Financial assets measured at amortised cost						
Non-current Assets						
a) Loans	–	22.70	28.72	–	22.70	28.72

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
b) Other Financial Assets	**33.66**	730.74	452.70	**33.66**	730.74	452.70
c) Investment	**–**	10,280.88	11,853.73	**–**	10,280.88	11,853.73
Current Assets						
a) Trade Receivables	**88.97**	2,515.32	1,362.87	**88.97**	2,515.32	1,362.87
b) Loans	**–**	83.99	115.11	**–**	83.99	115.11
c) Other Financial Assets	**–**	5.20	0.45	**–**	5.20	0.45
d) Cash & bank balances	**233.59**	161.01	519.96	**233.59**	161.01	519.96
Assets classified as held for sale				**–**	–	–
a) Trade Receivables	**2,480.49**	–	–	**2,480.49**	–	–
b) Cash & bank balances	**48.18**	–	–	**48.18**	–	–
c) Other financial assets	**706.52**	–	–	**706.52**	–	–
			–	**–**	–	–
Financial assets measured at fair value through Statement of Profit & Loss			–	**–**	–	–
Non-current Assets			–	**–**	–	–
a) Derivative Financial Assets (Call option - Foreign subsidiary)	**–**	1,431.34	1,475.38		1,431.34	1,475.38
Total Financial Assets	**3,591.41**	15,231.19	15,808.92	**3,591.41**	15,231.19	15,808.92
FINANCIAL LIABILITIES						
Financial liabilities measured at amortised cost						
Non Current Liabilities						
a) Borrowings	**–**	–	1,498.40	**–**	–	1,498.40
Current Liabilities						
a) Borrowings	**–**	18,458.23	9,075.00	**–**	18,458.23	9,075.00
b) Trade Payables	**1,152.98**	22,135.55	25,466.31	**1,152.98**	22,135.55	25,466.31
c) Other Financial Liabilities	**195.35**	3,328.23	4,957.98	**195.35**	3,328.23	4,957.98
Liabilities directly associated with assets held for sale		–	–	**–**	–	–
(i) Borrowings	**3,543.97**	–	–	**3,543.97**	–	–
(ii) Trade payables	**12,602.90**	–	–	**12,602.90**	–	–
(iii) Other current financial liabilities	**1,689.34**	–	–	**1,689.34**	–	–
Financial liabilities measured at fair value through Statement of Profit & Loss						
Current Liabilities						
a) Foreign currency forward contracts (Mark to Market)	**–**	186.58	–	**–**	186.58	–
Total Financial Liabilities	**19,184.54**	44,108.59	40,997.68	**19,184.55**	44,108.59	40,997.68

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

Movement in the expected credit loss allowance: (Including assets classified as held for sale)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
	Rs. In Lacs		
Balance as at beginning of the year	381.47	324.33	218.56
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	59.07	83.62	148.63
Amounts recovered during the year	(62.85)	(26.48)	(42.86)
Balance at end of the year	377.70	381.47	324.33

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Refer note no. 25(d) for going conern.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. In Lacs

Particulars	**March 31, 2017**		March 31, 2016		April 1, 2015	
	Less than 1 Year	**1-3 Years**	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
Financial liabilities						
Trade payables	1,152.98	–	22,135.55	–	25,466.31	-
Other Financial Liabilities	195.35	–	2,014.81	–	1,707.98	-
Working capital demand loans /Term loans	–	–	13,658.23	–	12,325.00	1,500.00
Loan from related parties	–	–	1,500.00	–	–	-
Foreign Currency (USD) term loan	–	–	4,800.00	–	–	-
Liabilities directly associated with assets held for sale	–	–	–	–	–	-
(i) Borrowings	3,543.97					
(ii) Trade payables	12,602.90					
(iii) Other current financial liabilities	1,689.34					
Total	19,184.55	–	44,108.59	–	39,499.29	1,500.00

(iii) Maturities of financial assets

The following table details the Company's expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets & interest that will be earned on those assets.

Particulars	**March 31, 2017**		March 31, 2016		April 1, 2015	
	Less than 1 Year	**1-3 Years**	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
Non-derivative financial assets						
Trade receivables	**88.97**	**–**	2,515.32	–	1,362.87	–
Loans	**–**	**–**	83.99	22.70	115.11	28.72
Other Financial Assets	**–**	**–**	5.20	730.74	0.45	452.70
Cash & bank balances	**233.59**	**–**	161.01	–	519.96	–
Assets classified as held for sale						
a) Trade Receivables	**2,480.49**	**–**	–	–	–	–
b) Cash & bank balances	**48.18**	**–**	–	–	–	–
c) Other financial assets	**706.52**	**–**	–	–	–	–
Derivative financial instruments						
Call Option (Foreign subsidiary)	**–**	**–**	–	1,431.34	–	1,475.38
Total	**3,557.75**	**–**	2,765.53	2,184.78	1,998.39	1,956.80

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

a) Foreign Currency exchange rate risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Details of Forward Exchange Contract	**Currency**	**Year end**	**Foreign Currency Amount**	**Rs in lacs**	**Number of contracts**
Forward contract - USD-INR (For foreign currency term loan payment - pertaining to discontinued operations)	USD	March 31, 2017	–	–	–
		March 31, 2016	7,380,004.52	5,289.35	1.00
		April 01, 2015	–	–	–

Foreign currency exposures that are not hedged by derivative instruments (Including assets held for sale & liabilities directly associated with assets held for sale)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Particulars	**Currency**	**Foreign Currency Amount**	**Rupees Lacs**	Foreign Currency Amount	Rupees Lacs	Foreign Currency Amount	Rupees Lacs
I. Trade receivables :	USD	**2,079,130.00**	**1,372.53**	641,552.76	425.56	593,948.00	373.64
			1,372.53		**425.56**		**373.64**
II. Bank balances :	USD	**58,400.87**	**37.87**	66,123.54	43.86	36,281.87	22.71
			37.87		**43.86**		**22.71**
III. Trade payables :	USD	**27,849.45**	**18.06**	133,668.00	88.67	323,884.70	202.72
	EURO	**229,919.65**	**159.21**	173,406.00	130.22	178,495.38	120.50
	GBP	**73.00**	**0.06**	6,790.00	6.46	18,502.00	17.11
	CHF	**783.00**	**0.51**	–	–	–	–
			177.84		**225.34**		**340.33**

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Currency	**Change in rate**	**Effect on profit before tax (Loss)**	**Effect on pre-tax equity (Loss)**
March 31, 2017	USD	+10%	139.23	139.23
Based on YOY change between F16 & F17	USD	-10%	(139.23)	(139.23)
Based on YOY change between F16 & F17	EUR	+10%	(15.92)	(15.92)
	EUR	-10%	15.92	15.92
	GBP	+10%	(0.01)	(0.01)
	GBP	-10%	0.01	0.01
	CHF	+10%	(0.05)	(0.05)
	CHF	-10%	0.05	0.05
March 31, 2016	USD	+10%	38.08	38.08
Based on YOY change between F15 & F16	USD	-10%	(38.08)	(38.08)
Based on YOY change between F15 & F16	EUR	+10%	(13.02)	(13.02)
	EUR	-10%	13.02	13.02
	GBP	+10%	(0.65)	(0.65)
	GBP	-10%	0.65	0.65

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

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's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. In Lacs

	Currency	Increase/ decrease in basis points	Effect on profit before tax (Loss)
March 31, 2017	INR	+100	(20.44)
	INR	-100	20.44
March 31, 2016	INR	+100	(121.58)
	INR	-100	121.58

Note - 28 Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Level 1 - Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

a) Continuing operations Rs. Nil (P.Y. 2016 - Rs. Nil, (P.Y. 2015 -Rs. Nil)

b) Discontinued operation:-

Rs. In Lacs

Financial assets/financial liabilities measured at Fair value	Fair value as at March 31, 2017	March 31, 2016	April 01, 2015	Fair value hierarchy	Valuation technique(s)
Financial assets					
Derivatives financial assets for call option in subsidiary		1,431.34	1,475.38	Level 2	Discounted cashflow method - 50% & comparabale companies multiples method (quoted) - 50 %
Total financial assets	–	1,431.34	1,475.38		
Financial liabilities					
Other Financial Liabilities					
Foreign currency forward contracts		186.57		Level 2	Mark to market valuation report provided by valuer
Total financial liabilities	–	186.57	–		

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

Note - 29 Earnings per share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(Loss) for the year as per statement of profit and loss		
From continuing operations (Rs in Lacs)	**(46.11)**	(78.97)
From discontinued operations (Rs in Lacs)	**(47,114.01)**	(61,198.49)
Weighted average number of equity shares (Continuing operation, nos)	**2,862,345,380**	2,329,423,846
Weighted average number of equity shares (Discontinued operation, nos)	**2,862,345,380**	2,329,423,846
Face Value of Share (Rs.)	**10**	10
Basic/diluted earning per share		
From continuing operations (Rs)	**(0.002)**	(0.003)
From discontinued operations (Rs)	**(1.646)**	(2.627)

Note - 30 Employee benefits (Including related to assets classified as held for sale and liabilities directly associated with asset held for sale)

(a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. INR 300.51 Lacs (March 31, 2016 Rs 471.21 Lacs)

(b) Defined Benefit Plans:

Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The gratuity is funded plan and the compamy makes contribution to recognised funds in India.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in servie life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at March 31, 2017	Valuation as at March 31, 2016	Valuation as at March 31, 2015
Discount rate(s) (%)	**6.9**	7.6	8
Expected rate(s) of salary increase(%)			
– Staff	**10**	10	10
– Workers	**10**	10	7.5
Average Longevity	**4.21**	4.15	4.33
Medical inflation	**NA**	NA	NA

Defined benefit plans – as per actuarial valuation on March 31, 2017

Rs. In Lacs

Particulars	Funded Plan Gratuity		
	2017	2016	2015
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:			
Service Cost			
Current Service Cost	**163.56**	165.99	153.69
Net interest expense	**18.27**	2.18	(4.56)
Components of defined benefit costs reconised in profit or loss	**181.83**	168.17	149.13
Remeasurement on the net defined benefit liability			
Return / (Loss) on plan assets (excluding amount included in net interest expense)	**46.76**	(20.20)	(4.14)
Actuarial gains and (loss) arising form changes in financial assumptions	**(32.11)**	(119.38)	(41.47)
Actuarial gains and (loss) arising form experience adjustments	**47.63**	(145.50)	88.40
Others (Change in fair value of assets)		(13.68)	
Componenets of defined benefit costs recognised in other comprehensive income	**62.28**	(298.75)	42.79
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March			
1. Present value of defined benefit obligation as at 31st March	**1,264.52**	1,919.60	1,414.22
2. Fair value of plan assets as at 31st March	**1,144.53**	1,439.16	1,387.03
3. Surplus/(Deficit)	**(119.99)**	(480.44)	(27.19)
4. Current portion of the above	**(119.99)**	(480.44)	(27.19)
II. Change in the obligation during the year ended 31st March			
1. Present value of defined benefit obligation at the beginning of the year	**1,919.60**	1,414.22	1,238.73
2. Expenses Recognised in Profit and Loss Account			
– Current Service Cost	**163.56**	165.99	153.69
– Interest Expense (Income)	**111.15**	111.66	108.48
3. Recognised in Other Comprehensive Income			
Remeasurement (gains)/ losses - Actuarial (Gain) Loss arising from:		-	-
i. Financial Assumptions	**32.11**	119.38	41.47
ii. Experience Adjustments	**(47.63)**	145.50	(88.40)
4. Benefit payments	**(914.27)**	(37.15)	(39.75)
5. Present value of defined benefit obligation at the end of the year	**1,264.52**	1,919.59	1,414.22
III. Change in fair value of assets during the year ended 31st March			
1. Fair value of plan assets at the beginning of the year	**1,439.16**	1,387.03	1,262.10
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**-**	-	-
3. Expenses Recognised in Profit and Loss Account	**-**	-	-
– Expected return on plan assets	**92.87**	109.48	113.04
4. Recognised in Other Comprehensive Income			
Remeasurement gains/ (losses) - Actual Return on plan assets in excess of the expected return	**46.76**	(20.20)	(4.13)
5. Contributions by employer (including benefit payments recoverable)	**480.00**	-	55.77
6. Benefit payments	**(914.27)**	(37.15)	(39.75)
7. Fair value of plan assets at the end of the year	**1,144.53**	1,439.16	1,387.03

Rs. In Lacs

Particulars	Funded Plan Gratuity		
	2017	2016	2015
IV. The Major categories of plan assets			
Debt instruments (quoted)	**87%**	95%	70%
V. Actuarial assumptions			
1. Discount rate (%)	**6.90**	7.60	8.00
2. Expected rate of return on plan assets (%)	**7.60**	8.00	8.90
3. Attrition rate (%)	**20.00**	20.00	20.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lacs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate				
	2017	**1.00%**	**45.37**	**(48.95)**
	2016	1.00%	50.45	(54.11)
	2015	1.00%	52.18	(56.15)
Salary growth rate				
	2017	**1.00%**	**(36.66)**	**34.76**
	2016	1.00%	(40.15)	38.29
	2015	1.00%	(42.24)	40.07
Life expectancy				
	2017	**1.00%**	**4.90**	**(5.23)**
	2016	1.00%	5.85	(6.25)
	2015	1.00%	0.95	(1.05)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:

a description of any funding arrangements and funding policy that affect future contributions

The Company expects to contribute Rs. 120 lac to the gratuity trusts during the next financial year of 2018. (Previous year Rs. 480.00 lacs).

Maturity profile of defined benefit obligation:

Rs. In Lacs

Particulars	2017	2016	2015
Within 1 year	**374.24**	433.52	308.68
1 - 2 year	**199.88**	355.91	261.75
2 - 3 year	**202.95**	340.42	254.85
3 - 4 year	**176.76**	330.68	241.84
4 - 5 year	**174.59**	306.10	245.22
5 - 10 years	**715.61**	1,190.21	969.43

Plan Assets

The fair value of Company's gratuity plan asset as of 31 March 2017,2016 and 2015 by category are as follows:

Asset category:	2017	2016	2015
Cash and cash equivalents/ Money market instruments/ Others	**13%**	5%	30%
Debt instruments (quoted)	**87%**	95%	70%
	100%	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks. Bench mark return for corporate bond fund was 11.09%, actual fund in which company funds are invested has generated return of 9.45%.

The weighted average duration of the defined benefit obligation as at March 31, 2017 is 4.67 years. (March 31, 2016 is 5.14 years,2015: 5.5 years)

Rs. In Lacs

VIII. Experience Adjustments :	Period Ended 2017	2016	2015
		Gratuity	
1. Defined Benefit Obligation	**1,264.52**	1,919.60	1,414.22
2. Fair value of plan assets	**1,144.53**	1,439.16	1,387.03
3. Surplus/(Deficit)	**(119.99)**	(480.44)	(27.19)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(47.63)**	145.50	(88.39)
5. Experience adjustment on plan assets [Gain/(Loss)]	**63.87**	(7.88)	(4.13)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note - 31 Operating Lease

The Company has entered into operating lease arrangements for land at Pithampur (MP) and Supa (MH). The leases are non-cancellable and are for a period of 75 years & 83 years respectively and may be renewed for a further period on mutual agreement of the parties.

Rs. In Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Expenses recognised in the Statement of Profit and Loss	**22.88**	99.12
Total of future minimum lease prepayments in respect of non-cancellable operating lease		
not later than one year	**22.88**	22.88
later than one year and not later than five years	**91.53**	91.52
later than five years	**1,419.90**	1,442.21
Total	**1,534.32**	1,556.61

Note - 32 Income Tax Expense

(i) Profit or loss section

Rs. In Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax Expenses	23.48	–
Deferred Tax	-44.28	–
Total income tax expense recognised in statement of Profit & Loss	(20.80)	–

(ii) Reconciliation of effective tax rate

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(A)	Profit before tax from contining oprations	(66.91)	(78.97)
(B)	Enacted tax rate in India	30.90%	30.90%
(C)	Expected tax expenses	(20.63)	(24.40)
(D)	Other than temporary difference	0.08	0.04
(E)	Temporary difference		
	– Difference between Book Depreciation and Tax Depreciation	5.78	12.02
	– Provision for leave encashment & gratuity	(22.15)	25.83
	– Provision for inventory	0.58	(32.23)
	– Other Provisions	(17.65)	8.17
	– Provision for C forms	176.26	22.83
(F)	Net adjustment (E-D)	142.74	36.58
(G)	Tax expenses/(Saving) on net adjustment (F*B)	44.11	11.30
(H)	Current tax expense recognised in statement of profit & loss (C+G)	23.48	–
(I)	Changes on account of deferred tax	(44.28)	–
(J)	Net current tax expense recognised in statement of Profit & Loss (H+I)	(20.80)	–

Note - 33 Contingent liabilities

a) Continuing operations Rs. Nil (P.Y. 2016 - Rs. Nil, (P.Y. 2015 -Rs. Nil)

b) Discontinued operation:-

Rs. In Lacs

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Contingent liabilities			
(a)	Excise Duty & Service Tax Matters	7,631.38	7,235.85	85.28
(b)	Sales tax matters	1,467.74	–	–
(c)	Stamp Duty paid under protest	110.01	110.01	110.01
	Total	9,209.13	7,345.86	195.29

Future cash outflow, if any, in respect of these matters are determinnable only on receipt on judgement/decesions pending at various stages before the appeallate authorities. The management is of the opinion that the matters would be resolved in favor of the company.

Note - 33 (i) - Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilites is as follows:-

a) Continuing operations Rs. Nil (P.Y. 2016 - Rs. Nil, (P.Y. 2015 - Rs. Nil)

b) Discontinued operation:-

Rs. In Lacs

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for Commitments for the acquisition of property, plant and equipment			
i)	Tangible Assets	119.76	1,262.26	1,370.19
ii)	Intangible Assets	88.66	139.36	163.75

Note - 33 (ii): - Earnings in foreign exchange

Rs. In Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Continuing operation:-		
Spare parts	559.20	312.15
Export of goods (Including sales in INR Rs. 100.42 Lacs (previous year Rs. 65.10 lacs)		
Discontinued operation:-		
Vehicles	7,939.49	6,660.62
Export of goods (Including sales in INR Rs. 638.31 Lacs (previous year Rs. 507.29 lacs)		
Total	8,498.69	6,972.77

Note - 33 (iii): - Details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016.

Particulars	SBN's 1000 (Rs. In Lacs)	SBN's 500 (Rs. In Lacs)	Other De-nomination notes (Rs. In Lacs)	Total (Rs in Lacs)
Closing Cash in hand as on November 08, 2016	0.11	0.83	0.03	0.97
(+) Permitted receipts	–	–	0.48	0.48
(-) Permitted Payments	–	–	(0.25)	(0.25)
(-) Amount deposited in Banks	(0.11)	(0.83)	–	(0.94)
Closing Cash in hand as on December 30, 2016	–	–	0.26	0.26

Note - 34 Related Party Disclosures including pertaining to discontinued operations:

1) List of Related parties and relationships

(a)	**Holding company**	Mahindra and Mahindra Limited (Ultimate Holding company)
		Mahindra Vehicle Manufacturers Limited (Holding company w.e.f. 17th February 2016)
(b)	**Subsidiary companies**	Mahindra Two Wheelers Europe Holding, S.A.R.L, Luxembourg (Upto 26th September 2016)
		Peugeot Motocycles S.A.S., Mandeure (Upto 26th September 2016)
(c)	**Joint Venture of Subsidiary Company**	Jinan Qingqi Peugeot Motocycles Co Ltd. (Joint Venture of Peugeot Motocycles S.A.S., Mandeure) (Till 26th September 2016)
(d)	**Fellow subsidiaries (where there are transactions)**	Mahindra Automobile Distributor Private Limited
		Mahindra Integrated Business Solutions Private Limited
		Mahindra Two Wheelers Europe Holding, S.A.R.L, Luxembourg (w.e.f - 27th September 2016)
		Peugeot Motocycles S.A.S., Mandeure (w.e.f - 27th September 2016)
		Mahindra First Choice Wheels Limited
		Mahindra Holidays & Resorts India Limited.
		NBS International Limited
		Mahindra Electric Mobility Limited
		Mahindra Retail Private Limited
		Trringo.com Ltd
		Mahindra Heavy Engines Ltd.
		Mahindra eMarket Ltd
		Mahindra Tractor Assembly Inc Genze
		Classic Legends Private Ltd
(c)	**Joint venture of ultimate holding company**	Mahindra Logistics Limited
		Lords Freight India Private Limited (Subsidiary of Mahindra Logistics Ltd)
(c)	**Associate of ultimate holding company**	Tech Mahindra Limited
(d)	**Subsidiary of associate**	Mahindra Gears Transmission Private Ltd
(e)	**Joint venture of fellow subsidiary**	Mahindra Tsubaki Conveyor Systems Private Limited
(f)	**Key Managerial Personnel**	Mr. Vinod Sahay
		Mr. Mahendra Bhalerao
		Mr. Prem Rathi
		Mrs. Poonam Avinash Vaze

2) Related Party Transactions:

Rs. In Lacs

Name of related party	**Description of Relationship**	**Nature of Transactions**	**Current Year Transactions**	**Outstanding as at March 31, 2017**		Previous Period	Outstanding as at March 31, 2016	
				Credit	**Debit**		Credit	Debit
1) Mahindra & Mahindra Limited	Ultimate Holding Company	Reimbursement of expenses paid	1,171.64	**51.66**	**–**	1,407.36	740.89	–
		Subscription to Share Capital	–	**–**	**–**	40,000.00	–	–
		Purchase of services	398.33	**403.99**	**–**	420.25	593.45	–
		Guarrantee Charges	203.64	**–**	**–**	415.46	–	–
		Purchase of fixed assets	–		**–**	28.85	4.84	–
		Vehicle Sold	77.96	**–**	**5.02**	75.12	–	–
		Material Sold	0.63	**–**	**–**	–	–	–
		Training Expenses	0.20			2.41	–	–
2) Mahindra Automobile Distributor Private Limited	Fellow Subsidiary	Inter Corporate Deposit:						
		- Received	1,500	**1,500**	**–**	1,500.00	1,500.00	–
		- Repaid/ discharged	1,500	**–**	**–**	–	–	–
		Interest paid	18.15	**1.56**	**–**	76.28	–	–
3) Mahindra Logistics Limited	Joint Venture - Direct	Purchase of services	1,163.40	**98.19**	**–**	2,866.22	728.56	–
4) Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary	Purchase of Services	31.18	**8.01**	**–**	43.49	4.30	–
(Formerly known as Mahindra BPO Services Private Limited)								

Rs. In Lacs

Name of related party	Description of Relationship	Nature of Transactions	Current Year Transactions	Outstanding as at March 31, 2017		Previous Period	Outstanding as at March 31, 2016	
				Credit	**Debit**		Credit	Debit
5) Mahindra Tsubaki Conveyor Systems Private Limited	Joint venture of fellow subsidiary	Purchase of Fixed Assets	–	**–**	**–**	43.60	21.39	–
		Reimbursement of expenses	–	**2.04**	**–**	–	–	–
6) Mahindra Holidays & Resorts India Limited.	Fellow Subsidiary	Purchase of services	–	**–**	**–**	3.65	6.45	–
7) NBS International Limited.	Fellow Subsidiary	Purchase of services	–	**–**	**–**	0.38	0.07	–
		Purchase of fixed assets	–	**–**	**–**	0.47	–	–
		Sales of Vehicles	53.54	**–**	**4.90**	108.71	–	30.82
		Reimbursement of expenses paid	2.41	**–**	**–**	6.40	0.51	0.06
8) Mahindra Vehicle Manufacturers Limited	Holding Company	Subscription to Share Capital	34,000.00	**–**	**–**	16,400.00	–	–
		Reimbursement of Expenses Received	1.02	**–**	**1.02**	–	–	–
9) Lords Freight India Private Limited	Subsidiary of associate	Purchase of services	0.16	**0.05**		2.02	0.05	–
10) Mahindra Two Wheelers Europe Holding ,S.A.R.L, Luxembourg	Fellow Subsidiary	Investment in subsidiary	8,566.67	**–**	**–**	–	–	–
		Refund of Equity	–	**–**	**–**	1,572.85	–	–
11) Mahindra Electric Mobility Ltd	Fellow Subsidiary	Reimbursement of Expenses Received	38.96	**–**	**27.14**	2.27	–	2.37
		Reimbursement of Expenses Paid	6.79	**6.79**				
		Asset Sales	20.01		**22.57**			
12) Mahindra Retail Private Limited	Fellow Subsidiary	Reimbursement of Expenses Paid	–	**–**	**–**	0.33	0.33	–
13) Mahindra First Choice Services Limited	Fellow Subsidiary	Purchase of Services	–	**–**	**–**	0.52	–	–
14) Peugeot Motorcycle S.A.S., Mandeure	Fellow Subsidiary	Sales of Vehicles	–	**–**	**–**	4.73	–	4.73
		Purchase of Assets	–	**–**	**–**	5.12	5.12	–
		Purchase of Services	–	**–**	**–**	72.36	58.20	–
		Reimbursement of Expenses Paid	–	**–**	**–**	20.79	–	20.79
		Reimbursement of Expenses Received	120.47		**37.08**	–	–	–
15) Jinan Qingqi Peugeot Motocycles Co Ltd.	Joint Venture of fellow Subsidiary company	Sale of Vehicles	–	**–**	**–**	1.29	–	–
		Reimbursement of Expenses	–	**–**	**–**	2.21	–	–
16) Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary	Other Income	4.73	**–**	**0.22**	14.25	14.89	–
17) Tech Mahindra Limited	Associate of Holding Company	Purchase of Assets	–	**–**	**–**	6.30	7.20	–
		Purchase of services	70.67	**19.00**	**–**	–	–	–
		Reimbursement of Expenses Paid	8.04	**1.21**	**–**	–	–	
18) Mahindra Gears Transmission Private Ltd	Subsidiary of Associate	Purchase of materials	200.84	**27.31**	**–**	680.31	44.90	
		Purchase of Assets	–	**–**		25.43	16.88	
19) Trringo.com Ltd	Fellow Subsidiary	Sale of Assets	10.69	**–**	**12.23**	–	–	–

Rs. In Lacs

Name of related party	Description of Relationship	Nature of Transactions	Current Year Transactions	Outstanding as at March 31, 2017		Previous Period	Outstanding as at March 31, 2016	
				Credit	Debit		Credit	Debit
		Reimbursement of Expenses Received	3.03	–	3.14	–	–	–
		Reimbursement of Expenses Paid	3.23	3.23	–	–	–	–
20) Mahindra Heavy Engines Ltd.	Fellow Subsidiary	Sale of Assets	8.15	–	9.25	–	–	–
21) Mahindra eMarket Ltd	Fellow Subsidiary	Commission on sales	1.81	–	–	–	–	–
22) Mahindra Tractor Assembly Inc Genze	Fellow Subsidiary	Services	21.97	–	23.40	–	–	–
23) Classic Legends Private Ltd	Fellow Subsidiary	Services	171.16	–	183.15	–	–	–
24) Mahindra first choice wheels ltd	Fellow Subsidiary	Reimbursement of Expenses Paid	2.08	2.08	–	–	–	–
25) Mr. Vinod Sahay	CEO	Remuneration debited by Parent Company	186.13	–	–			
26) Mr. Mahendra Bhalerao	CFO	Remuneration debited by Parent Company	78.36	–	–	54.27	–	–
27) Mr. Prem Rathi	Manager	Remuneration	56.44	–	–	49.99	–	–
28) Mrs. Poonam Avinash Vaze	Company Secretary	Remuneration	1.80	0.14		1.80	–	–

The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Employee benefits payable (gratuity and leave encashment) are calculated on the basis of actuarial valuation. Amount payable for individual employee as at 31st March, 2017, cannot be separately indentified and therefore has not been included above.

Note - 35 Details of Goods purchased for Trading:

a) Discontinued operations Rs. Nil (P.Y. 2016 - Rs. Nil)

Rs. In Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Spares for resale	**1,827.40**	1,986.20
Total	**1,827.40**	1,986.20

Note - 35(i) - Details of Raw Material Consumption and Raw Material Stock:

Rs. In Lacs

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended March 31, 2017	For the year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016
Continuing operation:-				
Raw Materials	**955.68**	822.58	**–**	–
Discontinued operation:-				
Aluminium Alloys	**74.79**	246.25	**18.08**	18.91
Other Raw Materials and Components	**20,500.28**	56,548.70	**2,292.90**	2,870.48
Total	**21,530.75**	57,617.53	**2,310.98**	2,889.39

Note - 35(ii) - Details of Work in Progress Stock:

a) Continuing operations Rs. Nil (P.Y. 2016 - Rs. Nil)

b) Discontinued operation:-

Rs. In Lacs

	As at March 31, 2017	As at March 31, 2016
Discontinued operation:-		
Two Wheelers: Scooters & Motor cycles (SKD condition)	**189.74**	373.20
Total	**189.74**	373.20

Note - 35(iii) - Details of Sale of Products and Finished Goods Stock:

Rs. In Lacs

Particulars	Finished Goods Closing Stock		Sales (Gross)	
	As at March 31, 2017	As at March 31, 2016	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Discontinued operation:-				
Two Wheelers: Scooters & Motor cycles - Manufactured	**1,258.91**	7,264.28	**28,251.59**	65,186.15
Continuing operation:-				
Spare Parts and Others*	**1,079.67**	1,267.37	**4,469.65**	4,307.30

* Includes own manufactured components sold as spare parts and spares for resale.

Note - 36: - Additional Information to the Financial Statements

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows

From discontinued operation:- **Rs. In Lacs**

Dues to Micro, Small and Medium Enterprises (MSMEs)	**March 31, 2017**	March 31, 2016
Total amount due to MSMEs as on Balance Sheet date		
Principal amount due to MSMEs	**62.15**	61.55
Interest due on the principal amount due to MSME	**0.61**	0.02
Total delayed payments to MSMEs during the year		
Principal amount	**48.52**	101.75
Interest due on the principal amount	**0.88**	1.38
Total Interest accrued during the year and at the year end in normal course		
Total amount of interest paid to MSMEs during the year	**–**	–
Total Interest due at the year end for all delayed payment	**25.49**	25.33

Continuing operation:- **Rs. In Lacs**

Dues to Micro, Small and Medium Enterprises (MSMEs)	**March 31, 2017**	March 31, 2016
Total amount due to MSMEs as on Balance Sheet date		
Principal amount due to MSMEs	**6.84**	3.17
Interest due on the principal amount due to MSME	**0.07**	0.00
Total delayed payments to MSMEs during the year		
Principal amount	**5.34**	5.23
Interest due on the principal amount	**0.10**	0.15
Total Interest accrued during the year and at the year end in normal course		
Total amount of interest paid to MSMEs during the year	**–**	–
Total Interest due at the year end for all delayed payment	**2.80**	1.30

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note - 36 (i): - Value of imports calculated on CIF basis:-

Rs. In Lacs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Continuing operation:-		
Components & Spare Parts	**266.53**	189.47
Capital goods	**–**	–
	266.53	189.47
Discontinued operation:-		
Components & Spare Parts	**1,505.06**	2,870.28
Capital goods	**80.09**	1,353.62
	1,585.15	4,223.90

Note - 36 (ii): -Expenditure in foreign currency on account of

a) **Continuing operations Rs. Nil (P.Y. 2016 - Rs. Nil, (P.Y. 2015 - Rs. Nil)**

b) **Discontinued operation:-**

Rs. In Lacs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Royalty (Gross)	**447.56**	218.75
Product development expenditure & Technical know how		55.84
Other matters	**68.56**	484.41
Total	**516.12**	759.00

Rs. In Lacs

Details of consumption of imported and indigenous items	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Continuing operation:-	`	`
Imported		
Spare parts	**266.53**	211.54
Indigenous		
Spare parts	**689.15**	611.04
From discontinued operation:-		
Imported	**1,598.06**	3,859.90
Raw materials and components consumed		
Indigenous		
Raw materials and components consumed	**18,977.01**	52,935.05

Note - 37 Disclosure for Report to Board for Industrial and Financial Reconstruction:

As on 31st March, 2016, the Company's accumulated losses exceeded fifty percent of its peak net worth during the immediately preceding four financial years. The Company has reported the fact of such erosion to the Board for Industrial and Financial Reconstruction as required under section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985 on September 23 2016.

Note - 38 Previous years figures have been regrouped/recast, wherever necessary, to correspond with the current year's classification/disclosure.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

H. L. Shah
Partner

Date: April 27, 2017
Place: Mumbai

Mr. Prem Rathi
Manager & GM Accounts & Finance

For and on behalf of the Board

Mr. V.S. Parthasarathy
Dr. Pawan Kumar Goenka
Mr. Rajesh Jejurikar
Director's

Ms. Poonam Vaze
Company Secretary

Date: April 27, 2017
Place: Mumbai

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of the Company for the period ended 31st March 2017.

Company Operations

Your Company was primarily focused on marketing and sales of the GenZe 2.0 electric scooter and the e101 and e102 electric bike to consumers and fleet customers in the United States. Having commenced shipments on December 1, 2015, the Company shipped over 833 scooters and 1291 e-bikes to consumers and fleet customers primarily in the United States in this fiscal year. This represents a 3X rate of sales over the last fiscal year. Key shipments include 600 scooters to Scoot Networks in San Francisco. These vehicles have amassed over a million miles on the road making GenZe the largest scooter fleet in the United States. It is our pleasure to report that the Genze 2.0 shipped to customers have been operating with minimal downtime and service rates. In addition, continual data on the scooters is being received from the telematics unit on the vehicle. In addition, the Genze e-bike is being sold through road shows in Costco, the second largest big-box retailer in the United States. Over 700 e-bikes were sold in Costco in this fiscal year. In addition, your company continued its rapid pace of product development activities and launched its own version of the electric scooters for fleets (named 2.0e & 2.0f), a lower handle bar version for consumers (named 2.0s) and is rapidly expanding its product offering in the e-bike category in this fiscal year with the introduction of the 200 series GenZe designed e-bikes. Through these efforts your company will continue to be the leader in electric scooters and e-bikes in the United States.

For and on behalf of the Board

Vishwesh (Vish) Palekar
President & CEO

May 10, 2017
Fremont, California

INDEPENDENT AUDITORS' REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying financial statements of Mahindra Tractor Assembly, Inc. ('the Company') which comprise of balance sheets as of March 31, 2017 and March 31, 2016 and the related statements of loss, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Mahindra Tractor Assembly, Inc. as of March 31, 2017 and March 31, 2016 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia
May 10, 2017

BALANCE SHEETS

	Note	As at March 31, 2017 USD	As at March 31, 2017 INR	As at March 31, 2016 USD	As at March 31, 2016 INR
ASSETS					
Current Assets					
Cash and cash equivalents	C	**114,935**	**7,456,983**	92,623	6,009,380
Accounts receivables, net	D	**1,863,801**	**120,923,409**	1,625,615	105,469,901
Inventories	E	**6,022,954**	**390,769,256**	4,053,395	262,984,268
Prepaid and other current assets	F	**411,192**	**26,678,137**	196,020	12,717,778
Total current assets		**8,412,882**	**545,827,785**	**5,967,653**	**387,181,327**
Non-current assets					
Property, plant and equipment	G	**5,450,269**	**353,613,453**	5,839,098	378,840,678
Intangible assets	H	**17,509,145**	**1,135,993,328**	–	–
Other assets	J	**81,648**	**5,297,322**	75,883	4,923,289
Total non-current assets		**23,041,062**	**1,494,904,103**	5,914,981	383,763,967
Total assets		**31,453,944**	**2,040,731,888**	11,882,634	770,945,294
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities					
Short term borrowings	K	**16,400,000**	**1,064,032,000**	7,775,000	504,442,000
Accounts payable	L	**2,775,074**	**180,046,801**	2,555,584	165,806,290
Other current liabilities	M	**1,395,256**	**90,524,210**	744,748	48,319,250
Total current liabilities		**20,570,330**	**1,334,603,011**	11,075,332	718,567,540
Non-current liabilities					
Advance from related party		**–**	**–**	500,000	32,440,000
Other non-current liabilities	O	**15,945**	**1,034,512**	–	–
Total non-current liabilities		**15,945**	**1,034,512**	500,000	32,440,000
Total liabilities		**20,586,275**	**1,335,637,523**	11,575,332	751,007,540
Stockholder's equity					
Common stock of $ 0.2 par value 250,000,000 authorized and 216,050,000 shares issued and subscribed	**W**	**43,210,000**	**2,803,464,800**	15,610,000	1,012,776,800
Additional paid in capital	**S**	**283,629**	**18,401,850**	–	–
Accumulated deficit		**(32,625,960)**	**(2,116,772,285)**	(15,302,698)	(992,839,046)
Total stockholder's equity		**10,867,669**	**705,094,365**	307,302	19,937,754
Total liabilities and stockholder's equity		**31,453,944**	**2,040,731,888**	11,882,634	770,945,294

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	Note	For the year ended March 31, 2017 USD	For the year ended March 31, 2017 INR	For the year ended March 31, 2016 USD	For the year ended March 31, 2016 INR
Revenue from operation		**3,890,944**	**252,444,447**	669,223	43,419,188
		3,890,944	**252,444,447**	669,223	43,419,188
Cost and expenses					
Cost of goods sold		**5,265,232**	**341,608,252**	1,027,875	66,688,530
Salaries and employee benefits		**7,768,090**	**503,993,679**	6,616,690	429,290,847
Selling, distribution and administration		**5,043,328**	**327,211,121**	5,360,403	347,782,947
Product development expense		**378,214**	**24,538,524**	997,208	64,698,855
Finance cost		**594,002**	**38,538,850**	213,145	13,828,848
Depreciation and amortization	G & H	**2,302,241**	**149,369,396**	697,641	45,262,948
Total operating expenses		**21,351,107**	**1,385,259,822**	14,912,962	967,552,975
Other income	N	**138,507**	**8,986,333**	540	35,035
Loss before income tax		**(17,321,656)**	**(1,123,829,042)**	(14,243,199)	(924,098,752)
Deferred tax (expense) benefit	R	**–**	**–**	(242,521)	(15,734,762)
Current tax expense	M	**(1,606)**	**(104,197)**	(2,306)	(149,613)
Net loss for the year		**(17,323,262)**	**(1,123,933,239)**	(14,488,026)	(939,983,127)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS APRIL 1, 2016 TO MARCH 31, 2017 AND APRIL 1, 2015 TO MARCH 31, 2016

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	**USD**	**Shares**	**USD**	**USD**	**USD**	**USD**
Balance as at April 01, 2015	6,800,000	6,800,000	5,610,000	5,610,000	–	(814,672)	4,795,328
Stock spilt during the year	34,000,000	6,800,000	28,050,000	5,610,000		–	–
Shares issued during the year	44,050,000	8,810,000	50,000,000	10,000,000		–	10,000,000
Net loss for the year						(14,488,026)	(14,488,026)
Balance as at March 31, 2016	78,050,000	15,610,000	78,050,000	15,610,000	–	(15,302,698)	307,302
Balance as at April 01, 2016	78,050,000	15,610,000	78,050,000	15,610,000	–	(15,302,698)	307,302
Shares issued during the year	**171,950,000**	**34,390,000**	**138,000,000**	**27,600,000**	–	–	**27,600,000**
Employee stock compensation					**283,629**	–	**283,629**
Net loss for the year					–	**(17,323,262)**	**(17,323,262)**
Balance as at March 31, 2017	**250,000,000**	**50,000,000**	**216,050,000**	**43,210,000**	**283,629**	**(32,625,960)**	**10,867,669**

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	**INR**	**Shares**	**INR**		**INR**	**INR**
Balance as at April 01, 2015	6,800,000	441,184,000	5,610,000	363,976,800	–	(52,855,919)	311,120,881
Stock spilt during the year	34,000,000	441,184,000	28,050,000	363,976,800	–	–	–
Shares issued during the year	44,050,000	571,592,800	50,000,000	648,800,000	–	–	648,800,000
Net loss for the year	–	–	–	–	–	(939,983,127)	(939,983,127)
Balance as at March 31, 2016	78,050,000	1,012,776,800	78,050,000	1,012,776,800	–	(992,839,046)	19,937,754
Balance as at April 01, 2016	78,050,000	1,012,776,800	78,050,000	1,012,776,800	–	(992,839,046)	19,937,754
Shares issued during the year	**171,950,000**	**2,231,223,200**	**138,000,000**	**1,790,688,000**	–	–	**1,790,688,000**
Employee stock compensation					**18,401,850**	–	**18,401,850**
Net loss for the year					–	**(1,123,933,239)**	**(1,123,933,239)**
Balance as at March 31, 2017	**250,000,000**	**3,244,000,000**	**216,050,000**	**2,803,464,800**	**18,401,850**	**(2,116,772,285)**	**705,094,365**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	USD	INR	USD	INR
Cash flows from operating activities				
Net loss	(17,323,262)	(1,123,933,239)	(14,488,026)	(939,983,127)
Adjustments to reconcile net loss to net cash used in operating activities				
(Gain) loss on sale of assets	(3,198)	(207,486)	8,235	534,287
Deferred tax expense	–	–	242,521	15,734,762
Depreciation and amortization	2,302,241	149,369,396	697,641	45,262,948
Provision for inventory write down	393,741	25,545,916	211,254	13,706,160
Employee stock option	283,629	18,401,850	–	–
Grant income from Michigan state	(70,000)	(4,541,600)	–	–
	(14,416,849)	(935,365,163)	(13,328,375)	(864,744,970)
Net change in non-cash working capital				
Accounts receivables	(738,186)	(47,893,508)	(86,211)	(5,593,370)
Prepaid and other current assets	(215,172)	(13,960,359)	(33,727)	(2,188,208)
Inventories	(2,363,300)	(153,330,904)	(3,310,955)	(214,814,760)
Other assets, non-current	(5,765)	(374,033)	46,343	3,006,734
Accounts payables	219,490	14,240,511	909,090	58,981,759
Other current liabilities	650,508	42,204,959	199,093	12,917,154
Other liabilities, non-current	15,945	1,034,512	–	–
Net cash flows used in operating activities	(16,853,329)	(1,093,443,985)	(15,604,742)	(1,012,435,661)
Cash flow from investing activities				
Purchase of property, plant and equipment	(1,095,835)	(71,097,775)	(2,683,374)	(174,097,305)
Purchase of intangible assets	(18,323,524)	(1,188,830,237)	–	–
Grant income from Michigan state	70,000	4,541,600	–	–
Net cash flows used in investing activities	(19,349,359)	(1,255,386,412)	(2,683,374)	(174,097,305)
Cash flow from financing activities				
Issuance of common stock	27,600,000	1,790,688,000	10,000,000	648,800,000
Short term borrowings	8,625,000	559,590,000	7,775,000	504,442,000
Net cash flows from financing activities	36,225,000	2,350,278,000	17,775,000	1,153,242,000
Net change in cash and cash equivalents	22,312	1,447,603	(513,116)	(33,290,966)
Cash and cash equivalents at the beginning	92,623	6,009,380	605,739	39,300,346
Cash and cash equivalents at the end	114,935	7,456,983	92,623	6,009,380
Supplemental cash flow information				
Income taxes paid	1,606	104,197	1,898	123,142
Interest paid	594,006	38,539,109	212,820	13,807,762

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. ("MTAI" or the "Company"), a company incorporated in the State of Delaware on January 25, 2013, commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. ("MUSA"), a Texas Corporation. MUSA is a subsidiary of Mahindra & Mahindra Limited ("M&M"); a public listed Indian company ("the ultimate parent company").

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") in November 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

The Company was formed to manufacture or assemble and sell electric powered bikes and scooters (hereinafter the "Mahindra GenZe Product" or "the Product").

On April 1, 2013, MTAI, entered into an agreement with M&M., to develop the Product, establish the component supply chain and determine the marketing channels for future sales of the Product. The scope of services that the Company rendered to M&M per the agreement included –

1. Engaging the services of design, prototyping, engineering experts for development of the Product.
2. Engaging with state level and other authorities for testing of product and other statutory and other approvals as may be necessary for development of the Product.
3. Registering the use of intellectual property resulting out of the services engagement.
4. Establish a reliable supply chain for the entire bill of materials developed for the Product.
5. Determine and develop alternative marketing channels for the Product.

The above agreement however has been discontinued with effect from April 1, 2015.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Basis of preparation*
   a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company. The Company meets the definition of a non-public entity and accordingly, relaxations from specific disclosures have been considered wherever available.
   b. The financial statements are for the year April 1, 2016 to March 31, 2017 and April 1, 2015 to March 31, 2016.
   c. The financial information in this report is shown in both US Dollars (USD) and in Indian Rupees (INR). For March 31, 2017 and March 31, 2016, dollar amounts are translated for convenience into Indian rupees at exchange rate of 64.88 INR per dollar. These rates are average of the telegraphic transfer buying and selling rates quoted by the Mumbai branch of State Bank of India on March 31, 2017. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.
   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's equity.
2. *Use of estimates*

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The management's estimates for realization of deferred tax assets, useful life of fixed assets and intangible assets, allowance for discounts and rebates, inventory reserve, valuation of acquired intangibles, allowance for doubtful debts and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.
3. *Cash and cash equivalents*

   The Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000 (INR 16,220,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.
4. *Revenue recognition*

   <u>Sale of products</u>

   The Company recognizes revenues from sale of assembled E-Bikes and manufactured GenZe 2.0 Electric Scooters (collectively known as "GenZe Products") and their related accessories. Sales through distributors are recognized as revenue upon sale to the distributor as these sales are considered to be final and no right of return or price protection exists. Sales to customers, when not made on consignment, are recognized upon shipment.

   Revenue from sale of goods is recognized specifically when all the following conditions are met:

   a. There is a persuasive evidence that an arrangement exists.
   b. Delivery has occurred or services have been rendered.
   c. The sales price is fixed or determinable.
   d. Collectability is reasonably assured.

   Deposits received in advance from the customers are recognized as deferred revenue.

   <u>Sales on capital lease</u>

   For GenZe Products sold on capital lease, the Company recognizes the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease, and the related unearned income at inception of a finance lease. Unearned income represents the total minimum lease payments receivable plus the estimated unguaranteed residual value minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

   <u>Sale on consignment basis</u>

   The products delivered to the purchaser pursuant to a consignment arrangement are not considered sales, and do not qualify for revenue recognition, as the Company retains the risks and rewards of ownership of the product, and title usually does not pass to the consignee.

   The Company recognizes revenues when it is determined that substantial risk of loss, rewards of ownership, as well as control of the asset have transferred to the consignee and when all other criteria for revenue recognition have been satisfied i.e. the Company recognizes product sales on consignment basis when the consignee resells the products to the customer.

   <u>Sale under bill-and-hold arrangement</u>

   The Company recognizes revenue from sales under bill-and-hold arrangement when the product is billed rather than on delivery if all the following criteria are met by the arrangement:

   a. risks of ownership have passed to the customer,

b. the customer has made a fixed commitment,

c. the arrangement has substantial business purpose,

d. there is a fixed schedule for delivery,

e. there are no other performance obligations of the seller,

f. the product is identified separately as belonging to the customer, and,

g. the product is ready for shipment in its present condition.

Sub-lease income

The Company has sub-leased a part of its office premises during the year on operating lease. The Company continues to account for the head lease under operating lease. It recognizes sub-lease rent income on a straight-line basis over the term of lease as other income in the statement of loss.

Government incentive

The Company receives incentive from the Michigan Economic Development Council in the form of grants. Grants are recognized at their fair values in the statement of loss where there is a reasonable assurance that grant is received and all attaching conditions will be complied with. The Company recognizes grant income received as other income in the statement of loss.

5. *Shipping and handling costs*

The Company classifies shipping and handling costs as selling expenses. Amounts billed to a customer in sales transaction related to shipping and handling are credited to shipping and handling costs.

6. *Provision for warranty costs*

The Company generally provides for the estimated cost of product warranties at the time the related revenue is recognized. The Company estimates the warranty cost as a percentage of cost of goods sold. The Company assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates.

7. *Intangibles*

Intangible assets are stated at cost of acquisition, less accumulated amortization and impairment losses, if any. Cost of intangible assets comprises of purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Class of asset	Useful life
Intellectual property rights	15 years

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

8. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Class of asset	Useful life
Engineering equipment	3 years
Machinery & equipment	5 to 7 years
Production tools	60,000 units
Computer software	2 to 3 years
Computer equipment	3 years
Furniture equipment	3 years
Vehicles	2 to 5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

9. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

10. *Accounts receivable & allowance for doubtful accounts*

Accounts receivable from parent company represent service fee receivable. The Company does not maintain an allowance for doubtful account for the parent company receivable.

Trade receivables represents receivable on sale of GenZe Products and accessories. For the trade receivables, the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful debt is included in selling, distribution and administration expenses in the statements of loss.

11. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

12. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

13. *Inventories*

Inventories are stated at the lower of cost and market value. Cost is determined using the standard costing method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labour, material cost and production overheads. A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

If actual conditions are less favourable than those the Company has projected, the Company will increase its reserves for lower of cost or market ("LCM"), excess and obsolete inventory accordingly. Any increase in the Company's reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold.

Finished goods include the products that remain unsold and held by the customer on consignment basis.

14. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

15. *Equity based compensation payment to employees*

The Company accounts for stock based compensation expense relating to stock options that have been issued by the Company to the employees. The Company computes the fair value of options granted using the Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid in capital of the Company.

The Company has used guidance in ASC 718; "Compensation-Stock Compensation" to account for employee share based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of operations based on their fair values.

In accordance with ASC 718, the Company recognized stock based compensation for awards granted, that the Company expects to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards. In determining whether an award is expected to vest, the Company uses an estimated forfeiture rate based on historical rates. The estimated forfeiture rate is updated for actual forfeitures annually.

16. *Advertising*

Advertising costs are presented as part of selling, general, and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the years ended March 31, 2017 and March 31, 2016 is $ 611,778 (INR 39,692,157) and $ 1,738,452 (INR 112,790,766), respectively

17. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

18. *Capital leases*

Leases in which the Company has substantially all the risk and rewards of ownership are classified as capital leases. Capital leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

19. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Balances with banks	**114,764**	**7,445,888**	88,211	5,723,130
Cash in hand	**171**	**11,095**	101	6,552
PayPal account	**–**	**–**	4,311	279,698
	114,935	**7,456,983**	92,623	6,009,380

NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable comprise of:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Receivable from parent company	**4,054**	**263,024**	1,499,795	97,306,700
Trade receivables	**1,859,747**	**120,660,385**	125,820	8,163,201
Accounts receivable, net of allowances	**1,863,801**	**120,923,409**	1,625,615	105,469,901

The activities in provision for doubtful debts account are as given below-

	Year ended March 31, 2017		Year ended March 31, 2016	
	USD	**INR**	USD	INR
Balance at beginning of the year	**–**	**–**	–	–
Provisions made during the year	**429**	**27,834**	1,799	116,719
Bad debts written-off during the year	**(429)**	**(27,834)**	(1,799)	(116,719)
Balance at end of the year	–	–	**–**	**–**

NOTE E – INVENTORIES

Inventories comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Raw material*	**3,683,377**	**238,977,500**	2,332,567	151,336,947
Finished goods	**1,959,211**	**127,113,610**	1,464,196	94,997,037
Work in progress	**774,107**	**50,224,062**	467,886	30,356,444
Inventory reserve	**(393,741)**	**(25,545,916)**	(211,254)	(13,706,160)
	6,022,954	**390,769,256**	4,053,395	262,984,268

* Raw materials include inventory in transit amounting to $ 202,059 (INR 13,109,588) as at March 31, 2017 (March 31, 2016 $ 316,883 (INR 20,559,369).

During the year ended March 31, 2017 and March 31, 2016, the Company recognized an expense for inventories that were carried at net realisable value amounting to $ 393,741 (INR 25,545,916) and $ 211,254 (INR 13,706,160) respectively. This is recognized in cost of goods sold.

NOTE F – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Prepaid expenses	**401,976**	**26,080,203**	186,847	12,122,633
Other receivables	**290**	**18,815**	7,128	462,465
Other advances	**8,926**	**579,119**	2,045	132,680
	411,192	**26,678,137**	196,020	12,717,778

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Engineering equipment	**353,263**	**22,919,703**	353,263	22,919,703
Machinery and equipment	**2,742,301**	**177,920,489**	2,480,109	160,909,472
Production tools	**2,740,073**	**177,775,936**	2,472,115	160,390,821
Computer equipment	**124,852**	**8,100,398**	124,852	8,100,398
Computer software	**405,768**	**26,326,228**	310,083	20,118,185
Leasehold improvements	**661,663**	**42,928,695**	618,254	40,112,320
Furniture equipment	**150,331**	**9,753,475**	144,806	9,395,013
Vehicles	**837,688**	**54,349,197**	291,457	18,909,730
Total	**8,015,939**	**520,074,121**	6,794,939	440,855,642
Accumulated depreciation	**(2,656,289)**	**(172,340,030)**	(1,130,021)	(73,315,762)
Capital work in progress	**90,619**	**5,879,362**	174,180	11,300,798
Property, plant and equipment, net	**5,450,269**	**353,613,453**	5,839,098	378,840,678

Depreciation expense for the years ended March 31, 2017 and March 31, 2016 is $ 1,487,862 [INR 96,532,487] and $ 697,641 [INR 45,262,948], respectively.

Capital work in progress includes assets which are not available for use.

NOTE H – INTANGIBLES

Intangible assets consist of:

	Life	**As at March 31, 2017**		As at March 31, 2016	
		USD	**INR**	USD	INR
Intellectual property rights	15	**18,323,524**	**1,188,830,237**	–	–
Less: Accumulated amortization		**(814,379)**	**(52,836,909)**	–	–
Net carrying amount		17,509,145	1,135,993,328	**–**	**–**

Mahindra and Mahindra Limited ("M&M"), the ultimate parent company, developed Intellectual Property Rights ("IPR") for the design and development of GenZe Product. During the year ended March 31, 2017, M&M assigned all the intellectual property rights including any technical know-how in the GenZe Product in favour of the Company and waived its ownership or rights on the same vide an agreement dated July 25, 2016. The IPR were transferred by M&M at a total consideration of INR 123.5 crores and the Company recognized the intangible asset as at the transaction date amounting to $ 18,323,524 (INR 1,188,830,237).

Amortization expense for the year ended March 31, 2017 is $ 814,379 (INR 52,836,909).

NOTE I – FAIR VALUE MEASUREMENT NOTE

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, loans and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

The following table presents assets as of March 31, 2017 and that are measured and recognized at fair value on a recurring and non-recurring basis:

(Amounts in USD)

		Quoted price in active markets for identical Assets	**Significant other observable Inputs**	**Significant other unobservable inputs**
Assets				
Intellectual property rights acquired	$	–	–	18,323,524
Total		–	–	**18,323,524**

(Amounts in INR)

		Quoted price in active markets for identical Assets	**Significant other observable Inputs**	**Significant other unobservable inputs**
Assets				
Intellectual property rights acquired	$	–	–	1,188,830,237
Total		–	–	**1,188,830,237**

Quantitative information about level 3 fair value measurements

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 instruments, and includes only those instruments for which information about the inputs is reasonably available to us.

Asset	**Fair value on March 31, 2017**	**Valuation technique**	**Unobservable input**
Intellectual property rights	20.9 Million USD	Relief from royalty method	Royalty rate

NOTE J – OTHER ASSETS

Other non-current assets comprise of:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Deposits- security	**57,648**	**3,740,202**	55,883	3,625,689
Deposits- general	**24,000**	**1,557,120**	20,000	1,297,600
Total	**81,648**	**5,297,322**	75,883	4,923,289

NOTE K – SHORT TERM BORROWINGS

Short term borrowings comprise of:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Demand credit facility	**16,400,000**	**1,064,032,000**	7,775,000	504,442,000
Total	**16,400,000**	**1,064,032,000**	7,775,000	504,442,000

During the year ended March 31, 2015, the Company obtained a demand credit facility by way of current account bank overdraft agreement wherein the Company can utilize amount up to $ 2,000,000 (INR 129,760,000). This credit facility was obtained for the purpose of working capital requirements and for general corporate purposes. All current assets of the Company serve as collateral for this credit arrangement.

During the year ended March 31, 2016, the credit facility agreement was amended to increase limit of the facility up to $ 15,000,000 (INR 973,200,000). Further, during the year ended March 31, 2017, the credit facility agreement was amended to increase limit of the facility up to $ 18,000,000 (INR 1,167,840,000).

The average rate of interest charged by the bank during the year ended March 31, 2017 is 4.25% and March 31, 2016 is 4.08% p.a., respectively. The interest is payable on the daily closing balance of the loan which is calculated and payable monthly. The credit facility is repayable upon demand.

For the year ended March 31, 2017, finance charges of $ 594,002 (INR 38,538,850) (March 31, 2016: $ 213,145 (INR 13,828,848)) have been included in interest expense in the statement of loss.

NOTE L – ACCOUNTS PAYABLE

Account payable comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Trade payables	**2,054,419**	**133,290,705**	1,506,540	97,744,315
Due to related parties *(Refer Note N)*	**720,655**	**46,756,096**	1,049,044	68,061,975
Total	**2,775,074**	**180,046,801**	2,555,584	165,806,290

NOTE M – OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Accrued expenses	**675,215**	**43,807,950**	300,451	19,493,261
Accrued bonus	**556,449**	**36,102,411**	405,936	26,337,128
Deferred revenue	**93,202**	**6,046,946**	23,328	1,513,520
Income tax provision	**1,607**	**104,262**	1,606	104,197
Credit card dues	**68,783**	**4,462,641**	13,427	871,144
Total	**1,395,256**	**90,524,210**	**744,748**	**48,319,250**

NOTE N – OTHER INCOME

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Interest income	**33,290**	**2,159,855**	–	–
Government incentive	**70,000**	**4,541,600**	–	–
Miscellaneous	**2,108**	**136,766**	540	35,035
Sub-lease income	**33,109**	**2,148,112**	–	–
Total	**138,507**	**8,986,333**	**540**	**35,035**

The Company during the calendar year 2013 was awarded a $ 300,000 (INR 19,464,000) business development grant for a project with Michigan Economic Development Council. During the current year March 31, 2017, the Company has received $ 70,000 (INR 4,541,600) of the grant money.

Interest income represents income earned on finance lease. Implicit rate of interest for sales type finance lease is 4.94%.

NOTE O – FINANCE LEASE

The Company has purchased vehicles and factory equipment under a non-cancellable finance lease. All the lease agreements contain bargain purchase option at the end of the lease term.

	As at March 31, 2017	
	USD	**INR**
Total Capital lease obligations	**113,461**	**7,361,350**
Less: amount pertaining to interest	**(6,201)**	**(402,321)**
Net capital lease obligation	**107,260**	**6,959,029**
Less: current maturities	**(91,315)**	**(5,924,517)**
Non-current lease obligation	**15,945**	**1,034,512**

Future minimum lease payment under capital leases as at March 31, 2017 are as follows:

For the year ending (Amounts in USD)	**Vehicles**	**Equipment**
March 31, 2018	**71,405**	**19,910**
March 31, 2019	**–**	**15,210**
March 31, 2020	**–**	**6,936**
Less: amount pertaining to interest	**(2,708)**	**(3,493)**
Total	**68,697**	**38,563**

For the year ending (Amounts in INR)	**Vehicles**	**Equipment**
March 31, 2018	**4,632,756**	**1,291,761**
March 31, 2019	**–**	**986,825**
March 31, 2020	**–**	**450,008**
Less amount pertaining to interest	**(175,695)**	**(226,626)**
Total	**4,457,061**	**2,501,968**

NOTE P – COMMITMENTS AND CONTINGENCIES

Litigations

There was no outstanding litigation as at March 31, 2017 and March 31, 2016 and during the years then ended.

Lease obligations

The Company has following lease obligations for business premises and locations:

1) Ann Arbor, Michigan – industrial and office use.

   The period of lease is renewed from January 31, 2017 to December 31, 2019. The rent space was increased to 55,924 sq. feet. The average rent expense for this lease is $ 15,667 per month (INR 1,016,475). In addition to this Company has provided a security deposit of $ 17,000 (INR 1,102,960) for period of three years.

2) Fremont, California – office premises.

   The period of lease is from May 1, 2014 to May 31, 2019. The average rent expense for this lease is $ 11,519 per month (INR 747,353). In addition to this Company has provided a security deposit of $ 16,716 (INR 1,084,534) for period of five years.

3) Portland, Airport Business Center – office use.

   The period of lease is from June 1, 2014 to July 31, 2019. The average rent expense for this lease is $ 2,378 per month (INR 154,285). In addition to this the Company has provided a security deposit of $ 7,494 (INR 486,211) for period of five years. The Company has given this office on sub lease.

4) Portland, Oregon – office use.

   The period of lease is renewed from October 1, 2016 to September 30, 2018. The average rent expense for this lease is $ 6,411 per month (INR 415,946).

5) San Francisco – Westfield Mall.

The period of lease was from October 5, 2015 to October 4, 2016. The average rent expense for this lease is $ 14,300 per month (INR 927,784). The lease was discontinued during the year.

6) Oakland, California – Retail Store.

The period of lease is from April 1, 2016 to December 31, 2017. The average rent expense for this lease is $ 3,883 per month (INR 251,929). In addition to this the Company has provided a security deposit of $ 8,000 (INR 519,040).

7) Beaverton, Portland – office use.

The period of lease is from June 1, 2016 to May 31, 2018. The average rent expense for this lease is $ 2,016 per month (INR 130,798). In addition to this the Company has provided a security deposit of $ 1,600 (INR 103,808).

The rent expense for the year ended March 31, 2017 is $ 593,869 (INR 38,530,221) (March 31, 2016: $ 669,452 (INR 43,434,046).

As at March 31, 2017, future rental commitments for the leases are as follows:

(Amounts in USD)

Year ending March 31	**Ann Arbor**	**Fremont**	**Portland – Airport Business Center**	**Portland – Oregon**	**Oakland, California**	**Beaverton, Portland**	**Total**
2018	188,004	205,397	38,843	39,900	35,640	24,344	**532,128**
2019	188,004	211,505	39,707	–	–	4,072	**443,288**
2020	141,003	91,222	20,015	–	–	–	**252,240**

(Amounts in INR)

Year ending March 31	**Ann Arbor**	**Fremont**	**Portland – Airport Business Center**	**Portland – Oregon**	**Oakland, California**	**Beaverton, Portland**	**Total**
2018	12,197,700	13,326,157	2,520,134	2,588,712	2,312,323	1,579,439	**34,524,465**
2019	12,197,700	13,722,444	2,576,190	–	–	264,191	**28,760,525**
2020	9,148,275	5,918,483	1,298,573	–	–	–	**16,365,331**

NOTE Q – WARRANTIES

Balance as at March 31, 2017 for product warranty is:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Opening balance	**12,719**	**825,209**	–	
Increase in liability (new warranties)	**133,261**	**8,645,974**	12,719	825,209
Reduction in liability (payment)	**(26,462)**	**(1,716,855)**	–	
Closing balance	**119,518**	**7,754,328**	12,719	825,209

NOTE R – INCOME TAXES

For the year ended March 31, 2017, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	As at March 31, 2017		As at March 31, 2016	
	USD	**INR**	USD	INR
Current taxes				
Federal	**–**	**–**	–	–
State	**1,606**	**104,197**	2,306	149,613
Deferred taxes				
Federal	**–**	**–**	242,479	15,732,037
State	**–**	**–**	42	2,725
Total	**1,606**	**104,197**	244,827	15,884,375

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	USD	**INR**	USD	INR
Income tax at federal rate	**(5,792,929)**	**(375,845,234)**	(4,842,973)	(314,212,088)
State tax, net of federal effect	**(715,661)**	**(46,432,086)**	1,803	116,979
Permanent differences	**98,161**	**6,368,686**	2,794	181,275
True-up	**–**	**–**	(178,170)	(11,559,670)
Change in NOLs	**96,234**	**6,243,662**		
Change in R&D credit	**(554,591)**	**(35,981,864)**	(6,052)	(392,654)
Change in FTC credit	**–**	**–**	178,364	11,572,255
Change in valuation allowance	**6,870,392**	**445,751,033**	5,089,061	330,178,278
Total	**1,606**	**104,197**	244,827	15,884,375

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	March 31, 2017		March 31, 2016	
	USD	**INR**	USD	INR
Non-current deferred tax liability				
Plant, property and equipment	**(585,289)**	**(37,973,550)**	(145,759)	(9,456,844)
Non-current deferred tax assets				
Charitable contribution	**15,649**	**1,015,306**	–	–
Tax credit	**2,435,687**	**158,027,373**	1,881,096	122,045,508
Net operating loss	**11,406,829**	**740,075,066**	4,922,302	319,358,954
Less: Valuation allowance	**(13,272,876)**	**(861,144,195)**	(6,657,639)	(431,947,618)
Non-current deferred tax assets	**585,289**	**37,973,550**	145,759	(9,456,844)
Current deferred tax assets				
Accrued vacation	**104,320**	**6,768,282**	71,930	4,666,818
Accrued bonus	**217,691**	**14,123,792**	138,553	8,989,319
Accrued incentive	**2,452**	**159,086**	–	–
Accrued payroll taxes	**16,828**	**1,091,801**	–	–
Reserve for product warranty	**46,757**	**3,033,594**	4,341	281,644
Inventory reserve	**154,037**	**9,993,920**	72,105	4,678,172
Less: Valuation allowance	**(542,085)**	**(35,170,475)**	(286,929)	(18,615,953)
Current deferred tax assets, net	**–**	**–**	–	–

	March 31, 2017		March 31, 2016	
	USD	**INR**	USD	INR
Deferred taxes	**13,814,960**	**896,314,605**	6,944,568	450,563,572
Less: Deferred tax asset valuation allowance	**(13,814,960)**	**(896,314,605)**	(6,944,568)	(450,563,572)
Net deferred taxes	–	–	**–**	**–**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the history of losses and current year significant losses, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of $ 13,814,960 (INR 896,314,605) and $ 6,944,568 (INR 450,563,572) was recognized as at March 31, 2017 and March 31, 2016 respectively.

No deferred tax assets were recognized as at March 31, 2017 and March 31, 2016. The Company has federal net operating losses of $ 31,374,863 (INR 2,035,601,111) and $ 14,139,900 (INR 917,396,712) as at March 31, 2017 and March 31, 2016, respectively, which if unutilized will begin to expire from the year 2035.

The Company has state net operating loss carryforwards of approximately $ 33,372,437 (INR 2,165,203,713) and $15,210,581 (INR 986,862,495) as at March 31, 2017 and March 31, 2016, respectively, which if unutilized will expire based on the various state statutes. The Company has R&D credit carryforwards and FTC carryforwards of $ 777,592 (INR 50,450,169) and $ 1,658,095 (107,577,204) as on March 31, 2017.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2017 and March 31, 2016.

The tax years of 2013 through 2015 remain subject to examination by the taxing authorities.

NOTE S – STOCK BASED COMPENSATION

In 2016, the Company adopted the incentive stock option plan for the employees of the Company. Under the Plan, incentive stock options to purchase the Company's common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 10 years.

Activity under the plan to the extent related to employees of the Company:

	Number of options	Weighted-average exercise price	Weighted average remaining contractual life (Years)
Balance as at April 1, 2016	–	–	–
Granted	7,240,000	0.20	9.00
Exercised	–	–	–
Cancelled	–	–	–
Balance as at March 31, 2017	**7,240,000**	**0.20**	**9.00**

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model. The Company has recognized $ 283,629 (INR 18,401,850) as stock based compensation expenses for the year ended March 31, 2017. The Company during the year ended March 31, 2017 issued 7,240,000 options to its employees having an exercise price of $ 0.20 each.

NOTE T – RELATED PARTY TRANSACTIONS

Related parties with whom transactions have taken place during the year

A. Ultimate parent company

1. Mahindra & Mahindra Limited – Ultimate parent company
2. Mahindra & Mahindra Limited (Automotive division) – Ultimate parent company
3. Mahindra Overseas Investment Company (Mauritius) Limited – Parent company
4. Mahindra North America Technical Center Inc.- Fellow subsidiary
5. Tech Mahindra (Shanghai) Co Ltd. – Subsidiary of associate of ultimate parent company
6. Tech Mahindra Limited – Associate of ultimate parent company
7. Mahindra USA Inc. – Fellow subsidiary
8. Mahindra Racing UK Limited – Fellow subsidiary
9. Mahindra Two Wheelers Limited – Fellow subsidiary
10. Tech Mahindra America Inc. – Subsidiary of associate of ultimate parent company

Summary of transactions with related parties are as follows:

	March 31, 2017		March 31, 2016	
	USD	**INR**	USD	INR
Balances at the end of the year				
Long term advance from				
– Mahindra & Mahindra Limited	–	–	500,000	32,440,000
Purchase of Intellectual Property				
– Mahindra & Mahindra Limited	**18,323,524**	**1,188,830,237**	–	–
Receivable				
– Mahindra & Mahindra Limited	**4,055**	**263,088**	1,499,796	97,306,764
– Mahindra North America Technical Center Inc.	**1,349**	**87,523**	–	–
– Mahindra Racing UK Limited	**1,000**	**64,880**	–	–
– Mahindra USA, Inc.	**30,280**	**1,964,566**		
Payable				
– Mahindra & Mahindra Limited	**37,326**	**2,421,711**	957,816	62,143,102
– Mahindra & Mahindra Limited (Automotive Division)	**640,257**	**41,539,874**	–	–
– Tech Mahindra (Shanghai) Co Ltd.	**39,787**	**2,581,381**	–	–
– Tech Mahindra Limited	**3,285**	**213,131**	–	–
Transactions during the year				
Revenue from				
– Tech Mahindra America Inc.	**17,251**	**1,119,245**	–	–
– Mahindra North America Technical Centre Inc.	**1,349**	**87,523**	–	–
– Mahindra & Mahindra Limited	**2,999**	**194,575**		
– Mahindra Racing UK Limited	**1,000**	**64,880**	–	–
– Mahindra USA, Inc.	**30,280**	**1,964,566**	–	–
Purchases/Services received				
– Mahindra & Mahindra Limited	**37,326**	**2,421,711**	–	–
– Mahindra & Mahindra Limited (Automotive division)	**866,385**	**56,211,059**	–	–
– Tech Mahindra (Shanghai) Co Ltd	**114,377**	**7,420,780**	–	–
– Tech Mahindra Limited	**7,680**	**498,278**	–	–
– Mahindra Two Wheelers Limited	**33,794**	**2,192,555**	–	–
Issuance of common stock				
– Mahindra Overseas Investment Company Mauritius Limited	**27,600,000**	**1,790,688,000**	10,000,000	648,800,000

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE U – SHIPPING AND HANDLING COST

The shipping and handling cost for the year ended March 31, 2017 is $ 222,540 (INR 14,438,395) (March 31, 2016: $ 289,772 (INR 18,800,407).

NOTE V – CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values.

During the year ended March 31, 2017, the Company has recognized 79% of its revenue from single customer which also accounts for 51% of the total accounts receivable as at March 31, 2017.

NOTE W – STOCKHOLDER'S EQUITY

Common stock

Ownership of the Company was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

The authorized share capital of the Company was changed and increased to 6,800,000 common shares of a par value of $ 1 each and issued share capital as at March 31, 2015 is 5,610,000 shares at $ 1 each.

During the year ended March 31, 2016, the Company increased the authorized share capital of the Company to $ 15,610,000 vide Board meeting held on October 29, 2015. The management further resolved for 5 for 1 stock split of the shares of common stock, thus changing their par value from $1 per share to $0.20 per share. Thereby, the authorized number of shares changed to 78,050,000 shares at par value of $0.2 per share. During the year, the Company issued additional 50,000,000 shares at par value of $0.2 per share totalling to $10,000,000 to MOICM.

Further during the year ended March 31, 2017, the Company increased the authorized share capital and issued additional 171,950,000 shares at par value of $0.2 per share totalling to $ 34,390,000.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE X – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2017 through May 10, 2017; the date the financial statements are issued. Further, based on its evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

Report of the Directors

Operation

Your Company was incorporated on 8th December, 2014 in Luxembourg as a wholly owned subsidiary of Mahindra Two Wheelers Limited. Your company acquired 51% stake in Peugeot Motorcycles SAS (“PMTC) on 19th January 2015.

During the year your company has received equity contribution of Euro 11.25 million without issuance of shares (Rs. 856.67 million) from parent company Mahindra Two Wheelers Limited and same is utilized for making payment of deferred consideration payable to Peugeot S.A. (“PSA”).

On 27th September, 2016 Mahindra Two Wheelers Limited sold 100% stake in your Company to Mahindra & Mahindra Limited. Consequently, Mahindra & Mahindra Limited became the Parent & ultimate holding Company.

Directors

Composition of the Board of Directors of your company is as below:

Name of Directors	Nationality	Change
Mr. Rajesh Jejurikar	Indian	Appointed since inception
Mr. Mahendra Bhalerao	Indian	Appointed since inception
Mr. Livio Gambardella	Luxembourgian	Appointed since inception

Financial Status

Total Expenses & Loss of your Company for the period ended 31st March, 2017 stood at Euro 25,239.25 (Rs. 17.32 lacs) compared to Euro 47,722.32 (Rs. 32.71 lacs) in the previous year. Paid up Capital of your Company as on 31st March, 2017 is Euro 14,900,000 (Rs. 10,319.74 Lacs) compared to Euro 14,900,000 (Rs. 10,319.74 Lacs).

The Board of Directors has reviewed and approved the accompanying financial statement of your company for the period ended 31st March, 2017.

Statement of Directors

In the opinion of the Board of Directors, 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 31st March, 2017.

Audit & Auditor

Pursuant to the prevailing laws of Luxembourg, appointment of an auditor is not mandatory for your company. Accordingly, your company has not appointed Auditor to certify its financial statement.

On Behalf of the Board

Rajesh Jejurikar
Director

Date: 18th May, 2017
Place: Mumbai

Mahendra Bhalerao
Director

Date: 18th May, 2017
Place: Mumbai

Livio Gambardella
Director

Date: 18th May, 2017
Place: Luxembourg

BALANCE SHEET AS AT 31st March, 2017

Particulars	Note No.	As at 31st March, 2017 EUR in Lacs	As at 31st March, 2017 Rupees in Lacs	As at 31st March, 2016 EUR in Lacs	As at 31st March, 2016 Rupees in Lacs
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment		–	–	–	–
(b) Capital work-in-progress		–	–	–	–
(c) Other Intangible assets		–	–	–	–
(d) Intangible assets under development		–	–	–	–
(e) Financial Assets					
(i) Investments	4	260.10	18,014.53	260.10	18,014.53
(ii) Loans		–	–	–	–
(iii) Others financial assets		–	–	–	–
(f) Deferred tax assets (net)		–	–	–	–
(g) Other non-current assets	4a	–	–	0.01	0.74
Total Non - Current Assets		**260.10**	**18,014.53**	260.11	18,015.27
Current assets					
(a) Inventories		–	–	–	–
(b) Financial Assets					
(i) Trade receivables		–	–	–	–
(ii) Cash and cash equivalents	5	0.88	60.95	1.23	85.19
(iii) Loans		–	–	–	–
(iv) Other financial assets		–	–	–	–
(c) Other current assets	6	0.04	2.77	0.03	2.08
Total Current Assets		**0.92**	**63.72**	1.26	87.27
Total Assets		**261.02**	**18,078.25**	261.37	18,102.54
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	1	149.00	10,319.74	149.00	10,319.74
(b) Other Equity	2	111.82	7,744.65	(0.49)	(33.78)
Total Equity attributable to owners of the Company		**260.82**	**18,064.39**	148.51	10,285.96
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings		–	–	–	–
(b) Provisions		–	–	–	–
(c) Deferred tax liabilities (Net)		–	–	–	–
Total Non - Current Liabilities		–	–	–	–
Current liabilities					
(a) Financial Liabilities					
(i Borrowings		–	–	–	–
(ii) Trade payables	3	0.11	7.62	–	–
(iii) Other current financial liabilities	3	0.09	6.23	112.55	7,795.39
(b) Provisions	3a	–	–	0.31	21.19
(c) Other current liabilities					
Total Current Liabilities		**0.20**	**13.85**	112.86	7,816.58
Total Equity and Liabilities		**261.02**	**18,078.25**	261.37	18,102.54

See accompanying notes to the financial statements

For and on behalf of the Board

Place : 18th May, 2017
Date : Mumbai

Rajesh Jejurikar — Director

Mahendra Bhalerao — Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	Note No.	As at 31st March, 2017		As at 31st March, 2016	
			EUR in Lacs	Rupees in lacs	EUR in Lacs	Rupees in lacs
I.	Revenue from operations		–	–	–	–
	Other Income		–	–	–	–
	Total Revenue (I)		–	–	–	–
IV.	**Expenses**					
	Cost of materials consumed		–	–	–	–
	Purchase of stock-in-trade		–	–	–	–
	Changes in stock of finished goods and stock-in-trade (trading goods)		–	–	–	–
	Excise duty on sale of goods		–	–	–	–
	Employee benefits expense		–	–	–	–
	Finance costs		–	–	–	–
	Depreciation and amortisation expense		–	–	–	–
	Other expenses		**0.25**	**17.32**	0.47	32.71
	Total Expenses (II)		**0.25**	**17.32**	0.47	32.71
III.	**Loss before tax for the year (I - II)**		**(0.25)**	**(17.32)**	(0.47)	(32.71)
IV	**Tax expense**					
	– Current tax		–	–	–	–
	– Deferred tax		–	–	–	–
	Total tax expense		–	–	–	–
V	**Loss after tax for the year (III-IV)**		**(0.25)**	**(17.32)**	(0.47)	(32.71)
VI	**Other comprehensive income**		–	–	–	–
VII	**Total comprehensive income for the year**		**(0.25)**	**(17.32)**	(0.47)	(32.71)
VIII	**Earnings per equity share** (Nominal value per share EUR. 1 each),					
	Basic & Diluted		**(0.002)**	**(0.11)**	(0.003)	(0.21)

See accompanying notes to the financial statements

For and on behalf of the Board

Place : 18th May, 2017	**Rajesh Jejurikar**	**Mahendra Bhalerao**
Date : Mumbai	Director	Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

		EUR in Lacs For the period ended 31st March, 2017 Amount	Rupees in Lacs For the period ended 31st March, 2017 Amount	EUR in Lacs For the period ended 31st March, 2016 Amount	Rupees in Lacs For the period ended 31st March, 2016 Amount
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Loss before tax	**(0.25)**	**(17.32)**	(0.48)	(33.05)
	Adjustment for:				
	Foreign Exchange Fluctuation Reserve	**–**	**–**	–	–
	Operating profit before Working Capital changes	**(0.25)**	**(17.32)**	(0.48)	(33.05)
	Adjustments for changes in Working capital				
	Long term Loans and advances	**–**	**–**	(0.01)	(0.74)
	Other current assets	**0.01**	**0.69**	(0.03)	(2.01)
	Other current liabilities	**0.19**	**13.33**	112.55	7,795.55
	Short term Provisions	**(0.30)**	**(20.78)**	0.31	21.19
	Cash generated from operations	**(0.35)**	**(24.07)**	112.34	7,780.92
	Taxes paid	**–**	**–**	–	–
	Net Cash from Operating activities	**(0.35)**	**(24.07)**	112.34	7,780.92
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Fixed Assets:				
	Long term Investment in Subsidiary	**(112.55)**	**(7,795.21)**	(91.10)	(6,309.32)
	Interest received	**–**	**–**	–	–
	Net Cash (used) in investing activities	**(112.55)**	**(7,795.21)**	(91.10)	(6,309.32)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share application money received	**–**	**–**	–	–
	Proceeds from issuance of Share Capital/Share premium	**112.55**	**7,795.21**	(21.00)	(1,454.46)
	Net Cash from in financing activities	**112.55**	**7,795.21**	(21.00)	(1,454.46)
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(0.35)**	**(24.21)**	0.25	17.14
	Cash and Cash Equivalents (Opening balance)	**1.23**	**85.16**	0.98	68.05
	Cash and Cash Equivalents (Closing balance)	**0.88**	**60.95**	1.23	85.19

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017 (CONTD.)

Notes :

1 Figures in brackets represent outflows of cash and cash equivalents.

2 cash and cash equivalents comprise of

	EUR in Lacs	**Rupees in Lacs**	EUR in Lacs	Rupees in Lacs
	Year ended 31st March, 2017	**Year ended 31st March, 2017**	Year ended 31st March, 2016	Year ended 31st March, 2016
Cash on hand	**–**	**–**	–	–
Balances with Banks	**0.88**	**60.95**	1.23	85.19
3 (as per luxembourg law equity capital can be contributed without issuane of share				
4 Financials are converted at the EURO/INR rate of Rs. 69.26				
	0.88	**60.95**	1.23	85.19

For and on behalf of the Board

Place : 18th May, 2017	**Rajesh Jejurikar**	**Mahendra Bhalerao**
Date : Mumbai	Director	Director

Notes forming part of the Financial Statements

NOTE 1 - SHARE CAPITAL

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	**Rupees in lacs**	Euro in lacs	Rupees in lacs
Authorised:				
17,000,000 (31st March 2016,17,000,000) equity shares of Euro 1/- each.	**170.00**	**11,774.20**	170.00	11,774.20
	170.00	**11,774.20**	170.00	11,774.20
Issued, Subscribed and Paid up:				
14,900,000 (31st March, 2016, 14,900,000) equity shares of Euro 1/- each fully paid up.	**149.00**	**10,319.74**	149.00	10,319.74
Total	**149.00**	**10,319.74**	149.00	10,319.74

	As at 31st March, 2017			As at 31st March, 2016		
Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	**Euro in lacs**	**Rupees in lacs**	**No. of shares**	Euro in lacs	Rupees in lacs	No. of shares
No of equity shares outstanding at the beginning of the period	**149.00**	**10,319.74**	**14,900,000**	170.00	11,774.20	17,000,000
Add: Additional equity shares issued during the period	**–**	**–**	**–**	–	–	–
Less: Equity Shares forfeited/Bought back during the period	**–**	**–**	**–**	21.00	1,454.46	2,100,000
No of equity shares outstanding at the end of the period	**149.00**	**10,319.74**	**14,900,000**	149.00	10,319.74	14,900,000

Notes:

i) Of the above 14,900,000 (previous year 14,900,000) shares are held by Mahindra & Mahindra Limited the holding company.

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	**31st March, 2017**	31st March, 2016
	Number of shares	Number of shares
Equity Shares:		
Mahindra & Mahindra Limited	14,900,000	–
Mahindra Two wheelers Limited	–	14,900,000

NOTE 2 - RESERVES AND SURPLUS

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	**Rupees in lacs**	Euro in lacs	Rupees in lacs
Securities Premium Account	**112.55**	**7,795.21**	–	–
Foreign currency translation reserve				
Surplus/(Deficit) in Statement of Profit and Loss				
Opening Balance	**(0.48)**	**(33.24)**	(0.01)	(0.73)
Add: (Loss) for the year	**(0.25)**	**(17.32)**	(0.48)	(33.05)
Closing Balance	**111.82**	**7,744.65**	(0.49)	(33.78)
Total	**111.82**	**7,744.65**	(0.49)	(33.78)

Notes forming part of the Financial Statements

NOTE 3 - OTHER CURRENT LIABILITIES

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Current - Payables for Goods/Services	0.11	7.62	–	–
Current - Other Current Liabilities	0.09	6.23	–	–
Trade/security deposits received	–	–	0.01	0.52
Deferred Consideration payable to PSA	–	–	112.55	7,794.87
Total	0.20	13.85	112.55	7,795.39

NOTE 3 (a)- Current Provisions

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Provision-Others:				
Provision for Potential Statutory Liabilities	–	–	0.31	21.19
Total	–	–	0.31	21.19

NOTE 4 - NON CURRENT INVESTMENTS

	Face Value Per Unit	As at 31st March 2017			As at 31st March 2016		
		Number	Euro in lacs	Rupees in lacs	Number	Euro in lacs	Rupees in lacs
Investment in Equity Instruments (Trade and fully paid up unless otherwise specified)							
Unquoted							
In Subsidiary Companies :							
Peugeot Motocycles S.A.S Mandeure	EURO 16	312,677	260.10	18,014.53	312,677	260.10	18,014.53
Total		312,677	260.10	18,014.53	312,677	260.10	18,014.53

NOTE 4 (a) - Other Non Current Assets

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Other Non Current Assets	–	–	0.01	0.74
Total	–	–	0.01	0.74

NOTE 5 - CASH AND CASH EQUIVALENTS

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Cash on hand	–	–	–	–
Balances with banks				
In current accounts	0.88	60.95	1.23	85.19
Total	0.88	60.95	1.23	85.19

NOTE 6 - SHORT TERM LOANS AND ADVANCES

	As at 31st March, 2017		As at 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Curr - Other Loans and advances	0.03	2.08	–	–
Prepaid expenses	0.01	0.69	0.03	2.08
Total	0.04	2.77	0.03	2.08

NOTE 7 - OTHER EXPENSES

	For the period ended 31st March, 2017		For the period ended 31st March, 2016	
	Euro in lacs	Rupees in lacs	Euro in lacs	Rupees in lacs
Professional Fees	0.15	10.39	0.36	25.09
Rates and Taxes	0.06	4.16	0.06	4.16
Bank Charges	0.01	0.69	0.01	0.69
Miscellaneous - Others	0.03	2.08	0.04	2.77
Total	0.25	17.32	0.47	32.71

Société par actions simplifiée au capital de 98,09,472.00 Euros, INR 7,018 lacs
Siège social : 103, rue du 17 novembre – 25350 MANDEURE
875 550 667 RCS BELFORT

REPORT FROM THE PRESIDENT ON THE YEAR ENDING 31 DECEMBER 2016

Dear Shareholders,

According to the law and the articles of association of the Company, we report on the state of the Company, its activity during the accounting period ending on the 31 December 2016 and we present the financial statements of that period as they have been established.

The Auditors of the Company shall provide all required explanations on the annual financial statements as far as the accuracy and compliance with accounting rules are concerned.

We remain available for any precision or additional question you may have related to the legal documents which have been made available to you within the prescribed timeline.

I. Activity of the Company for the period 2016

1. Markets and market shares evolution during the financial period

European markets of the 6 major countries saw volumes rise by 4.63% compared to 2015. The situation is contrasted between countries and displacements. The less than 50cc segment falls by 0.3% (to be compared with a drop of 4.6% in 2015) while the more than 50cc segment increase reaches 8.7%.

France is the first market in Europe to declines 1.21% because of the high proportion of less than 50cc. Italy wins 6.5% while Germany loses 0.3%. Strong recovery is brought by Spain with a more than 10.98% growth compared to last year.

In the less than 50cc category, all markets are oriented downwards, except Spain and The Netherlands earning 7.6% and 3.3% respectively. The upturn comes from the above than 50cc category, especially from United Kingdom, Spain, Italy and Germany, while France loses 2%.

Peugeot Scooters' volumes wins 3.72%, owing to the highest share of the more than 50cc segment in the Peugeot Sales.

2. Other events since the closing of the accounts

The beginning of 2017 confirms the good prospects of volume.

II. Financial Statements presentation

1. Annual Financial statements

Statutory annual financial statement is made of a Balance Sheet a Profit and Loss account and an appendix that details the explanations required for the proper understanding of the statements.

Accounting rules and evaluation methods used for the annual financial statements are compliant with the regulations and have not changed compared to the last period.

Profit and Loss analysis

The turnover for the financial period ended 31 December 2016 has reached 98 m€, INR 67,885 lacs versus 94 m€, 65,133 lacs the preceding year, that is a variation of +4.22%.

External expenses have reached 28,7 m€, INR 19,864 lacs vs. 26.8 m€, INR 18,591 lacs last year, that is a variation of +6.8%.

Payroll expenses have reached 15.1 m€, INR 10,457 lacs vs. 17.2 m€, INR 11,883 lacs last year, that is a variation of -12%.

Social security charges have reached 6.4 m€, 4,445 lacs vs. 6.9 m€, INR 4,814 lacs last year, that is a variation of -7,7%.

Operating costs have reached a total of 127.2 m€, INR 88,154 lacs vs. 127.9 m€, INR 88,616 lacs last year, that is a variation of -0.5%.

- Operating result is -23.4 m€, INR -16,207 lacs, vs. -21.8 m€, INR 15,072 lacs in 2015.
- Financial result is -1.1 m€, INR 770 lacs vs. -0.1 m€, INR 102 lacs in 2015, mostly from:
  - -0.7 m€, INR -426 lacs of interest charges on the debt and -0.7 m€, INR -509 lacs of negative exchange difference
  - 0.1 m€, INR 83 lacs of reversals of provisions and expense transfers; 0.17 m€, INR 116 lacs of positive exchange difference and 0.05 m€, INR 35 lacs of other interests and similar products.
- Exceptional result is -1.2 m€, INR -804 lacs, vs. -2.1 m€, INR -1,476 lacs in 2015, mostly from:

  Profit: Non-capital transaction: 0.19 m€, INR 135 lacs

  Capital transaction: 0.26 m€, INR 181 lacs

  Reversals of provisions and expenses transfers: 8.2 m€, INR 5,710 lacs

  Loss: Non-capital transactions – 0.18 m€, INR -124 lacs

  Capital transactions: - 0.18 m€, INR -123 lacs

  Depreciation, amortization and provisions: -6.5 m€, INR 4,505 lacs

  Expenses Plan DAEC: -3 m€, INR 2,076 lacs

Net result is: -2,49,91,875 €, INR -17,879 lacs for the period 2016, 2015 result being – 2,40,37,811 €, INR -17,197.

Balance Sheet

Assets

During the period, fixed assets value varies from 41,61,715 €, INR 2,882 lacs to 41,86,936 €, INR 2,900 lacs at the end of 2016.

Current assets vary from 4,69,55,621 €, INR 32,521 lacs to 4,41,27,853 €, INR 30,563 lacs at the end of 2016, the reduction of 2.8 m€, INR 1,959 lacs coming from an inventory reduction of 6.6 m€, INR 4,560 lacs, a receivable augmentation of 4.2 m€, INR 2,926 lacs and a rise for 0.47 m€, INR 324 lacs from the bank and other pre-paid expenses.

Net assets value is 4,83,14,788 €, INR 33,463 lacs.

Equity and Liabilities

The equity before year end results amounts to 84,35,538 €, INR 5,842 lacs similar to 2015 equity which was 84,35,538 €, INR 5,842 lacs.

The 2016 result to be allocated amounts to – 2,49,91,875 €, INR -17,309 lacs.

Provisions for risks and charges amount to 67,11,008 €, INR 4,648 lacs for 95,35,346 €, INR 6,604 lacs at the end of 2015.

Debts are increasing, from 3,30,67,165 €, INR 22,902 lacs to 5,80,42,424 €, INR 40,200 lacs, mostly from:

An augmentation in loans and other borrowings from credits to 21 m€, INR 14,539 lacs, an increase of loans and miscellaneous financial debts of 0.03 m€, INR 20 lacs, an augmentation in trade payables of 1.1 m€, INR 761 lacs, and a decrease in tax and social security debts of 1.18 m€, INR 822 lacs and an augmentation of other payables of 4 m€, INR 2,800 lacs.

The Net Shareholder's equity and liabilities amount to 4,83,14,788 €, INR 33,463 lacs.

Result Allocation

It is proposed to allocate the net losses of 2,49,91,875 €, INR 17,309 lacs to the losses carried forward which will reach – 8,17,31,795 €, INR -56,607 lacs.

After this appropriation, the shareholder's equity amounts to -1,65,56,337 €, INR 11,467 lacs.

For the Board of Directors

President
Anil Mangalvedhekar

Date: 23rd May 2017
Note: m€ - million Euro

INDEPENDENT AUDITORS' REPORT

Peugeot Motocycles

Year ended December 31, 2016

Statutory auditors' report
on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Peugeot Motocycles;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the president. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Based on our work and the information communicated to us to date, and as part of our assessment of the accounting policies followed by the company, we believe that the notes to the financial statements provide appropriate information on the situation of your company under the going concern assumption.
- Your company has recorded impairment of assets as described in item 7 of note 2 to the financial statements. Our work consisted in assessing the data and assumptions on which the company's estimates are based, reviewing the calculations made by the company, comparing the accounting estimates of prior periods with the corresponding results and examining approval procedures of these estimates by management. As part of our assessments, we verified the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the president and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris-La Défense, June 8, 2017

The Statutory Auditors
ERNST & YOUNG et Autres
French original signed by

Ioulia Vermelle

Peugeot Motocycle

Collective Decision of Shareholders to approve the financial statements for the year ended December 31, 2016.

Statutory auditor's report
on related party agreements

To the Shareholders,

In our capacity as statutory auditor of your Company, we hereby report on certain related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements. It is your responsibility to evaluate the benefits resulting from these agreements prior to their approval

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement.

Agreements submitted for approval by the Community of Shareholders

We hereby inform you that we have not been advised of any agreements authorized in the course of the year to be submitted to the Community of Shareholders for approval in accordance with Article L. 227-10 of the French Commercial Code (*Code de commerce*).

Paris-La Défense, June 8, 2017

The Statutory Auditors
ERNST & YOUNG et Autres
French original signed by

Ioulia Vermelle

BALANCE SHEET

	12/31/2016		12/31/2015	
	Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
ASSETS				
A. FIXED ASSETS				
I. INTANGIBLE FIXED ASSETS				
Concessions, patents & similar rights	**–**	**–**	–	–
Business goodwill	**1,37,204**	**95.03**	1,37,204	95.03
Other intangible assets	**–**	**–**	–	–
Advance payments on intangible assets	**–**	**–**	–	–
	1,37,204	**95.03**	1,37,204	95.03
II. TANGIBLE FIXED ASSETS				
Land	**19,58,825**	**1,356.68**	19,58,825	1,356.68
Building	**–**	**–**	–	–
Technical installations, machinery and equipment	**–**	**–**	–	–
Other tangible assets	**–**	**–**	–	–
Tangible assets in course	**–**	**–**	–	–
Advance payments on tangible assets	**–**	**–**	–	–
	19,58,825	**1,356.68**	19,58,825	1,356.68
III. FINANCIAL FIXED ASSETS				
Equity interests	**3,23,820**	**224.28**	2,82,379	195.58
Receivables from equity interests	**–**	**–**	–	–
Other long-term investment securities	**–**	**–**	–	–
Loans	**16,04,352**	**1,111.17**	16,19,397	1,121.59
Other long-term investments	**1,62,735**	**112.71**	1,63,910	113.52
	20,90,906	**1,448.16**	20,65,685	1,430.69
TOTAL FIXED ASSET	**41,86,935**	**2,899.87**	41,61,714	2,882.40
B. CURRENT ASSETS				
I. INVENTORIES				
Raw materials and other supplies	**60,05,021**	**4,159.08**	75,15,427	5,205.18
Work in progress	**1,770**	**1.23**	1,88,69,450	13.07
Finished goods	**1,01,70,075**	**7,043.79**	1,52,26,283	10,545.72
	1,61,76,867	**11,204.10**	2,27,60,579	15,763.98
II. RECEIVABLES AND OTHERS ASSETS				
Trade receivables and similar accounts	**1,68,95,020**	**11,701.49**	1,21,41,175	8,408.98
Other receivables	**74,85,986**	**5,184.79**	80,15,700	5,551.67
	2,43,81,006	**16,886.28**	2,01,56,874	13,960.65

	12/31/2016		12/31/2015	
	Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
III. CASH ON HAND				
Cash and cash equivalents	**19,22,502**	**1,331.52**	18,20,806	1,261.09
TOTAL CURRENT ASSET	**4,24,80,375**	**29,421.91**	4,47,38,260	30,985.72
C. PREPAID EXPENSES AND DEFERRED CHARGES				
Prepaid expenses	**16,47,478**	**1,141.04**	22,17,361	1,535.74
Deferred charges	**–**	**–**	–	–
Bond redemption premiums	**–**	**–**	–	–
Positive translation adjustments	**–**	**–**	–	–
TOTAL ASSETS	**4,83,14,788**	**33,462.82**	5,11,17,335	35,403.87
SHAREHOLDER'S EQUITY AND LIABILITIES				
A. OWNERS EQUITY				
I. SHARE CAPITAL				
Share capital	**98,09,472**	**6,794.04**	98,09,472	6,794.04
Issue, merger and contribution premiums	**5,49,13,600**	**38,033.16**	5,49,13,600	38,033.16
	6,47,23,072	**44,827.20**	6,47,23,072	44,827.20
II. RESERVES				
Revaluation reserve	**4,52,385**	**313.32**	4,52,385	313.32
Legal reserve	**–**	**–**	–	–
Statutory or contractual reserves	**–**	**–**	–	–
Regulated reserves	**–**	**–**	–	–
Other reserves	**–**	**–**	–	–
	4,52,385	**313.32**	4,52,385	313.32
III. RETAINED EARNINGS	**(56,739,920)**	**(39,298.07)**	(32,702,109)	(22,649.48)
IV. PROFIT OR (LOSS) OF THE FINANCIAL YEAR	**(24,991,875)**	**(17,309.37)**	(24,037,811)	(16,648.59)
V. INVESTMENTS SUBSIDIES	**–**	**–**	–	–
VI. REGULATED PROVISIONS	**–**	**–**	–	–
TOTAL SHAREHOLDER'S EQUITY	**(16,556,338)**	**(11,466.92)**	84,35,538	5,842.45
B. PROVISIONS FOR LIABILITIES AND CHARGES				
Provisions for risks	**26,98,736**	**1,869.14**	21,51,790	1,490.33
Provisions for charges	**40,12,272**	**2,778.90**	73,83,556	5,113.85
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	**67,11,008**	**4,648.04**	95,35,346	6,604.18

	12/31/2016		12/31/2015	
	Euros	Rs. Lakhs	Euros	Rs. Lakhs
C. ACCOUNTS PAYABLE				
1) LOANS AND SIMILAR DEBTS				
Loans and other borrowings from credits	**2,09,97,620**	**14,542.95**	5,678	3.93
Loans and miscellaneous financial debts	**55,910**	**38.72**	27,500	19.05
2) ADVANCES AND DEPOSITS FROM CUSTOMERS	**–**	**–**	–	–
3) TRADE PAYABLES	**1,98,69,320**	**13,761.49**	1,87,70,410	13,000.39
4) TAX AND SOCIAL DEBTS	**54,95,530**	**3,806.20**	66,82,052	4,627.99
5) AMOUNTS PAYABLE ON FIXED ASSETS AND RELATED ACCOUNTS	**–**	**–**	–	–
6) OTHER DEBTS	**1,16,24,044**	**8,050.81**	75,81,525	5,250.96
TOTAL ACCOUNTS PAYABLE	**5,80,42,424**	**40,200.18**	3,30,67,165	22,902.32
D. DEFERRED INCOME	**–**	**–**	–	–
TOTAL DEFERRED INCOME	**–**	**–**	–	–
Negative translation adjustments	**1,17,694**	**81.51**	79,287	54.91
Difference	**–**	**–**	–	–
TOTAL ASSETS	**4,83,14,788**	**33,462.82**	5,11,17,335	35,403.87

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

CORPORATE ACCOUNTS	LINE	2016		2015	
		Euros	Rs. Lakhs	Euros	Rs. Lakhs
OPERATING REVENUES					
Sales of goods bought for resale	1				
Sales of – Manufactured Goods	2	**9,63,54,204**	**66,734.92**	9,20,70,075	63,767.73
– Services	3	**16,60,266**	**1,149.90**	19,71,231	1,365.27
Revenues (lines 01 à 03)	4	**98,014,470**	**67,884.82**	94,041,307	65,133.01
Change in inventories of finished goods and work in progress	5	**(5,792,642)**	**(4,011.98)**	(930,877)	(644.73)
Capitalised production	6	**–**	**–**	–	–
Operating subsidies received	7	**33,379**	**23.12**	4,69,740	325.34
Reversals of provisions and depreciation, expense transfers	8	**1,05,65,097**	**7,317.39**	1,22,42,561	8,479.20
Other income	9	**10,59,366**	**733.72**	3,62,540	251.10
Other operating income		**5,865,200**	**4,062.24**	12,143,965	8,410.91
Operating income (lines 04 à 09)	10	**103,879,670**	**71,947.06**	106,185,271	73,543.92
OPERATING EXPENSES					
Purchases of raw materials and other supplies	13	**(56,613,355)**	**(39,210.41)**	(58,474,869)	(40,499.69)
Change in inventories of raw materials and other supplies	14	**(4,617,240)**	**(3,197.90)**	(4,339,866)	(3,005.79)
Other bought-in goods and services	15	**(28,680,553)**	**(19,864.15)**	(26,842,262)	(18,590.95)
Taxes other than corporate income tax	16	**(4,082,066)**	**(2,827.24)**	(3,313,199)	(2,294.72)
Wages and salaries	17	**(15,098,842)**	**(10,457.46)**	(17,156,612)	(11,882.67)
Social security charges	18	**(6,417,192)**	**(4,444.55)**	(6,951,106)	(4,814.34)

CORPORATE ACCOUNTS	LINE	2016		2015	
		Euros	Rs. Lakhs	Euros	Rs. Lakhs
Depreciation, amortisation & provision – operating items:					
– Depreciation and amortisation of fixed assets	19	**(162,744)**	**(112.72)**	(45,404)	(31.45)
– Amortisation of deferred charges	20	–	–	–	–
– Increase in provisions against fixed assets	21	–	–	–	–
– Increase in provisions against current assets	22	**(7,541,386)**	**(5,223.16)**	(7,547,899)	(5,227.67)
–Increase in provisions for liabililties and charges	23	**(2,670,777)**	**(1,849.78)**	(2,133,611)	(1,477.74)
Other charges	24	**(1,395,941)**	**(966.83)**	(1,142,059)	(790.99)
Operating expenses (lines 13 à 24)	25	**(127,280,096)**	**(88,154.19)**	(127,946,886)	(88,616.01)
OPERATING PROFIT (lines 10 + 25)	26	**(23,400,426)**	**(16,207.14)**	(21,761,615)	(15,072.09)
Share in profits/losses of joint venure partnership	27	–	–	–	–
FINANCIAL INCOME					
Income from equity interests	28	–	–	–	–
Other interest and similar income	29	**50,604**	**35.05**	76,626	53.07
Reversals of provisions and expense transfers	30	**1,19,856**	**83.01**	95,998	66.49
Foreign exchange gains	31	**1,68,131**	**116.45**	78,390	54.29
Net proceeds from disposals of marketable securities	32	–	–	–	–
Produits financiers (lines 28 à 32)	33	**338,591**	**234.51**	251,014	173.85
FINANCIAL EXPENSES					
Depreciation, amortisation and provisions – financial items	34	**(100,891)**	**(69.88)**	(53,004)	(36.71)
Interest and similar expenses	35	**(614,877)**	**(425.86)**	(166,734)	(115.48)
Foreign exchange losses	36	**(734,283)**	**(508.56)**	(178,789)	(123.83)
Net expenses on disposals of marketable securities	37	–	–	–	–
Charges financières (lines 34 à 37)	38	**(1,450,051)**	**(1,004.31)**	(398,527)	(276.02)
NET FINANCIAL INCOME/(EXPENSES) (lines 33 + 38)	39	**(1,111,460)**	**(769.80)**	(147,513)	(102.17)
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX (lines 26 + 27 + 39)	40	**(24,511,886)**	**(16,976.93)**	(21,909,128)	(15,174.26)
EXTRAORDINARY INCOME					
Extraordinary income - non-capital transactions	41	**1,94,445**	**134.67**	8,804	6.10
Extraordinary income - capital transactions	42	**2,60,871**	**180.68**	86,877	60.17
Reversals of provisions and expense transfers*	43	**82,43,804**	**5,709.66**	82,67,012	5,725.73
Extraordinary income (lines 41 à 43)	44	**8,699,120**	**6,025.01**	8,362,693	5,792.00
EXTRAORDINARY EXPENSES					
Extraordinary expenses - non-capital transactions	45	**(179,110)**	**(124.05)**	(8,086)	(5.60)
Extraordinary expenses - capital transactions	46	**(177,564)**	**(122.98)**	(64,376)	(44.59)
Extraordinary depreciation, amortisation and provisions	47	**(6,504,671)**	**(4,505.14)**	(7,512,441)	(5,203.12)
Extraordinary expenses DAEC		**(2,998,100)**	**(2,076.48)**	(2,909,145)	(2,014.87)
Extraordinary expenses (lines 45 à 47)	48	**(9,859,445)**	**(6,828.65)**	(10,494,048)	(7,268.18)
NET EXTRAORDINARY ITEMS (lines 44 + 48)		**(1,160,325)**	**(803.64)**	(2,131,355)	(1,476.18)
Statutory employee profit-sharing	49	–	–	–	–
Corporate income tax	50	**6,80,336**	**471.20**	2,672	1.85
NET PROFIT/(LOSSES) FOR THE YEAR (lines 40 + 44 + 48 + 49 + 50)	51	**(24,991,875)**	**(17,309.37)**	(24,037,811)	(16,648.59)

CASH FLOW

	12/31/2016 Euros	Rs. Lakhs	12/31/2015 Euros	Rs. Lakhs
A. CHANGE IN WORKING CAPITAL				
A1 LONG TERM FUNDS				
Net results	**(24,991,875)**	**(17,309.37)**	(24,037,811)	(16,648.59)
Depreciation and amortisation of fixed assets	**162,744**	**112.72**	4,953,326	3,430.67
Gain/(Losses) on disposals of fixed assets	**(87,373)**	**(60.51)**	(21,124)	(14.63)
Increase/(reversal) on provisions	**(1,537,955)**	**(1,065.19)**	(7,690,416)	(5,326.38)
CASH FLOWS FROM OPERATING ACTIVITIES	**(26,454,459)**	**(18,322.36)**	(26,796,025)	(18,558.93)
Increase in equity	**259,937**	**180.03**	15,000,000	10,389.00
Gain on disposal of assets:				
– Tangible fixed assets	**–**	**–**	85,500	59.22
– Intangible fixed assets	**231,303**	**160.20**	–	–
Disposal of other financial fixed assets	**–**	**–**	117,248	81.21
New borrowings on:				
– Employees profit-sharing funds	**10,039,410**	**6,953.30**	6,000	4.16
LONG TERM FUNDS	**(15,923,810)**	**(11,028.83)**	(11,587,278)	(8,025.35)
A2 LONG TERM USES				
Acquisition of non-current assets				
– Tangible fixed assets	**1,928,410**	**1,335.62**	1,254,523	868.88
– Intangible fixed assets	**38,243**	**26.49**	638,256	442.06
– Equity interests	**–**	**–**	13,037	9.03
Increase of other financial fixed assets	**190,034**	**131.62**	177,585	123.00
New deferred charges	**–**	**–**	–	–
Reimbursement of long-term borrowings	**11,000**	**7.62**	63,796	44.19
LONG TERM USES	**2,167,687**	**1,501.34**	2,147,197	1,487.15
CHANGE IN WORKING CAPITAL	**(18,091,496)**	**(12,530.17)**	(13,734,475)	(9,512.50)
B. CHANGE IN WORKING CAPITAL REQUIREMENTS				
Changes in inventories	**(6,842,128)**	**(4,738.86)**	(5,270,743)	(3,650.52)
Changes in trade receivables and assimilates	**4,748,058**	**3,288.51**	(1,491,025)	(1,032.68)
Changes in other receivables	**(736,833)**	**(510.33)**	7,121,662	4,932.46
Changes in operating assets (lines 31 à 33)	**(2,830,903)**	**(1,960.68)**	359,894	249.26
Changes in trade payables and assimilates	**1,401,846**	**970.92**	8,840,853	6,123.17
Changes in other payables	**3,166,665**	**2,193.23**	7,069,211	4,896.14
Changes in operating liabilities (lines 35 + 36)	**4,568,511**	**3,164.15**	15,910,064	11,019.31
CHANGE IN WORKING CAPITAL REQUIREMENTS	**(7,399,415)**	**(5,124.83)**	(15,550,170)	(10,770.05)
C. NET CASH FLOWS				
Change in cash and cash equivalents	**(10,692,082)**	**(7,405.34)**	1,815,695	1,257.55
NET CASH FLOWS	**(10,692,082)**	**(7,405.34)**	1,815,695	1,257.55

Notes to Financial Statements

The information below forms the Notes to the Balance Sheet for the year ended December 31, 2016 which amounts to Euros 4,83,14,788, INR 33,462.82 lacs, and to the Profit and Loss account that present a loss of Euros 2,49,91,875, INR 17,309.37 lacs.

The financial statements cover the 12-month period from January 1 to December 31, 2016.

The notes and tables below form an integral part of the company accounts.

These financial accounts were closed by the President.

1) ACCOUNTING RULES AND METHODS

The general accounting conventions below have been applied in accordance with the principle of prudence, and in compliance with legal and regulatory requirements in France and the basic assumptions that are intended to provide an accurate picture of the company's assets and liabilities, financial position and results:

- going concern,
- consistency of accounting methods from one period to the next,
- matching of costs and revenues.

The annual accounts comply in particular with the provisions of the Accounting Standards Authority N°2016-07, dated 4th November 2016 and amending the regulation n°2014-03 relating to the General Chart of Accounts, approved by decree on 26 December 2016.

The basic method used to value accounting entries is the historic cost method.

The main accounting rules and methods used are the following:

a) Tangible Fixed Assets:

Tangible fixed assets are assessed at their acquisition cost (purchase price and incidental expenses), or at their production cost.

Interest on loans specifically for the production of fixed assets is not include in the assets production cost.

Depreciation is recognized as an expense on a straight-line basis, based on the estimated useful life of each component, as described here below:

• Heavy component of industrial plants	40 years
• Buildings improvement	16 years
• Industrial equipment of production	16 years
• Machinery and equipment	16 years
• Special machine-tool	16 years
• Specific tooling	6 years
• Die cast moulds	3 years

Intangible Fixed Assets :

The intangible assets are evaluated according to their acquisition cost (purchase price and related expenses)

The depreciation rules are applied according to the straight-line method following the useful lives below :

- Software : 1 year
- Leasehold right : non-depreciable
- Land : non-depreciable
- Business premises : non-depreciable

b) Participating interests, other long-term investments, short-term investments:

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. When their balance sheet value is less than their cost of acquisition, a provision for depreciation is set aside for the amount of the difference. The economic value of these stacks is estimated according to the relevant share acquired of the carrying value of net assets of the subsidiary.

c) Inventories

Inventories are measured using the FIFO method.

The gross value of goods and supplies includes the purchase price and the incidental expenses.

Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production. Idle capacity costs are excluded from inventories valuation.

Financial interests are always excluded from inventories valuation.

A provision for impairment is recorded when the book value is higher than the market value or the liquidation value.

d) Receivables

Receivables are stated at their nominal value. A provision for impairment is recorded when the fair value is lower than the net book value.

e) Transactions in foreign currencies

Expenses and incomes in foreign currencies are accounted for their amount in euros to the date of the transaction.

Payables, receivables and cash in foreign currencies, are accounted at their fair value at closing date or at the guaranteed exchange rate if hedged.

f) Research and development expenses

Expenses of research and development that are related to the development of new products or to the improvement of previously existing products, are included in the general expenses. In 2016, these expenses amount to Euros 1,09,99,800, INR 7,618.46 lacs.

2. SIGNIFICANT EVENTS DURING THE YEAR

1. Accrued expenses on 31/12/2016 related to social and tax charges on holiday to pay, the PPS premium, the exceptional bonus, the time modulation, the incentive plan, are accounted in the liabilities for an amount of Euros 12,72,129, INR 881.08 lacs.

2. Provision for employee profit-sharing amount to , Euros 0.00, INR 0.00 lacs.

3. Use of a licence for the production and the sales of magnetic steering wheels. The related fees paid are depreciated over a five-year period.

4. Goods in transit on sea from Asia on December 31, 2016 (FOB) are valued to 1,914 thousands in euros, INR 1,325.64 lacs. These goods are made of assembled vehicles for 1,218 thousands in euros, INR 843.59 lacs and of spare parts for 696 thousands in euros, INR 482.05 lacs.

5. 1% construction scheme (French social construction tax) is applied as a loan that amounts to Euros 74,624, INR 51.68 lacs. For 2016, the subscription to theses scheme will be made as a loan too. A depreciation of this loan is accounted for Euros 45,416 INR, 31.46 lacs.

6. Our company pays retirement benefits to the employees and guarantees under conditions a minimum level of pensions.

   On December 31, 2016, the discounted value of the acquired future benefits that amounts to 7,979 thousands in euros, INR 5,526.26 lacs is not recognized as a provision. This amount is partially covered by payments to external funds for an amount of 2,256 thousands in euros, INR 1,562.51 lacs.

   The main actuarial assumptions: discount rate of 1,1% and inflation rate of 1,80%.

   During 2016 period, no payment was made to the external funds.

7. A depreciation is accounted on the fixed assets owned by Peugeot Motocycles. The full depreciation of intangible and tangible assets amounts to Euros 2,01,71,430, INR 13,970.73 lacs on December 31, 2016.

8. On December 31, 2016, the provision for customer warranties amounts to 2,279 thousands in euros, INR 1,578.44 lacs.

This provision is made of a provision for parts and labour warranties based on historical data that amount to 1,968 thousands in euros, INR 1,363.04 lacs and of a provision for recall campaigns identified before December 31, 2015 for an amount of 151 thousands in euros, INR 104.58 lacs, and of a new provision for an amount of 155 thousands in euros, INR 107.35 lacs.

9. A conversion plan of the company began in 2011:

The provision for restructuring accounted on 31/12/2016 amounts to Euros 2,85,455, INR 197.71 lacs.

This provision corresponds to the amount that remains to be paid related to the revitalisation agreement signed with local authorities.

10. On 31/12/2016, a provision of Euros 32,87,736, INR 2,277.09 lacs is accounted related to DAEC scheme (an scheme to match jobs and abilities).

This provision is related to:

- Redeployment of staff related to mobility;
    - Senior leave : 66 people
    - Leave for reclassification/external jobs/business start-up : 29 people
    - Retirement : 11 people
    - Group mobility : 2 people
- Restructuring of the following operating areas: frame welding, powder painting and spare parts.

11. Equity investments in a Chinese JV

    Shares owned in the JV are accounted for a gross amount of 6,836 thousands in euros, INR 4,734.61 lacs on December 31, 2016.

    A full depreciation was accounted in 2011 so that the net value is equal to zero since 2011.

12. In application of the recommendations published on 28/02/2013 by ANC (French accounting authority), the French tax credit based on payroll (CICE) is accounted a payroll reduction in P&L.

    For 2016, a tax credit of Euros 4,90,252, INR 339.55 lacs is accounted in reduction of 2016 payroll.

13. The individual right to training was established by Act of May 4, 2004. As of 1 January 2015, the professional account Training (CPF) has replaced the DIF. The hours DIF acquired to 31 December 2014 must be used before 31 December 2020 the same way as if it was hours granted under the CPF.

14. The annual accounts show a net loss of Euros 2,49,91,875, INR 17,309.37 lacs and equity of Euros -1,65,56,338, INR -11,466.92 lacs fell below the share capital of Euros 98,09,472, INR 6,794.04 lacs. The company reports net losses for several years and the situation does not improve in 2015. The company has implemented corrective measures that will produce their first effects in 2017 but which will be fully effective in the medium term. The going concern for the coming 12 months is based on the assumption of a support from majority shareholder. The continuation of the operations within the next 12 months is based upon the assumption of a support from the major shareholder.

15. The shareholder of the company, Peugeot SA, has received a firm offer from the Group Mahindra & Mahindra to take a majority stake in Peugeot Motocycle SAS, by the company Mahindra Two-Wheelers Europe S.à.r.l.. This acquisition of a 51% stake was effected as of January 19, 2015 and was realised by the acquisition of shares held by Peugeot SA and by the subscription to a reserved capital increase of Euros 26,67,072, INR 1,847.21 lacs with an issue premium of Euros 1,23,32,928, INR 8,541.79 lacs.

    After this transaction, the share capital of the company Peugeot Motocycle SAS amounts to Euros 98,09,472, INR 6,794.04 lacs and is made of 6,13,092 shares with a par value of Euros 16, INR 0.01 lacs.

3. SUBSEQUENT EVENTS

16. No significant subsequent event occurred since December 31, 2016 year-end.

4) FIXED ASSETS ON DECEMBER 31, 2016

FIXED ASSETS GROSS VALUE *(in Euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original value**
Intangible fixed assets						
Leaseholds						
Software	39,41,485	–	38,243	–	39,79,728	39,79,728
Concessions, patents & similar rights	84,587	–	–	–	84,587	84,587
Business goodwill	1,37,204	–	–	–	1,37,204	1,37,204
Other intangible fixed assets						
Advances and payments on account						
Subtotal	**41,63,276**	**–**	**38,243**	**–**	**42,01,519**	**42,01,519**
Tangible fixed assets						
Lands	25,11,847	–	–	–	25,11,847	20,59,462
Buildings on freehold land	1,57,37,874	–	–	–	1,57,37,874	1,57,37,874
Buildings on non-freehold land						
Improvements to buildings	1,54,49,129	–	7,700	3,50,864	1,51,05,965	1,51,05,965
Technical installations, industrial plant and machinery	12,86,34,455	375 419	13,69,996	89,27,794	12,14,52,076	12,14,52,076
Other tangible assets :						
General fixtures and fittings 4	19,02,471	–	5,762	–	19,08,233	19,08,233
Vehicles	1,88,852	–	–	7,607	1,81,245	1,81,245
Office and computer equipment, furniture	10,66,612	–	–	9,838	10,56,774	10,56,774
Tangible fixed assets in progress	2,37,846	(1 113 989)	13,10,615	–	4,34,472	4,34,472
Advances and payments on account	4,08,595	(293 481)	2,66,386	–	3,81,500	3,81,501
Subtotal	**16,61,37,681**	**(1 032 051)**	**29,60,459**	**92,96,103**	**15,87,69,986**	**15,83,17,602**
Financial fixed assets						
Equity interests	73,33,988	–	–	–	73,33,988	73,33,988
Receivables from equity interests	–	–	–	–	–	–
Other long-term investment securities	–	–	–	–	–	–
Loans	24,36,924	–	74,624	1,14,718	23,96,830	23,96,830
Other long-term investments	1,63,910	–	1,05,595	1,06,770	1,62,735	1,62,735
Subtotal	**99,34,822**	**–**	**1,80,219**	**2,21,488**	**98,93,553**	**98,93,553**
TOTAL	**18,02,35,779**	**(10,32,051.0)**	**31,78,921**	**95,17,591**	**17,28,65,058**	**17,24,12,674**

FIXED ASSETS GROSS VALUE *(in Rs. lacs)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original value**
Intangible fixed assets						
Leaseholds	–	–	–	–	–	–
Software	2,729.87	–	26.49	–	2,756	2,756
Concessions, patents & similar rights	58.58	–	–	–	58.58	58.58
Business goodwill	95.03	–	–	–	95.03	95.03
Other intangible fixed assets	–	–	–	–	–	–
Advances and payments on account	–	–	–	–	–	–
Subtotal	**2,883.48**	**0**	**26.49**	**0**	**2,909.97**	**2,909.97**
Tangible fixed assets						
Lands	1,739.71	–	–	–	1,739.71	1,426.38
Buildings on freehold land	10,900.05	–	–	–	10,900.05	10,900.05
Buildings on non-freehold land	–	–	–	–	–	–
Improvements to buildings	10,700.07		5.33	243.01	10,462.39	10,462.39
Technical installations, industrial plant and machinery	89,092.22	260.02	948.86	6,183.39	84,117.71	84,117.71
Other tangible assets :						
General fixtures and fittings 4	1,317.65	–	3.99	–	1,321.64	1,321.64
Vehicles	131	–	–	5.27	125.53	125.53
Office and computer equipment, furniture	739	–	–	6.81	731.92	731.92
Tangible fixed assets in progress	165	(771.55)	907.73	–	300.92	300.92
Advances and payments on account	283	(203.26)	184.50	–	264.23	264.23
Subtotal	**115,066.96**	**(715)**	**2,050.41**	**6,438.48**	**109,964.09**	**109,650.77**
Financial fixed assets						
Equity interests	5,079.52	–	–	–	5,079.52	5,079.52
Receivables from equity interests	–	–	–	–	–	–
Other long-term investment securities	–	–	–	–	–	–
Loans	1,687.81	–	51.68	79.45	1,660.04	1,660.04
Other long-term investments	114	–	73.14	73.95	112.71	112.71
Subtotal	**6,880.86**	**0**	**124.82**	**153.40**	**6,852.27**	**6,852.27**
TOTAL	**124,831.30**	**(714.80)**	**2,201.72**	**6,591.88**	**119,726.34**	**119,413.02**

5) AMORTIZATION AND PROVISION OF FIXED ASSETS ON 31 DECEMBER, 2016

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Intangible fixed assets					
Leaseholds	39,41,485	–	312,506	274,263	39,79,728
Software	84,587	–	–	–	84,587
Concessions, patents & similar rights	–	–	–	–	–
Business goodwill	–	–	–	–	–
Other intangible fixed assets	–	–	–	–	–
Advances and payments on account	–	–	–	–	–
Subtotal	**40,26,072**	**–**	**3,12,506**	**2,74,263**	**40,64,315**
Tangible fixed assets					
Lands	553 022	–	–	–	553 022
Buildings on freehold land	1,57,37,874	5,76,199	3,48,420	9,24,619	1,57,37,874
Buildings on non-freehold land					
Improvements to buildings	1,54,49,129	(576,199)	5,10,586	2,77,551	1,51,05,965
Technical installations, industrial plant and machinery	12,86,34,455		52,41,687	1,24,24,066	12,14,52,076
Other tangible assets :					
General fixtures and fittings 4	19,02,471	21,288	42,512	58,038	19,08,233
Vehicles	1,88,852	(11,176)	11,176	7,607	1,81,245
Office and computer equipment, furniture	10,66,612	(10,112)	10,112	9,838	10,56,774
Tangible fixed assets in progress	2,37,846	–	4,34,472	2,37,846	4,34,472
Advances and payments on account	4,08,595	–	3,81,501	4,08,595	3,81,501
Subtotal	**16,41,78,856**	–	**69,80,466**	**1,43,48,160**	**15,68,11,162**
Financial fixed assets					
Equity interests	70,51,609	–	–	41,441	70,10,168
Receivables from equity interests	–	–	–	–	–
Other long-term investment securities	–	–	–	–	–
Loans	8,17,528		53,366	78,415	7,92,479
Other long-term investments	–	–	–	–	–
Subtotal	**78,69,137**	**–**	**53,366**	**1,19,856**	**78,02,647**
TOTAL	**17,60,74,065**	**–**	**73,46,338**	**1,47,42,279**	**16,86,78,124**

FIXED ASSETS GROSS VALUE *(in Rs. Lacs)*	Opening balance	Transfers	Charges	Reversals	Year-end balance
Intangible fixed assets					
Leaseholds	2,729.87	–	–	–	2,756.36
Software	–	–	–	–	–
Concessions, patents & similar rights	–	–	–	–	–
Business goodwill	–	–	–	–	–
Other intangible fixed assets	–	–	–	–	–
Advances and payments on account	**–**	**–**	**–**	**–**	**–**
Subtotal	**2788.457**	**0**	**216**	**190**	**2814.945**
Tangible fixed assets					
Lands	383.02				383.02
Buildings on freehold land	10,900.05	399.08	241.32	640.39	10,900.05
Buildings on non-freehold land	–	–	–	–	–
Improvements to buildings	10,700.07	-399.08	353.63	192.23	10,462.39
Technical installations, industrial plant and machinery	89,092.22		3,630.39	8,604.91	84,117.71
Other tangible assets :	–	–	–	–	–
General fixtures and fittings 4	1,317.65	14.74	29.44	40.20	1,321.64
Vehicles	130.80	(7.74)	7.74	5.27	125.53
Office and computer equipment, furniture	738.74	(7.00)	7.00	6.81	731.92
Tangible fixed assets in progress	164.73		300.92	164.73	300.92
Advances and payments on account	282.99		264.23	282.99	264.23
Subtotal	**113,710.28**		**4,834.67**	**9,937.54**	**108,607.41**
Financial fixed assets					
Equity interests	4,883.94	–	–	28.70	4,855.24
Receivables from equity interests	–	–	–	–	–
Other long-term investment securities	–	–	–	–	–
Loans	566.22	–	36.96	54.31	548.87
Other long-term investments	–	–	–	–	–
Subtotal	**5,450**	**–**	**36.96**	**83.01**	**5,404.11**
TOTAL	**121,948.90**	**–**	**5,088.07**	**10,210.50**	**116,826.47**

6. INVENTORIES ON DECEMBER 31, 2016

INVENTORIES ON 31/12/2016 *(in euros)*		GROSS	DEPRECIATION	NET
311000	Raw materials	86,92,649	31,17,354	55,75,294
321000	Other supplies	12,16,760	8,12,486	4,04,273
321100	Returnable packaging	52,144	26,690	25,454
331000	Work in progress	1,770	–	1,770
351000	Intermediate products	15,15,370	1,56,751	13,58,619
355000	Finished products	92,59,593	18,78,020	73,81,573
355100	Second-hand finished products	12,02,367	9,90,491	2,11,877
355200	China finished products	12,18,006	–	12,18,006
TOTAL		**2,31,58,660**	**69,81,793**	**1,61,76,867**

INVENTORIES ON 31/12/2016 *(in Rs lacs)*		GROSS	DEPRECIATION	NET
311000	Raw materials	6,020.53	2,159.08	3,861.45
321000	Other supplies	842.73	562.73	280.00
321100	Returnable packaging	36.12	18.49	17.63
331000	Work in progress	1.23	–	1.23
351000	Intermediate products	1,049.55	108.57	940.98
355000	Finished products	6,413.19	1,300.72	5,112.48
355100	Second-hand finished products	832.76	686.01	146.75
355200	China finished products	843.59	–	843.59
TOTAL		**16,039.69**	**4,835.59**	**11,204.10**

7) Changes in Shareholder's Equity, transfers of operating charges and details on extraordinary results are presented here after.

CHANGES IN SHAREHOLDER'S EQUITY *(in euros)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	98,09,472	–	–	–	98,09,472
Revaluation reserve	4,52,385	–	–	–	4,52,385
Retained earnings	(32,702,109)	(24,037,811)	–	–	(56,739,920)
Share premium	54,913,600	–	–	–	5,49,13,600
Result of the year	(24,037,811)	2,40,37,811	(24,991,875)	–	(24,991,875)
Investment subsidy	–	–	–	–	–
Tax-regulated provisions	–	–	–	–	–
TOTAL	**84,35,537**	**–**	**(24,991,875)**	**–**	**(16,556,338)**

CHANGES IN SHAREHOLDER'S EQUITY *(in Rs lacs)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	6,794.04	–	–	–	6,794.04
Revaluation reserve	313.32	–	–	–	313.32
Retained earnings	(22,649.48)	(16,648.59)	–	–	(39,298.07)
Share premium	38,033.16	–	–	–	38,033.16
Result of the year	(16,648.59)	16,648.59	(17,309.37)	–	(17 309.37)
Investment subsidy	–	–	–	–	–
Tax-regulated provisions	–	–	–	–	–
TOTAL	**5,842.45**	**0**	**(17,309.37)**	**0**	**(11 466.92)**

Mahindra Company subscribed to a reserved capital increase of Euros 26,67,072, INR 1,847.21 lacs, made of 1,66,692 new shares with a par value of Euros 16, INR 0.01 lacs, issued with a global premium of Euros 1,23,32,928, INR 8,541.79 lacs.

Following to this operation, the share capital of the company amounts to Euros 98,09,472, INR 6,794.04 lacs, made of 6,13,092 shares with a par value of Euros 16, INR 0.01 lacs. Net Equity amounts to Euros -1,65,56,338, INR -11,466.92 lacs after the recognition of a loss in 2016 of Euros 2,49,91,875, INR 17,309.37 lacs.

We have to account an extraordinary amortization of our fixed assets due to the fact that the company recognized losses for several year, in order to reduce the value of our fixed assets to zero, except for business goodwill and lands.

CHANGES IN SHAREHOLDER'S EQUITY	**CHARGES**		**INCOMES**	
	Euros	**Rs lacs**	**Euros**	**Rs lacs**
On operating transactions - linked to the financial year	7,357	50.95	1,94,445	1,346.73
On operating transactions - linked to previous financial years	3,964	27.45	–	–
On investments transactions-assets disposals	1,77,564	1,229.81	2,59,937	1,800.32
On investments transactions - reversals of investment subsidy	–	–	–	–
On investments transactions - linked to previous financial year	–	–	934	6.47
Extraordinary liabilities et charges	–	–	–	–
Reversals of intangible fixed assets depreciation	–	–	2,74,263	1,899.55
Reversals of tangible fixed assets depreciation	–	–	45,99,063	31,853.11
Reversals of extraordinary depreciations	–	–	–	–
Reversals of extraordinary provision for liabilities and charges	–	–	–	–

CHANGES IN SHAREHOLDER'S EQUITY	**CHARGES**		**INCOMES**	
	Euros	**Rs lacs**	**Euros**	**Rs lacs**
Provisions for restructuring plan	–	–	–	–
Provisions DAEC	–	–	33,70,478	23,343.93
Charges DAEC	29,98,100	20,764.84	–	–
Provisions CASA	–	–	–	–
Depreciation of fixed assets	–	–	–	–
Extraordinary amortization of fixed assets	**65,04,671**	**45,051.35**	–	–
TOTAL	**96,91,656**	**67,124.41**	**86,99,120**	**60,250.11**

We have to account an extraordinary amortization of our fixed assets due to the fact that the company recognized losses for several year, in order to reduce the value of our fixed assets to zero, except for business goodwill and lands.

TRANSFERS OF OPERATING CHARGES DETAILS	**Euros**	**Rs lacs**
Adefim reimbursement of training costs	15,317.00	106.09
On wages and social security charges	113,686.00	787.39
On insurance proceeds	179,513.00	1,243.31
On insurance proceeds linked to employees	–	–
On fire insurance proceeds	–	–
Transferred charges to third parties	120,376.00	833.72
On goods returns	126,725.00	877.70
Bought materials reinvoiced	1,353.00	9.37
Employees - Benefits in kind	–	–
Others	16,108.00	111.56
TOTAL	**573,078.00**	**116,144.90**

8) PROVISIONS ON 31 DECEMBER, 2016

TYPE OF PROVISIONS *(in euros)*	Line		Opening balance	Charges	Reversals			
					Used	Non-used	Others	Year-end balance
Provisions for investment	1		–	–	–	–	–	–
Provisions for fluctuations on price	2		–	–	–	–	–	–
Provisions for accelerated tax depreciation	3		–	–	–	–	–	–
Provisions for regulated revaluation	4		–	–	–	–	–	–
Reinvested net gains	5		–	–	–	–	–	–
Provision for foreign investments	6		–	–	–	–	–	–
Other regulated provisions	7		–	–	–	–	–	–
Total regulated provisions - Lines 01 to 07	**8**		–	–	–	–	–	–
Provisions for disputes	9		48,000	23,900	40,000	–	–	31,900
Provision for customer warranties	10		20,03,790	2,75,521	–	–	–	22,79,311
Provisions for foreign exchange losses	12	Financ	–	47,525	–	–	–	47,525
Provisions for others liabilities	13		1,00,000	3,00,000	60,000	–	–	340,000
Provisions for liabilities - foundry	*14*		–	–	–	–	–	–
Provisions for liabilities - CASA			–	–	–	–	–	–
Provisions for liabilities - PLOYER			–	–	–	–	–	–
Provisions for liabilities - Oxygen			–	–	–	–	–	–
Provisions for liabilities - URSSAF			–	–	–	–	–	–
Provisions for liabilities -Labour litigations			*1,00,000*	*3,00,000*	*60,000*			*3,40,000*
Provisions for taxations		Extra	–	–	–	–	–	–
Provisions for charges - Group mobility	15		–	–	–	–	–	–
Provisions for charges - Long-service award	16		2,80,765	16,000	15,000	–	–	2,81,765
Provisions for charges - Restructuring PREC	17	Extra	66,25,111	–	29,98,100	3,39,275	–	32,87,736
Provisions for charges - Restructuring Plan 2011		Extra	3,18,558	–	33,103	–	–	2,85,455
Provisions for charges - Departures Casa	18	Extra	–	–	–	–	–	–
Provisions for charges - Discounted construction loans	19		53,371	45,416	–	53,371	–	45,416
Provisions for charges - Battery recycling	20		1,05,750	6,150	–	–	–	1,11,900
Total provisions liabilities and charges - Lines 09 to 20	**21**		**95,35,345**	**7,14,512**	**31,46,203**	**3,92,646**	**–**	**67,11,008**
On intangible fixed assets	22	Extra	6,87,933	27,649	2,74,263	–	–	4,41,319
On tangible fixed assets	23	Extra	2,27,28,478	16,03,695	45,99,063	–	–	1,97,33,110
On financial fixed assets	24	Financ	8,17,528	53,366	78,415	–	–	7,92,479
On equity investments	25	Financ	70,51,610	–	41,441	–	–	70,10,169
On inventories	26		72,40,209	75,38,315	72,40,209	–	–	75,38,315
On trade receivables	27		10,59,894	3,070	23,127	–	–	10,39,837
Other short-term assets	28		–	–	–	–	–	–
Total provisions for assets depreciation- Lines 21 to 28	**29**		**3,95,85,652**	**92,26,095**	**1,22,56,518**	**–**	**–**	**3,65,55,229**
TOTAL - Lines 08 + 21 + 29			**4,91,20,997**	**99,40,607**	**1,54,02,721**	**3,92,646**	**–**	**4,32,66,237**
of which Charges and Reversals	Operating		**1,08,91,779**	**82,08,372**	**73,78,336**	**53,371**	**–**	**1,16,68,444**
	Financial		**78,69,138**	**1,00,891**	**1,19,856**	**–**	**–**	**78,50,173**
	Extraordinary		**3,03,60,080**	**16,31,344**	**79,04,529**	**3,39,275**	**–**	**2,37,47,620**

TYPE OF PROVISIONS *(in Rs lacs)*	Line		Opening balance	Charges	Reversals		Others	Year-end balance
					Used	Non Used		
Provisions for investment	1		–	–	–	–	–	–
Provisions for fluctuations on price	2		–	–	–	–	–	–
Provisions for accelerated tax depreciation	3		–	–	–	–	–	–
Provisions for regulated revaluation	4		–	–	–	–	–	–
Reinvested net gains	5		–	–	–	–	–	–
Provision for foreign investments	6		–	–	–	–	–	–
Other regulated provisions	7		–	–	–	–	–	–
Total regulated provisions - Lines 01 to 07	**8**		–	–	–	–	–	–
Provisions for disputes	9		33.24	16.55	27.70	–	–	22.09
Provision for customer warranties	10		1,387.82	190.83	–	–	–	1,578.65
Provisions for foreign exchange losses	12	Financ	–	32.92	–	–	–	32.92
Provisions for others liabilities	13		69.26	207.78	41.56	–	–	235.48
Provisions for liabilities - foundry	*14*		–	–	–	–	–	–
Provisions for liabilities - CASA			–	–	–	–	–	–
Provisions for liabilities - PLOYER			–	–	–	–	–	–
Provisions for liabilities - Oxygen			–	–	–	–	–	–
Provisions for liabilities - URSSAF			–	–	–	–	–	–
Provisions for liabilities - Labour litigations			*69.26*	*207.78*	*41.56*	–	–	*235.48*
Provisions for taxations		Extra	–	–	–	–	–	–
Provisions for charges - Group mobility	15		–	–	–	–	–	–
Provisions for charges - Long-service award	16		194.46	11.08	10.39	–	–	195.15
Provisions for charges - Restructuring PREC	17	Extra	4,588.55	–	2,076.48	235	–	2,277.09
Provisions for charges - Restructuring Plan 2011		Extra	220.63	–	22.93	–	–	197.71
Provisions for charges - Departures Casa	18	Extra	–	–	–	–	–	–
Provisions for charges - Discounted construction loans	19		36.96	31.46	–	36.96	–	31.46
Provisions for charges - Battery recycling	20		73.24	4.26	–	–	–	77.50
Total provisions liabilities and charges - Lines 09 to 20	**21**		**6,604.18**	**494.87**	**2,179.06**	**271.95**	**–**	**4,648.04**
On intangible fixed assets	22	Extra	476.46	19.15	189.95	–	–	305.66
On tangible fixed assets	23	Extra	15,741.74	1,111	3,185	–	–	13,667
On financial fixed assets	24	Financ	566.22	36.96	54.31	–	–	548.87
On equity investments	25	Financ	4,883.95		28.70	–	–	4,855
On inventories	26		5,014.57	5,221.04	5,014.57	–	–	5,221
On trade receivables	27		734.08	2.13	16.02	–	–	720.19
Other short-term assets	28		–	–	–	–	–	–
Total provisions for assets depreciation - Lines 21 to 28	**29**		**27,417.02**	**6,389.99**	**8,488.86**	**–**	**–**	**25,318.15**
TOTAL - Lines 08 + 21 + 29			**34,021.20**	**6,884.86**	**10,667.92**	**271.95**	**–**	**29,966.20**
of which Charges and Reversals	Operating		**7,543.65**	**5,685.12**	**5,110.24**	**36.96**	**–**	**8,081.56**
	Financial		**5,450.16**	**69.88**	**83.01**	**–**	**–**	**5,437.03**
	Extraordinary		**21,027.39**	**1,129.87**	**5,474.68**	**234.98**	**–**	**16,447.60**

9) **MATURITY SCHEDULE OF ASSETS AND LIABILITIES ON DECEMBER 31, 2016**

ASSETS	Line	Gross Value		Within 1 year		More than 1 year	
		Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs
From Fixed Assets							
Receivables from equity interests	1	–	–	–	–	–	–
Loans	2	23,96,831	16,600.45	–	–	23,96,831	16,600.45
Other long-term investments	3	1,62,735	1,127.10	–	–	1,62,735	1,127.10
SUBTOTAL - Lines 01 to 03	**4**	**25,59,566**	**17,727.55**	**–**	**–**	**25,59,566**	**17,727.55**
From short-term assets							
Doubtful and disputed trade receivables	5	8,68,686	6,016.52	–	–	8,68,686	6,016.52
Other trade receivables	6	1,70,66,172	118,200.31	1,70,66,172	118,200.31	–	–
SUBTOTAL - Lines 05 to 06	**7**	**1,79,34,858**	**124,216.83**	**1,70,66,172**	**1,18,200**	**8,68,686**	**6,016.52**
Amounts due from employees	8	418	2.90	418	2.90	–	–
Social security and other welfare agencies	9	–	–	–	–	–	–
State and other local authorities		–	–	–	–	–	–
Corporate income tax recoverable	10	–	–	–	–	–	–
VAT recoverable	11	11,73,388	8,126.89	11,73,388	8,126.89	–	–
Other taxes and duties recoverable	12	13,53,035	9,371.12	13,53,035	9,371.12	–	–
Other amounts due from government and local authorities	13	13,26,764	9,189.17	13,26,764	9,189.17	–	–
Amount due from Group companies and shareholders	14	–	–	–	–	–	–
Other receivables	15	33,40,332	23,135.14	33,40,332	23,135.14	–	–
SUBTOTAL - Lines 08 to 15	**16**	**71,93,937**	**49,825.21**	**71,93,937**	**49,825.21**	**–**	**–**
TOTAL Lines 04 + 07 + 16		**2,76,88,361**	**191,769.59**	**2,42,60,109**	**168,025.51**	**34,28,252**	**23,744.07**

LIABILITIES	Line	Gross Value		Within 1 year		1 to 5 years		More than 5 year	
		Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs
Loans and long-term liabilities									
Convertible bonds	18	–	–	–	–	–	–	–	–
Other bonds	19	–	–	–	–	–	–	–	–
Financial debt	20	2,09,97,620	145,429.52	2,09,97,620	145,429.52	–	–	–	–
Miscellaneous debt	21	55,910	387.23	55,910	387.23	–	–	–	–
SUBTOTAL - Lines 18 to 21	**22**	**2,10,53,530**	**145,816.75**	**2,10,53,530**	**145,816.75**	–	–	–	–
Short-term liabilities						–	–	–	–
Trade payables	23	1,98,69,320	137,614.91	1,98,69,320	137,614.91	–	–	–	–
Amounts due to employees	24	38,78,428	26,861.99	38,78,428	26,861.99	–	–	–	–
Social security and other welfare agencies	25	12,14,256	8,409.94	12,14,256	8,409.94	–	–	–	–
Amounts due to state or local authorities		–	–	–	–	–	–	–	–
Corporate income tax payable	26	–	–	–	–	–	–	–	–
VAT payable	27	26,766	185.38	26,766	185.38	–	–	–	–
Tax payment bonds	28					–	–	–	–
Other taxes payable	29	3,75,802	2,602.80	3,75,802	2,602.80	–	–	–	–
Amounts due to Group Companies and Shareholders	30	–	–	–	–	–	–	–	–
Other liabilities	31	8,893	61.59	8,893	61.59	–	–	–	–
SUBTOTAL - Lines 24 to 31	**32**	**55,04,145**	**38,121.71**	**55,04,145**	**38,121.71**	–	–	–	–
SUBTOTAL - Lines 23 & 32	**33**	**2,53,73,465**	**175,736.62**	**2,53,73,465**	**175,736.62**	–	–	–	–
Other liabilities		–	–	–	–	–	–	–	–
Amounts payable on fixed assets and related accounts	34	–	–	–	–	–	–	–	–
Amounts due to Group Companies and Shareholders	35	–	–	–	–	–	–	–	–
Other liabilities	36	–	–	–	–	–	–	–	–
SUBTOTAL - Lines 35 to 36	**37**	–	–	–	–	–	–	–	–
SUBTOTAL - Lines 34 & 37	**38**	–	–	–	–	–	–	–	–
TOTAL Lines 04 + 07 + 16	**39**	**4,64,26,995**	**321,553.37**	**4,64,26,995**	**321,553.37**	–	–	–	–

10) ITEMS RELATING TO SEVERAL BALANCE SHEET AND PROFIT & LOSS ACCOUNT ITEM ON DECEMBER 31, 2016

BALANCE SHEET	Line	Amounts related to companies				Trade bills payable and receivable	Trade bills payable and receivable
		Related undertakings	Related undertakings	Equity Interests	Equity Interests		
		Euros	Rs. lacs	Euros	Rs. lacs	Euros	Rs lacs
Assets							
Capital subscribed but not called	1	–	–	–	–	–	–
Prepayments on intangible fixed assets	2	–	–	–	–	–	–
Prepayment on tangible fixed assets	3	–	–	–	–	–	–
Equity interests	4	4,98,283	3,451.11	68,35,705	47,344.09		
Receivables from equity interests	5	–	–	–	–	–	–
Other long-term investment securities	6	–	–	–	–	–	–
Loans	7	–	–	–	–	–	–
Other long-term investment	8	–	–	–	–	–	–
Prepayments	9	–	–	–	–	–	–
Trade receivable	10	13,79,802	9,556.51	5,85,031	4,051.92	14,93,131	10,341.43
Other receivable	11	–	–	–	–	–	–
Capital subscribed but not called	12	–	–	–	–	–	–
Marketable securities	13	–	–	–	–	–	–
Cash and equivalents	14	–	–	–	–	–	–
Liabilities							
Proceeds from issues of equity securities	15	–	–	–	–	–	–
Conditional advances	16	–	–	–	–	–	–
Convertible bonds	17	–	–	–	–	–	–
Other bonds	18	–	–	–	–	–	–
Bank borrowings	19	–	–	–	–	–	–
Miscellaneous debt	20	1,09,151	755.98	–	–	–	–
Advances and progress payments received	21	–	–	–	–	–	–
Trade payables	22	4,98,009	3,449.21	57,66,805	39,940.89	5,554	38.47
Amounts payable on fixed assets and related accounts	23	–	–	–	–	–	–
Miscellaneous liabilities	24	–	–	–	–	–	–
Amounts due to Bank and related accounts	25	–	–	–	–	–	–

The transactions with related parties are conducted at market prices.

11) IMPACT OF REVALUATION ON BALANCE SHEET ON DECEMBER 31, 2016

Change in provision for regulated revaluation *(in Euros)*	Line	Variance calculation		Extra depreciation			Year-end provision amount
		Increase in gross amounts	Increase in depreciated amounts	During the period		Year end cumulative amount	
				Extra depreciation	Disposals		
Concessions, patents & similar rights	1	–	–	–	–	–	–
Business goodwill	2	–	–	–	–	–	–
Lands	3	–	–	–	–	–	–
Buildings	4	–	–	–	–	–	–
Technical installations, industrial plant and machinery	5	–	–	–	–	–	–
Other tangible fixed assets	6	–	–	–	–	–	–
Tangible fixed assets in progress	7	–	–	–	–	–	–
Equity interests	8	–	–	–	–	–	–
Other long-term investments	9	–	–	–	–	–	–
TOTAL Lines 01 to 09	**8**	–	–	–	–	–	–

Change in provision for regulated revaluation *(in Euros)*	**Line**	**Opening balance**	**Disposals**	**Others**	**Year -end balance**	**For information - Difference transferred to capital**
Concessions, patents & similar rights	11	–	–	–	–	–
Business goodwill	12	–	–	–	–	–
Lands	13	3,00,282	–	–	3,00,282	–
Equity interests	14	–	–	–	–	–
Fixed assets (1959 French law)	15	1,52,103	–	–	1,52,103	–
TOTAL Lines 11 to 15	**16**	**4,52,385**	–	–	**4,52,385**	–
Revaluation reserve (1976 French law)			–	–	3,00,282	–
Special revaluation reserve (1959 French law)			–	–	1,52,103	–
"Free revaluation" differences			–	–		–
Other differences						

Change in provision for regulated revaluation *(in Rs lacs)*	**Line**	**Variance calculation**		**Extra depreciation**			**Year-end provision amount**
		Increase in gross amounts	**Increase in depreciated amounts**	**During the period**		**Year - end cumulative amount**	
				Extra depreciation	**Disposals**		
Concessions, patents & similar rights	1	–	–	–	–	–	–
Business goodwill	2	–	–	–	–	–	–
Lands	3	–	–	–	–	–	–
Buildings	4	–	–	–	–	–	–
Technical installations, industrial plant and machinery	5	–	–	–	–	–	–
Other tangible fixed assets	6	–	–	–	–	–	–
Tangible fixed assets in progress	7	–	–	–	–	–	–
Equity interests	8	–	–	–	–	–	–
Other long-term investments	9	–	–	–	–	–	–
TOTAL Lines 01 to 09	**8**	–	–	–	–	–	–

Change in provision for regulated revaluation *(in Rs lacs)*	**Line**	**Opening balance**	**Disposals**	**Others**	**Year - end balance**	**For information - Difference transferred to capital**
Concessions, patents & similar rights	11	–	–	–	–	–
Business goodwill	12	–	–	–	–	–
Lands	13	207.98	–	–	207.98	–
Equity interests	14	–	–	–	–	–
Fixed assets (1959 French law)	15	105.35	–	–	105.35	–
TOTAL Lines 11 to 15	**16**	**313.32**	**–**	**–**	**313.32**	–
Revaluation reserve (1976 French law)		–	–	–	207.98	–
Special revaluation reserve (1959 French law)		–	–	–	105.35	–
"Free revaluation" differences		–	–	–	–	–
Other differences		–	–	–	–	–

12) BUSINESS GOODWILL

BUSINESS GOODWILL	**Euros**	**Rs. Lacs**
Leasehold DANNEMARIE	0	
26 Avenue de la Grande Armée PARIS	137,204	95.03
TOTAL	**137,204**	**95.03**

13) CAPITALIZED INTERESTS IN FIXED ASSETS

Interests are not included in the production cost of the own constructed fixed assets.

14) CAPITALIZED INTERESTS IN INVENTORIES

Interests are not included in the inventories valuation.

15) VALUATION OF TRANSFERABLE ITEMS

When the value of transferable items is lower than their actual balance sheet value, a depreciation is recognized.

For the fiscal year 2016, depreciations linked to transferable items amount to Euros 8,06,757, INR 577 lacs.

16) ACCRUED INCOME AND ACCRUED EXPENSE

On December 31, 2016, the accrued income and accrued expense included in the balance sheet are the following:

Accrued Income	**31/12/2016**		**31/12/2015**	
	Euros	**Rs. Lacs**	**Euros**	**Rs. Lacs**
Government – amounts to receive	–	–	–	–
Clients – invoices to raise	36,292	25.14	68,068	47.14
Suppliers – amounts to receive	–	–	–	
Related company – accrued income	–	–	–	–
Interests on equity loan VAT	–	–	–	–
Royalties	–	–	–	–
Other accrued income	65,845	45.60	1,26,890	87.88
Employees – amount due	–	–	–	–
TOTAL	**1,02,137**	**71**	**1,94,958**	**135**

Accrued Expense	31/12/2016		31/12/2015	
	Euros	Rs. Lacs	Euros	Rs. Lacs
Accrued interest on debt	–	–	–	–
Bank – shortterm accrued expense	–	–	–	–
Purchase invoices not received	64,70,756	4,481.65	52,59,990	3,643.07
Clients – credit notes to raise	94,000	65.10	2,20,000	152.37
Accrued holiday to pay	38,54,214	2,669.43	44,43,323	3,077.45
Social security – accrued expenses	13,065	9.05	24,634	17.06
Accrued taxes to pay	3,75,802	260.28	4,25,926	295.00
Related companies – accrued expenses	–	–	–	–
Other accrued expense	–	–	–	–
TOTAL	**1,08,07,837**	**7,485.51**	**1,03,73,873**	**7,184.94**

17. DEFERRED CHARGES AND DEFERRED INCOME

On December 31, 2016, the deferred charges and deferred income are the followings:

Deffered Charges and Income	Deffered Charges		Deffered Income	
	In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs
Operating charges / income	1,648	1,141.40	0	–
Financial charges / income	–	–	–	–
Extraordinary charges / income	–	–	0	–
TOTAL	**1,648**	**1,141.40**	**0**	**0**

18. BREAKDOWN OF SHARE CAPITAL

The share capital is made of 6,13,092 fully paid shares with a par value of Euros 16, INR 0.01 lacs.

19. BREAKDOW OF REVENUES

The turnover of the company is detailed as follows:

a) Lines of business

	2016		2015	
	In thousands of euros	Rs. lacs	In thousands of euros	Rs. lacs
Second-hand vehicles	281	194.62	674	466.81
Motor vehicles	62,671	43,405.93	60,515	41,912.69
U.M.E.	–	–	31	21.47
Spare parts and accessories	13,387	9,272	12,974	8,985.79
Automobiles parts	–	–	578	400.32
Bike	526	364.31	544	376.77
Engine	807	558.93	192	132.98
Trading	18,642	12,911.45	16,366	11,335.09
Others	238	164.84	471	326
Non-core activities revenues	**1,462**	**1,012.58**	**1,696**	**1,174.65**
TOTAL	**98,014**	**67,884.50**	**94,041**	**65,132.80**

b) Geographical market (destination country)

	2016		2015	
	In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs
European countries	44,712	30,967.53	43,070	29,830.28
"French franc" zone	2,112	1,462.77	1,657	1,147.64
Other countries	10,875	7,532.03	7,355	5,094.07
TOTAL EXPORT	**57,699**	**39,962.33**	**52,082**	**36,071.99**
France	40,315	27,922.17	41,959	29,060.80
TOTAL	**98,014**	**67,884.50**	**94,041**	**65,132.80**

20) CORPORATE INCOME TAX

Corporate Income Tax on December 31, 2016 *(in thousands of euros)*	Pre-tax Profit	Taxable Profit		Tax due	Net Profit
		33.33%	19%		
Profit from ordinary activities	(24,512)	–	–	–	(24,512)
Extraordinary results	(1,160)	–	–	–	(1,160)
Tax credits	–	–	–	680	680
Additional contribute 10%	–	–	–	–	–
Employee profit-sharing	–	–	–	–	–
CARRY BACK	–	–	–	–	–
TOTAL	**(25,672)**	**–**	**–**	**680**	**(24,992)**

(in Rs. Lacs)

Corporate Income Tax on December 31, 2016 *(in Rs. Lacs)*	Pre-tax Profit	Taxable Profit		Tax due	Net Profit
		33.33%	19%		
Profit from ordinary activities	(16,977.01)	–	–	–	(16,977)
Extraordinary results	(803.42)	–	–	–	(803.42)
Tax credits	–	–	–	470.97	470.97
Additional contribute 10%	–	–	–	–	–
Employee profit-sharing	–	–	–	–	–
CARRY BACK	–	–	–	–	–
TOTAL	**(17,780.43)**	**–**	**–**	**470.97**	**(17,309.46)**

21) FINANCIAL COMMITMENTS

On December 31, 2016, the commitments given are the followings:

FINANCIAL COMMITMENTS	In thousands of euros	Rs. Lacs
Bills for collection	863	597.71
Deposits and guarantees	–	–
Other commitments given (Daily French law)	–	–
Leasing contracts	–	–
Long term rentals	–	–
TOTAL	**863**	**597.71**

These commitments are related to:

- Management for 0
- Related companies for 0

22) DEBT SECURED BY COLLATERAL GUARANTEES

DEBT SECURED BY COLLATERAL GUARANTEES	In thousands of euros	Rs. Lacs
Bank debts	20,997	14,542.52
TOTAL	**20,997**	**14,542.52**

23) IMPACT OF EXCEPTIONAL TAX ASSESSMENTS

The exceptional tax assessments accounted during the period are the followings:

EXCEPTIONAL TAX ASSESSMENTS	In thousands of euros	Rs. Lacs
Accounting result	(24,992)	(17,309.46)
Corporate income tax	(680)	(470.97)
PRETAX RESULT	**(25,672)**	**(17,780.43)**
Change in regulated provisions:		
Provisions for accelerated tax depreciation	–	–
Provision for fluctuation in price	–	–
FISCAL RESULT WITHOUT EXCEPTIONAL TAX ASSESMENTS	**(25,672)**	**(35,560.85)**

24) DEFERRED AND CONTINGENT TAXATION

On December 31, 2016, the company has no deferred taxation liabilities.

The contingent taxation represents a deferred tax assets of 1,55,023 thousands of euros, INR 1,07,368.93 lacs.

a) *Deferred taxation*

Corporate income tax rate is 33 1/3 % et social contribution rate is 3,3 % of the corporate income tax.

(in thousands of euros)

Origin of deferred taxation	Opening balance			Year-end balance		
	Amount	Deffred Taxation		Amount	Deferred taxation	
		Assets	Debt		Assets	Debt
Depreciation considered as deferred for tax	25,795	8,882	–	25,795	8,882	–
Losses carried forward	3,72,499	1,28,264	–	4,02,380	1,38,553	–
Research tax credit	–	–	–	–	–	–
Charges for which tax result deduction is deferred						
– Paid holiday	1,418	488	–	1,503	518	–
– Solidarity contribution	126	43	–	99	34	–
– DAEC	819	282	–	–	–	–
– Provision for exchange rate losses	–	–	–	–	–	–
– Provision CASA	–	–	–	–	–	–
– Assets depreciation	23,416	8,063	–	20,171	6,946	
– Employees profitsharing	–	–	–	–	–	–
– Provision for discounted construction loans	53	18	–	45	15	–
– Provision for liabilities and charges	–	–	–	48	17	–
– Negative translation adjustments	–	–	–	117	40	–
– Positive translation adjustments	–	–	–	–	–	–
– Guarantee program	–	–	–	–	–	–
– Depreciation on loans	53	18		53	18	
TOTAL	**4,24,179**	**1,46,058**	**–**	**4,50,211**	**1,55,023**	–

Origin of deferred taxation *(in Rs. Lacs)*	**Opening balance**			**Year-end balance**		
	Amount	**Deffred Taxation**		**Amount**	**Deferred taxation**	
		Assets	**Debt**		**Assets**	**Debt**
Depreciation considered as deferred for tax	17,865.62	6,151.67	–	17,865.62	6,151.67	–
Losses carried forward	257,992.81	88,835.65	0	278,688.39	95,961.81	0
Research tax credit	–	–	–	–	–	–
Charges for which tax result deduction is deferred						
– Paid holiday	982.11	337.99	–	1,040.98	358.77	–
– Solidarity contribution	87.27	29.78	–	68.57	23.55	–
– DAEC	567.24	195.31	–	–	–	–
– Provision for exchange rate losses	–	–	–	–	–	–
– Provision CASA	–	–	–	–	–	–
– Assets depreciation	16,217.92	5,584.43	–	13,970.43	4,810.80	–
– Employees profitsharing	–	–	–	–	–	–
– Provision for discounted construction loans	36.71	12.47	–	31.17	10.39	–
– Provision for liabilities and charges			–	33.24	11.77	–
– Negative translation adjustments			–	81.03	27.70	–
– Positive translation adjustments			–	–	–	–
– Guarantee program			–	–	–	–
– Depreciation on loans	36.71	12.47		36.71	12.47	–
TOTAL	**293,786.38**	**101,159.77**	**0**	**311,816.14**	**107,368.93**	**0**

b) ***Contingent taxation***

33 1/3% + 3,3%

Origin of contingent taxation *(in euros / Rs lacs)*	**Opening balance**			**Year-end balance**		
	Amount	**Contingent Taxation**		**Amount**	**Contingent Taxation**	
		Assets	**Debt**		**Assets**	**Debt**
Long-term gains	–	–	–	–	–	–
– taxed to 10%	–	–	–	–	–	–
– taxed to 15%	–	–	–	–	–	–
– taxed to 25%	–	–	–	–	–	–
– taxed to 18%	–	–	–	–	–	–
– taxed to 19%	–	–	–	–	–	–
Short-term gains with a taxation spread over several periods	–	–	–	–	–	–
Long-term losses (tax deductible over the ten followings fiscal periods..)	–	–	–	–	–	–
TOTAL	**–**	**–**	**–**	**–**	**–**	**–**

25) TRANSLATION ADJUSTMENTS

On December 31, 2016, the translation adjustments are as follows:

Adjustments	**Amount**		**Difference covered by hedging transactions**		**Provision for exchange rate**	
	In thousands of euros	**Rs. Lacs**	**In thousands of euros**	**Rs. Lacs**	**In thousands of euros**	**Rs. Lacs**
Positive translation adjustments (unrealised losses)	–	–	–	–	–	–
– on non-financial fixed assets	–	–	–	–	–	–
– on financial fixed assets	–	–	–	–	–	–
– on trade receivables	–	–	–	–	–	–
– on financial debts	–	–	–	–	–	–
– on short-term debts	–	–	–	–	–	–
Negative translation adjustments (unrealised gains)	–	–	–	–	–	–
– on non-financial fixed assets	–	–	–	–	–	–
– on financial fixed assets	–	–	–	–	–	–
– on trade receivables	64	44.33	–	–	–	–
– on financial debts			–	–	–	–
– on short-term debts	52	36.02	–	–	–	–
TOTAL	**116**	**80.34**	–	–	–	–

A provision for exchange rate losses is accounted to cover the unrealised losses.

26) EXECUTIVE REMUNERATION

In 2016, the total remuneration and benefits in kind paid to executives totalled:

EXECUTIVE REMUNERATION	Euros	Rs. Lacs
Board of Directors		
Management	12,20,162	845.08
TOTAL	**12,20,162**	**845.08**

27) AUDITORS

The auditing fees for 2016 are the followings;

AUDITORS	Euros	Rs. Lacs
Statutory auditing fees	70,000	48.48
Consolidation auditing fees	22,500	15.58
TOTAL	**92,500**	**64.07**

28) AVERAGE HEADCOUNT

The average headcount of the company during the period 2016 is:

AVERAGE HEADCOUNT	Employees	Lended or temp employees
Managerial grades	131	–
Technical and supervisory grades	147	5
Workers	171	10
Apprentices + short-term labour contracts	32	–
CASA employees	–	–
TOTAL	**481**	**15**

29) IDENTITY OF PARENT COMPANY CONSOLIDATING THE ACCOUNTS OF PEUGEOT MOTOCYCLES

The financial accounts are included in the consolidating accounts of Mahindra & Mahindra Ltd – Mahindra Towers P.K. – Kurne Chowk, Worli – MUMBAI 40001

For the fiscal year 2016, PEUGEOT MOTOCYLES generated a tax loss of Euros 3,27,89,538, INR 22,710.03 lacs.

30) LIST OF SUBSIDIARIES AND EQUITY INTERESTS

SUBSIDIARIES AND EQUITY INTERESTS			OWNER'S EQUITY		INTEREST HELD (%)	2015 RESULTS	
			In thousands of euros	Rs. Lacs		In thousands of euros	Rs. Lacs
A / Detailed information about subsidiaries and equity interests							
Subsidiaries (over 50 % of the share-capital)	French		261	180.77	100	41	28.40
	Foreign	PMI	–	–	–	–	–
Equity interests (10 to 50 % of the share-capital)	French		–	–	–	–	–
	Foreign	JQPM	9,603	6,651.04	50	1,202	832.51
B / General information about subsidiaries and equity interests							
Subsidiaries not included in A	French		–	–	–	–	–
	Foreign	PMD	545	377.47	100	72	49.87
Equity interests not included in A	French		–	–	–	–	–
	Foreign		–	–	–	–	–

A/ Information about subsidiaries and equity interests related to interests valued over 1% of the equity of PMTC.

B/ General information about other subsidiaries and equity interests

PEUGEOT MOTOCYCLES SAS
"Société par actions simplifies" with share capital of Euros 98,09,472.00, INR 7,354.16 lacs
Head office : rue du 17 Novembre 25350 BEAULIEU MANDEURE (Doubs)
RCS Belfort : B 875 550 667
Siret : 875 550 667 00013
APE n° 3091Z
VAT number : FR 71 875 550 667

LISTING OF SECURITIES HELD
31 DECEMBER 2016

Number of shares	Valeur Nominale		COMPANIES	Gross Value		Amortisation Depreciation or Capitalised gains		Net Value	
	Euros	Rs. Lacs		Euros	Rs. Lacs	Euros	Rs. Lacs	Euros	Rs. Lacs
1	26,000	180.08	**PEUGEOT MOTOCYCLES DEUTSCHLAND**	31,799	22.02	–	–	31,799.00	22.02
15 675	16	0	**PEUGEOT MOTOCYCLES ITALIA**	4,66,485	323.09	1,74,463	120.83	2,92,022	202.25
1	6,835,705	47,344.09	**JINAN QINGQI MOTORCYCLES**	68,35,705	4,734.41	68,35,705	4,734.41	–	–
			TOTAL	**73,33,988**	**5,079.52**	**70,10,168**	**4,855.24**	**3,23,821**	**224.28**

Details on subsidiaries of : PEUGEOT MOTOCYCLES SAS

PMI - PEUGEOT MOTOCYCLES ITALIE
PEUGEOT MOTOCYCLES ITALIA SPA
Via Gallarate N° 199
20151 MILANO
Télécom Italia : (39) 2 30 70 36 16
Subsidiary of PEUGEOT MOTOCYCLES : 100 %
ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Italy

Fiscal year	**2015**	**2016**
Delivered volumes to the network	4.027	4.267
Headcount on December 31	15	15

Financial information:	**2015**		**2016**	
	Thousands in euros	**Rs. Lacs**	**Thousands in euros**	**Rs. Lacs**
Revenues	**7,197**	**4,984.64**	**7,068**	**4,895.30**
Net result	17	12	41	29
Net equity	251	173.84	292	202.24

PMD - PEUGEOT MOTOCYCLES ALLEMAGNE
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH
Kurhessenstrasse 13
D 64546 MORFELDEN WALLDORF
Deutsch Telecom : (49) 6105 20 93 0
Subsidiary of PEUGEOT MOTOCYCLES : 100 %
ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Germany

Fiscal year			**2015**	**2016**
Delivered volumes to the network			10.018	9.191
Headcount on December 31			18	18
			–	–
Financial information:	**2015**		**2016**	
	Thousands in euros	**Rs. Lacs**	**Thousands in euros**	**Rs. Lacs**
Revenues	16,101	11,151.55	14,893	10,314.89
Net result	58	41	72	52
Net equity	471	326.21	543	376.08
Investments	8	6	–	–

FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS

NATURE OF THE INDICATIONS (en euros)	2012	2013	2014	2015	2016
FINANCIAL POSITION AT BALANCE SHEET DATE					
a/ Share capital	7,142,400	7,142,400	7,142,400	9,809,472	9,809,472
b/ Number of shares issued	446,400	446,400	446,400	613,092	613,092
OVERALL RESULTS OF CURRENT OPERATIONS					
a/ Sales before tax	102,344,055	97,612,499	95,615,009	94,041,307	98,014,470
b/ Profit before tax, depreciation and provisions	(41,876,423)	(33,627,987)	(23,385,781)	(26,777,574)	(27,047,422)
c/ Corporate income tax	–	–	–	–	–
d/ Profit after tax, depreciation and provisions	–	–	–	–	–
e/ Distributed profit :					
- Dividends	–	–	–	–	–
- Compensations	–	–	–	–	–
OPERATION RESULTS PER SHARE					
a/ Profit after tax but before depreciation and provisions	(92)	(74)	(51)	(44)	(43)
b/ Profit after tax, depreciation and provisions	(97)	(65)	(73)	(39)	(41)
c/ Dividends distributed per share					
- Net dividend	–	–	–	–	–
- Tax prepaid on dividends	–	–	–	–	–
WORKFORCE					
a/ Number of employees	630	502	490	498	466
b/ Total payroll	21,816,146	17,423,164	16,520,145	16,583,183	15,887,663
c/ Amount paid in relation to social benefits (Social security, Charities, etc...)	6,865,879	7,118,423	6,865,879	7,355,769	6,432,192

NATURE OF THE INDICATIONS (Rs. lacs)	2012	2013	2014	2015	2016
FINANCIAL POSITION AT BALANCE SHEET DATE					
a/ Share capital	4,946.83	4,946.83	4,946.83	6,794.04	6,794.04
b/ Number of shares issued	446,400.00	446,400.00	446,400.00	613,092.00	613,092.00
OVERALL RESULTS OF CURRENT OPERATIONS					
a/ Sales before tax	70,883.49	67,606.42	66,222.96	65,133.01	67,884.82
b/ Profit before tax, depreciation and provisions	(29,003.61)	(23,290.74)	(16,196.99)	(18,546.15)	(18,733.04)
c/ Corporate income tax	–	–	–	–	–
d/ Profit after tax, depreciation and provisions	–	–	–	–	–
e/ Distributed profit :					
- Dividends	–	–	–	–	–
- Compensations	–	–	–	–	–
OPERATION RESULTS PER SHARE					
a/ Profit after tax but before depreciation and provisions	(0.06)	(0.05)	(0.04)	(0.03)	(0.03)
b/ Profit after tax, depreciation and provisions	(0.07)	(0.05)	(0.05)	(0.03)	(0.03)
c/ Dividends distributed per share					
- Net dividend	–	–	–	–	–
- Tax prepaid on dividends	–	–	–	–	–
WORKFORCE	–	–	–	–	–
a/ Number of employees	630	502	490	498	466
b/ Total payroll	15,109.86	12,067.28	11,441.85	11,485.51	11,003.80
c/ Amount paid in relation to social benefits (Social security, Charities, etc...)	4,755.31	4,930.22	4,755.31	5,094.61	4,454.94

MANAGEMENT REPORT

PEUGEOT MOTOCYCLES ITALIA S.P.A.

Company subject to the direction and
coordination of PEUGEOT MOTOCYCLES S.A.
Based in VIA GALLARATE 199 - 20151 MILANO (MI)
Share capital Euro 2,64,000.00 I.V. INR in lacs 182.85

ANNUAL REPORT OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Gentlemen Shareholders,

We submit for your attention the financial statements for the year ended 31 December 2016, drawn up in accordance with local regulations interpreted and supplemented by the accounting standards issued by the National Council of Chartered Accountants and accountants and from Italian accounting Body (O.I.C.), which show a profit of Euro 12,130, INR in lacs 8.40

Operating conditions and business development

As you well know, your company carries out its activities in the field of wholesale mopeds and two-wheeled vehicles, where it operates as wholesaler.

In accordance with art. 2428 it should be noted that the activity is carried out at the headquarters in Milan, via Gallarate 199, and there are no branches.

Operating performance

Market analysis

The 2016 confirms itself as a year of significant recovery with over 22,600 registrations thanks to the remarkable increase of motorcycle and scooter to the good result. 50 cc also have stabilized although on a lower level in the past. We are still far from pre-crisis levels, but we are on track to recover volumes and customers for 2 wheels.

The Grand total of two wheeled motor italiane (motorcycles and scooters from + 50 cm^3 vehicles) in 2016 reaches 2,17,157 Unit + 11.6% from last year.

Of which:

vehicles 50 cc.

- Minimum decrease for vehicles 50 cc. with 0.6% compared to units registered 23,249-2015

Month	2015	2016	Var %
Jan	1,351	1,359	0.59
Feb	1,322	1,403	6.13
Mar	1,822	1,927	5.76
Apr	2,278	2,108	-7.46
Mag	2,221	2,516	13.28
Jun	2,906	2,727	-6.16
Lug	3,527	3,003	-14.86
Needle	1,516	1,703	12.34
Set	2,374	2,25	-5.22
Ott	1,714	1,618	-5.6
Nov	1,198	1,252	4.51
DIC	1,16	1,383	19.22
Total	23,389	23,249	-0.6

vehicles > 50 cc.

In total in the year 2016, the registered (vehicles with a cylinder capacity exceeding 50 cm^3) recorded a two-digit increase in sales 1,93,908 + 13.3% compared to 2015 and with positive every month except July.

- **Scooter:** scooter, amounting to 1,17,918 units, volumes were up + 8.6%.

Month	2015	2016	Var %
Jan	5,421	6,136	13.19
Feb	5,126	7,132	39.13
Mar	8,805	10,109	14.81
Apr	12,923	13,927	7.77
May	13,489	15,15	12.31
Jun	14,056	14,613	3.96
Lug	16,799	14,89	-11.36
Needle	5,898	7,145	21.14
Set	10,326	11,254	8.99
At	7,441	7,465	0.32
Nov	5,058	5,131	1.44
December	3,278	4,966	51.49
Total	108,62	1,17,918	8.56

- **Moto:** more dynamic trends showed motorcycles with 75,990 pieces and a + 21.6%.

Month	2015	2016	Var %
Jan	3,825	4,931	28.92
Feb	4,783	6,682	39.7
Mar	7,817	9,428	20.61
Apr	8,673	9,915	14.32
May	7,829	9,983	27.51
Jun	7,712	8,561	11.01
Lug	7,449	7,576	1.7
Needle	2,492	3,19	28.01
Set	4,559	5,2	14.06
At	3,425	3,879	13.26
Nov	2,315	2,933	26.70
December	1,625	3,712	128.43
Total	62,504	75,99	21.58

Vehicle registrations up to 50 cc

The trend of vehicle registrations up to 50 cc is summarized in the table below.

	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	The year 2016	Shutter speed 16/15
Total	85,921	71,427	48,807	31,645	26,724	23,389	23,249	-0.60%

TOP 20 MOPEDS 2016

The “Top 20 mopeds” by brand registered in 2016 are shown in the table below:

Rank	Marca	Modello	Segmento	Total 2016
1	PIAGGIO	LIBERTY 50 4T 3V	Scooter	2,936
2	APRILIA	SCARABEO 50 2T	Scooter	1,938
3	PIAGGIO	VESPA PRIMAVERA 50 4T	Scooter	1,107
4	PIAGGIO	VESPA PRIMAVERA 50	Scooter	1,095
5	YAMAHA	AEROX	Scooter	743
6	APRILIA	SCARABEO 50 4T 4V	Scooter	730
7	BETA	RR 50 ENDURO	Plurimarcia	625
8	HONDA ITALIA	VISION 50	Scooter	623
9	KYMCO	AGILITY 50 R16 2T	Scooter	554
10	PIAGGIO	ZIP 50 2T	Scooter	522
11	BETA	RR 50 MOTARD	Plurimarcia	491
12	PEUGEOT	TWEET 50	Scooter	487
13	KYMCO	AGILITY 50 R16	Scooter	470
14	YAMAHA	BW'S	Scooter	415
15	PEUGEOT	KISBEE 50	Scooter	391
16	PIAGGIO	NRG POWER DD	Scooter	382
17	PIAGGIO	LIBERTY 50 RST 4T	Scooter	372
18	KYMCO	AGILITY 50	Scooter	347
19	APRILIA	SR MOTARD 50	Scooter	335
20	PIAGGIO	TYPHOON	Scooter	323

50 cc Scooter over recordings

The trend in registrations for scooters over 50 cc is summarized in the table below:

	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	The year 2016	Shutter speed 16/15
Total	2,13,456	1,72,099	1,47,177	1,01,139	1,01,534	108,62	1,17,918	8.56%

Motorcycle registrations

The trend in registrations for motorcycles is summarized in the table below:

	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	The year 2016	Shutter speed 16/15
Total	93,608	83,005	59,348	52,795	54,607	62,504	75,99	21.58%

TOP 20 REGISTERED 2016 (only scooter)

The "Top 20" by brand registered in 2016 are shown in the table below:

Rank	Marca	Modello	Segmento	Total 2016
1	HONDA ITALIA	SH 150	Scooter	8,586
2	HONDA ITALIA	SH 300	Scooter	8,392
3	HONDA ITALIA	SH 125	Scooter	7,891
4	KYMCO	AGILITY 125 R16	Scooter	4,960
5	PIAGGIO	BEVERLY 300	Scooter	4,421
6	PIAGGIO	LIBERTY 125 ABS	Scooter	3,920
7	YAMAHA	TMAX 500	Scooter	3,870
8	PIAGGIO	BEVERLY 350	Scooter	3,236
9	YAMAHA	XMAX 250	Scooter	3,043
10	PIAGGIO	VESPA GTS 300 SUPER	Scooter	2,876
11	KYMCO	AGILITY 200I R16	Scooter	2,529
12	KYMCO	PEOPLE ONE 125I	Scooter	2,400
13	PIAGGIO	VESPA PRIMAVERA 125	Scooter	2,240
14	HONDA	INTEGRA	Scooter	2,143
15	PIAGGIO	BEVERLY 350 ABS	Scooter	2,073
16	YAMAHA	XMAX 400	Scooter	1,964
17	KYMCO	DOWNTOWN 350I ABS	Scooter	1,955
18	PEUGEOT	TWEET 125	Scooter	1,921
19	YAMAHA	XENTER 150	Scooter	1,797
20	PIAGGIO	MEDLEY 125	Scooter	1,752

The year 2016 has seen a particularly good December thanks to the fact that many dealers have encouraged (km 0) sales of Euro3 vehicles still in stock by virtue of the changeover to Euro4 to January 2017. Even the 50 cc. stabilized recording, compared to 140 units in 2015, only less. It is still far from pre-crisis levels, but the road to retrieve volumes and customers for 2 wheels seems to have been undertaken. Remains the unknown factor economic scenario, which however show moderately positive factors through a revival in domestic demand and greater confidence in the financial markets. There are structural problems related to youth unemployment still too high and credit difficulties.

The high cost of insurance continues to be an important brake for the sales of scooters (particularly of 50 cc.).

Your company has seen an improvement in market share compared to 2015 thanks to volumes from Tweet.

The overall market share has increased from 3.4% in 2015 to 3.5% in 2016 (+ 0.1 percentage points).

As for the 50 cc. Your company has maintained market shares, despite the continuing difficulties of this continuous segment, although minor, 4.7% in 2016, confirming the decrease registered in 2015.

Also regarding the registered, your company has maintained its market share by confirming in 2016 the 3.2% already realized in 2015. Excellent result taking into account the difficulties linked to the lack, in the last months of the year, Euro 4 products, particularly of the top model tweets, and the strong commercial and advertising pressure implementation by competitors ready with products that meet the new regulations.

Operating performance in the sectors in which the company operates

With regard to your company, the preceding financial year shall be substantially positive.

The following table shows the consequential results over the past three financial years in terms of production value, EBITDA and profit before tax.

	12/31/2016		12/31/2015		12/31/2014	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
value of production	71,58,904	4,958.26	72,04,333	4,989.72	71,47,772	4,950.55
gross operating margin	(5,03,273)	(348.57)	(4,42,272)	(306.32)	(3,72,963)	(258.31)
Profit before taxes	(15,059)	(10.43)	47,116	32.63	36,255	25.11

Key economic data

The condensed income statement of the company compared with the previous year is as follows:

	12/31/2016		12/31/2015		Variation	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
Net revenues	66,60,617	4,613.14	66,91,999	4,634.88	(31,382)	(21.74)
External costs	60,95,362	4,221.65	60,80,433	4,211.31	14,929	10.34
Added Value	**5,65,255**	**391.50**	**6,11,566**	**423.57**	**(46,311)**	**(32.07)**
Labor cost	10,68,528	740.06	10,53,838	729.89	1,469	1.02
Gross Operating Margin	**(5,03,273)**	**(348.57)**	**(4,42,272)**	**(306.32)**	**(61,001)**	**(42.25)**
Amortization, depreciation and other provisions	10,088	6.99	13,456	9.32	(3.368)	(2.33)
Operating Result	**(5,13,361)**	**(355.55)**	**(4,55,728)**	**(315.64)**	**(57,633)**	**(39.92)**
Other income	4,98,287	345.11	5,12,334	354.84	(14,047)	(9.73)
Financial income and expenses	15	0.01	(949)	(0.66)	9,505	6.58
Result Ordinary	(15,059)	(10.43)	47,116	32.63	(62,175)	(43.06)
Profit before taxes	(15,059)	(10.43)	47,116	32.63	(62,175)	(43.06)
Income taxes	(27,189)	(18.83)	30,183	20.90	(57,372)	(39.74)
Net result	**12,130**	**8.40**	**16,933**	**11.73**	**(4,803)**	**(3.33)**

A better description of the income situation of the company are listed in the table below some profitability ratios compared with the same indices related to the budgets of the previous years.

	12/31/2016	12/31/2015	12/31/2014
NET ROE	0.05	0.07	–
Gross ROE	–	0.20	0.14
ROI	–	0.01	0.00
ROS	0.00	0.01	0.00

Main balance sheet items

The company's reclassified balance sheet compared with the previous year is as follows:

	12/31/2016		12/31/2015		Variation	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
Net intangible assets						
Net tangible assets	62,663	43.40	68,495	47.44	(5.832)	(4.04)
Investments and other financial assets	2,22,602	154.17	2,13,493	147.87	9,109	6.31
Non-current assets	**2,85,265**	**197.57**	**2,81,988**	**195.30**	**3,277**	**2.27**
Inventories	85,949	59.53	85,657	59.33	292	0.20
Trade receivables	37,60,343	2,604.41	39,36,795	2,726.62	(1,76,452)	(122)
Other receivables	88,007	60.95	1,54,685	107.13	(66.678)	(0.05)
Prepaid expenses and accrued income	4,243	2.94	175	0.12	42,255	29.27
Short-term financial assets	**39,76,729**	**2,754.28**	**41,77,312**	**2,893.21**	**(2,00,583)**	**(139)**
Trade Payables	2,61,852	181.36	5,93,445	411.02	(3,31,593)	(229.66)

	12/31/2016		12/31/2015		Variation	
	EUROS	**INR IN LACS**	**EUROS**	**INR IN LACS**	**EUROS**	**INR IN LACS**
Down payments				0.00		
Tax and social security debts	**1,23,617**	**85.62**	1,23,122	85.27	495	0.34
Other Payables	**34,86,772**	**2,414.94**	36,15,680	2,504.22	(1,28,908)	(89)
Accrued expenses and deferred income	**35**	**0.02**	300	0.21	(265)	(0.18)
Short-term operating liabilities	**38,72,276**	**2,681.94**	43,32,547	3,000.72	(4,60,271)	(319)
				0.00		
Net working capital	**1,04,453**	**72.34**	(1,55,235)	(107.52)	2,59,688	179.86
Severance of employment	**2,11,589**	**146.55**	2,72,618	188.82	(61.029)	(0.04)
Tax and social security debts (over 12 months)				0.00		
Other medium and long-term liabilities	**238**	**0.16**	238	0.16		
Medium/long-term liabilities	**2,35,389**	**163.03**	2,96,418	205.30	(61,029)	(42.27)
Invested capital	**1,54,329**	**106.89**	(1,69,665)	(117.51)	3,23,994	224.40
Shareholders' equity	**(2,62,711)**	**(181.95)**	(2,50,582)	(173.55)	(12.129)	(0.01)
Medium-long term net financial position	**1,024**	**0.71**	1,024	0.71		
Short-term net financial position	**1,07,358**	**74.36**	4,19,223	290.35	(3,11,865)	(216.00)
Equity and net debt	**(1,54,329)**	**(106.89)**	1,69,665	117.51	(3,23,994)	(224.40)

The balance sheet shows the financial strength of the company reclassified (i.e. its ability to maintain the financial equilibrium in the medium to long term).

A better description of the financial strength of the company are listed in the table below some financial ratios relating to both (i) the method of financing of medium/long term loans that (ii) the composition of funding sources, compared with the same indices related to the budgets of the previous years.

	12/31/2016		12/31/2015		12/31/2014	
	EUROS	**INR IN LACS**	**EUROS**	**INR IN LACS**	**EUROS**	**INR IN LACS**
Primary margin of structure	(23,578)	(16.33)	(3,243)	(2.25)	(67,965)	(47.07)
Primary quotient structure	0.92		0.89		0.77	
Secondary margin structure	2,11,811	146.70	2,63,988	182.84	1,94,049	134.40
Secondary structure quotient	1.74		1.93		1.64	

Key financials

The net financial position at 31 December 2016, was as follows:

		12/31/2016		12/31/2015		Variation
Bank deposits	1,07,049	74.14	4,19,098	290.27	(3,12,049)	(216.13)
Money and other valuables in hand	309	0.21	125	0.09	184	0.13
Cash and cash equivalents	**1,07,358**	**74.36**	**4,19,223**	**290.35**	**(3,11,865)**	**(216.00)**
Financial assets not held as fixed assets	–	–	–	–	–	–
Bonds and convertible bonds (within 12 months)	–	–	–	–	–	–
Payables to shareholders for funding (within 12 months)	–	–	–	–	–	–

	12/31/2016		12/31/2015		Variation	
Bank loans (within 12 months)	–	–	–	–	–	–
Other financial Payables (within 12 months)	–	–	–	–	–	–
Previews for foreign payments	–	–	–	–	–	–
Current portion of loans	–	–	–	–	–	–
Financing receivables	–	–	–	–	–	–
Short-term financial liabilities	–	–	–	–	–	–
Short-term net financial position	**1,07,358**	**74.36**	**4,19,223**	**290.35**	**(3,11,865)**	**(216.00)**
Bonds and convertible bonds (over 12 months)	–	–	–	–	–	–
Payables to shareholders for funding (over 12 months)	–	–	–	–	–	–
Bank borrowings (over 12 months)	–	–	–	–	–	–
Other financial Payables (over 12 months)	–	–	–	–	–	–
Previews for foreign payments	–	–	–	–	–	–
Long term portion of funding	–	–	–	–	–	–
Financing receivables	(1,024)	(0.71)	(1,024)	(0.71)	–	–
Net financial position in the medium and long term	**1,024**	**0.71**	**1,024**	**0.71**	–	–
Net financial position	**1,08,382**	**75.07**	**4,20,247**	**291.06**	**(3,11,865)**	**(216.00)**

A better description of the financial situation are shown in the table below some financial ratios, compared with the same indices related to the budgets of the previous years.

	12/31/2016	12/31/2015	12/31/2014
Primary liquidity	1.03	1.04	1.03
Secondary liquidity	1.05	1.06	1.04
Indebtedness	15.55	18.38	20.39
Coverage rate of fixed assets	1.66	1.85	1.57

The primary liquidity ratio is equal to 1.03. The financial situation of the company is to be considered good.

The secondary liquidity ratio amounted to 1.05. The value of the net working capital is definitely satisfactory in relation to the amount of current Payables.

The debt ratio is equal to 15.55. The amount of debts has now gone decidedly significant depending on the existing equity, but there was still a slight improvement over previous years debt

The coverage rate of fixed assets amounted to 1.66, it appears that the amount of own funds and consolidated debt is considered appropriate in relation to the amount of fixed assets. Equity in conjunction with consolidated debts are to be considered by the appropriate amount in relation to the amount of fixed assets.

Information relating to the environment and staff

Taking into account the social role of the company as is also indicated by the document on the annual report of the National Council of Chartered Accountants, it is considered appropriate to provide the following information concerning the environment and personnel.

Staff

During the year there were no deaths at work of staff entered in register book.

During the year there have been no serious accidents at work which have resulted in serious or very serious injury to personnel enrolled in the register book.

During the year there were no complaints in respect of occupational diseases for employees or former employees and causes of mobbing, for which the company has been declared permanently responsible.

Environment

During the year there were no environmental damage for which the company was found guilty in a final.

During the year our society were not fined or definitive sentences for crimes, or environmental damage.

Investment

During the year, investments were made in the following areas:

Fixed assets	Acquisitions for the year	Acquisitions for the year
	EUROS	**INR IN LACS**
Other goods	4,256	2.95

Research and development activities

Your company, because of the type of activity carried out, does not play in your research and development activities.

Relations with subsidiaries, associated companies, holding and sister companies

The company entertained the following relations with Group companies:

- Peugeot Motocycles S.A.;
- Mahindra Two Wheelers Europe Holding S.A.R.L.

EUROS

Society	Debts	Credits	Costs		Revenues	
			Goods	**Services**	**Goods**	**Services**
Peugeot Motocycles S.A.	15,54,942	9,671	43,73,050	78,761	1,397	97,877
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	10	–	–	–	10
Total	**15,54,942**	**19,671**	**43,73,050**	**78,761**	**1,397**	**8,282**

INR IN LACS

Society	Debts	Credits	Costs		Revenues	
			Goods	**Services**	**Goods**	**Services**
Peugeot Motocycles S.A.	1,076.95	6.70	3,028.77	54.55	0.97	67.79
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	0.01	–	–	–	0.01
Total	**1,076.95**	**13.62**	**3,028.77**	**54.55**	**0.97**	**5.74**

During the year were entertained the following relations with subsidiaries, associated companies, holding and sister companies:

EUROS

Society	Financial debts	Financing receivables	Credits comm.li	Debt comm.li	Sales	Purchases
Peugeot Motocycles S.A.	–	–	9,671	15,54,942	99,274	44,51,811
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	–	10	–	10	–
Total	**–**	**–**	**19,671**	**15,54,942**	**1,09,275**	**44,51,811**

INR IN LACS

Society	Financial debts	Financing receivables	Credits comm.li	Debt comm.li	Sales	Purchases
Peugeot Motocycles S.A.	–	–	6.70	1,076.95	68.76	3083.32
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	–	0.01	–	0.01	–
Total	**–**	**–**	**13.62**	**1,076.95**	**75.68**	**3083.32**

Those reports, which don't include atypical or unusual transactions are governed by normal market conditions.

In particular, besides the undersigned company, company subject to the direction and coordination of Peugeot Motocycles S.A. S., to the latter and to other companies are subject, and analytically reports are shown below, with an indication of the reasons and interests which has affected the decision.

Trade relations and several

EUROS

Company	Debts	Credits	Guarantees	Commitments	Costs	Revenues
Peugeot Motocycles S.A.	15,54,942	9,671	–	–	44,51,811	99,274
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	10	–	–	–	10
Total	**15,54,942**	**19,671**	**–**	**–**	**44,51,811**	**1,09,275**

INR IN LACS

Company	Debts	Credits	Guarantees	Commitments	Costs	Revenues
Peugeot Motocycles S.A.	1,076.95	6.70	–	–	3,083.32	68.76
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	0.01	–	–	–	0.01
Total	**1,076.95**	**13.62**	**–**	**–**	**3,083.32**	**75.68**

Own shares and shares of parent companies

Your company does not have, nor has bought or sold during the year, Treasury shares or shares of the parent, either directly or indirectly.

Information related to the risks and uncertainties pursuant to art. 2428, paragraph 2, point 6-bis of the Italian civil code

In accordance with art. 2428, paragraph 2, point 6-bis of the Italian civil code below will provide information about the use of financial instruments, as relevant for the assessment of the financial position.

Are provided, then a series of quantitative information aimed at providing information on the size of the exposure to risk by the company.

Credit risk

Credit risk represents the company's exposure to potential losses resulting from non-performance of obligations undertaken by commercial counterparts.

In order to limit this risk, the company performs constant monitoring of positions of individual clients, analyzes expected cash flows and those flushed in order to undertake timely recovery action if necessary.

In addition, the company has taken out an insurance policy of the claim to further limit the risk.

Impairment losses on receivables are calculated on the basis of the risk of default of the counterparty, determined by considering the available information on the solvency of the counterpart, the histories and the coverage provided by the policy of credit insurance. The carrying amount of the receivables is reduced indirectly by recognition in a provision.

The significant single positions, for which there is an objective condition of partial or total uncollectibility are subject to individual impairment. The amount of the write-down is determined taking into account the available credit information counterpart, historical data, the estimate of future recoverable flows and the relative date of collection and recovery costs and burdens.

The positions that are not written down individually are included in groups with similar characteristics in terms of credit risk and written down on a collective basis according to percentage that increases as the temporal range of expired.

Liquidity risk

Liquidity risk represents the risk that available financial resources will not be sufficient to cope with the financial and commercial obligations within the prescribed time and predetermined deadlines.

Specifically, the company manages this risk through corporate credit lines and manages its liquidity through a system of centralized Treasury that is responsible for the centralized management of Treasury and finance.

Enrico Pelligrino,
Director

Date : 23 May 2017

BALANCE SHEET

Financial statements as of December 31, 2016

	2016		2015	
Assets	**EUROS**	**INR IN LACS**	EUROS	INR IN LACS
A) Accounts receivable from shareholders in respect of unpaid share capital				
B) Fixed assets				
I. Tangible assets				
1) Plant and machinery	**0**	**0**	0	0
2) Industrial and commercial equipment				
3) Other assets	**37,707**	**26.12**	43,539	30.16
4) Construction in progress and advances	**24,956**	**17.28**	24,956	17.28
	62,663	**43.40**	68,495	47.44
II. Financial				
1) Other companies	**207**	**0.14**	207	0.14
	207	**0.14**	207	0.14
2) Accounts Receivables				
a) Other than group companies				
- falling due after more than one year	**1,024**	**0.71**	1,024	0.71
	1,024	**0.71**	1,024	0.71
	1,024	**0.71**	1,024	0.71
3) Other Securities				
4) Treasury shares (nominal amount)	**1,231**	**0.85**	1,231	0.85
Total fixed assets	**63,894**	**44.25**	69,726	48.29
C) Current assets				
I. Inventories				
1) Finished products and goods	**85,949**	**59.53**	85,657	59.33
	85,949	**59.53**	85,657	59.33
II. Accounts receivable				
1) From customers				
– falling due within one year	**37,60,343**	**2,604.41**	39,36,795	2,726.62
– falling due after more than one year				
	37,60,343	**2,604.41**	39,36,795	2,726.62
2) From controlled undertakings	**–**	**–**	–	–
3) From affiliated undertakings	**–**	**–**	–	–
4) Tax credits				
– falling due within one year	**47,891**	**33.17**	1,14,569	79.35
	47,891	**33.17**	1,14,569	79.35
5) Deferred tax				
– falling due within one year	**2,22,395**	**154.03**	2,13,286	147.72

	2016		2015	
Assets	**EUROS**	**INR IN LACS**	EUROS	INR IN LACS
	2,22,395	**154.03**	2,13,286	147.72
6) Other accounts receivable				
– falling due within one year	**40,116**	**27.78**	40,116	27.78
	40,116	**27.78**	40,116	27.78
	40,70,745	**2,819.40**	43,04,766	2,981.48
III. Cash				
1) Bank and postal deposits	**1,07,049**	**74.14**	4,19,098	290.27
2) Cheques				
3) Cash and cash equivalents	**309**	**0.21**	125	0.09
	1,07,358	**74.36**	4,19,223	290.35
Total current assets	**42,64,052**	**2,953.28**	48,09,646	3,331.16
D) Prepayments and accrued income	**42,430**	**29.39**	175	0.12
Total assets	**43,70,376**	**3,026.92**	48,79,547	3,379.57

	As at 31st december 2016	**As at 31st december 2015**	As at 31st december 2016	As at 31st december 2015
Balance sheet liabilities	**EUROS**	**INR IN LACS**	EUROS	INR IN LACS
A) Shareholders' equity				
I. Capital	**2,64,000**	**182.85**	2,64,000	182.85
II. Share premium reserve of shares				
III. Revaluation reserve				
IV. Legal reserve	**24,936**	**17.27**	24,086	16.68
V. Statutory reserves				
VI. Other reserves				
Difference by rounding to the Euro			1	0.00
			1	0.00
VIII. Profit (loss) carried forward	**(38.355)**	**(0.03)**	(54.438)	(37.70)
IX. Profit for the year	**12,130**	**8.40**	16,933	11.73
Total shareholders' equity	**2,62,711**	**181.95**	2,50,582	173.55
B) Provisions for contingencies				
1) Provisions for expenses	**23,800**	**16.48**	23,800	16.48
Total reserves for risks and charges	**23,800**	**16.48**	23,800	16.48
C) Severance subordinated	**2,11,589**	**146.55**	2,72,618	188.82
D) Payables				
1) Trade Payables				
– within 12 months	**2,61,852**	**181.36**	5,93,445	411.02
– over 12 months				

Balance sheet liabilities	**As at 31st december 2016 EUROS**	**As at 31st december 2015 INR IN LACS**	As at 31st december 2016 EUROS	As at 31st december 2015 INR IN LACS
	2,61,852	**181.36**	5,93,445	411.02
2) Payables to parent companies				
– within 12 months	**15,37,610**	**1,064.95**	18,95,436	1,312.78
– over 12 months				
	15,37,610	**1,064.95**	18,95,436	1,312.78
3) tax liabilities				
– within 12 months	**58,886**	**40.78**	52,163	36.13
– over 12 months				
	58,886	**40.78**	52,163	36.13
4) safety and welfare Payables social				
– within 12 months	**64,731**	**44.83**	70,959	49.15
– over 12 months				
	64,731	**44.83**	70,959	49.15
5) other Payables				
– within 12 months	**19,49,162**	**1,349.99**	17,20,244	1,191.44
– over 12 months				
	19,49,162	**1,349.99**	17,20,244	1,191.44
Total debts	**38,72,241**	**2,681.91**	43,32,247	3,000.51
E) accruals	**35**	**0.02**	300	0.21
Total liabilities	**43,70,376**	**3,026.92**	48,79,547	3,379.57

Sole Director

Euro amounts are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 69.26 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017

Enrico Pelligrino,
Director

Date : 23 May 2017

PROFIT AND LOSS ACCOUNT

Income statements for the year ended 31st December 2016

	2016		2015	
Income statement	**EUROS**	**INR IN LACS**	EUROS	INR IN LACS
A) Value of production				
1) Revenues from sales and services	**66,60,617**	**4,613.14**	66,91,999	4,634.88
2) Other income:				
–various	**4,98,287**	**345.11**	5,12,334	354.84
–operating grants				
	4,98,287	**345.11**	5,12,334	354.84
Total revenues	**71,58,904**	**4,958.26**	72,04,333	4,989.72
B) Cost of goods sold and operating costs				
3) Finished goods and components	**45,68,049**	**3,163.83**	41,26,026	2,857.69
4) For services	**11,69,328**	**809.88**	16,05,643	1,112.07
5) For use of third party assets	**1,11,939**	**77.53**	1,24,150	85.99
6) Personnel costs				
a) wages and salaries	**7,66,262**	**530.71**	7,44,819	515.86
b) social contributions	**2,41,588**	**167.32**	2,42,278	167.80
c) employees' leaving indemnity	**54,280**	**37.59**	59,211	41.01
d) other costs	**6,398**	**4.43**	7,530	5.22
	10,68,528	**740.06**	10,53,838	729.89
7) Depreciation and amortization				
a) depreciation of tangible fixed assets	**10,088**	**6.99**	13,456	9.32
b) Impairment of receivables included in current assets working capital and cash	**22,445**	**15.55**	62,735	43.45
	32,533	**22.53**	76,191	52.77
8) changes in inventories of raw materials, ancillary and consumable materials	**12,204**	**8.45**	(4.658)	(3.23)
9) other provisions			300	0.21
10) other operating expenses	**2,11,397**	**146.41**	1,66,237	115.14
Total Cost of goods sold and operating costs	**71,73,978**	**4,968.70**	71,47,727	4,950.52
Operating income (loss) (A-B)	**(15,074)**	**(10.44)**	56,606	39.21
C) financial income and costs				
11) income from equity investments:				
12) other financial income:				
–interest income	**27**	**0.02**	2,983	2.07
	27	**0.02**	2,983	2.07
	27	**0.02**	2,983	2.07

Income statement	2016 EUROS	2016 INR IN LACS	2015 EUROS	2015 INR IN LACS
13) Interest and other financial expenses				
–other			12,465	8.63
			12,465	8.63
14) Exchange gains and losses	**(12)**	**(0.01)**	(8)	(0.01)
Total financial income and expenses	**15**	**0.01**	(9,490)	(6.57)
Profit before taxes (A-B + C)	**(15,059)**	**(10.43)**	47,116	32.63
15) Income taxes for the year, current and deferred				
a) current taxes	**42000**	**29.09**	25,039	17.34
b) taxes for prior years	**(60,081)**	**(41.61)**		
c) eferred tax for the year	**(9,108)**	**6.31**	5,144	3.56
	(27,189)	**(18.83)**	30,183	20.90
16) Profit	**12,130**	**8.40**	16,933	11.73

Euro amounts are translated for convenience into Indian Rupees at the exchange rate ofEuro 1 = Rs. 69.26 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017

Enrico Pelligrino,
Director

Date : 23 May 2017

CASH FLOW

Financial statements at 31 December 2016

Premise

Description	As at 31st december 2015 EUROS	As at 31st december 2015 INR IN LACS	As at 31st december 2016 EUROS	As at 31st december 2016 INR IN LACS
A. Cash flows from operating activities				
Profit	12,130	8.40	**16,933**	**11.73**
Income taxes	32,892	22.78	**30,183**	**20.90**
Interest expense (interest income)	(15)	(0.01)	**9,491**	**6.57**
(Dividends)				
(Gains)/losses arising from the disposal of assets				
of which depreciation				
of which intangible assets				
of which non-current financial assets				
1. Profit (loss) before income taxes, interest, dividends and gains/losses on disposal net working capital	45,006	31.17	**56,607**	**39.21**
Adjustments for non-cash items that had no counterpart in net working capital				
Provisions for	54,280	37.59	**59,511**	**41.22**
Depreciation of fixed assets	10,088	6.99	**13,456**	**9.32**
Writedowns for impairment losses	–	–	**–**	**–**
Value adjustments of financial assets and liabilities of derivative financial instruments that do not involve currency handling	–	–	**–**	**–**
Other adjustments in increase/(decrease) in non-cash items	–	–	**–**	**–**
Total adjustments for non-cash items that do not have had a counterpart in net working capital	64,368	44.58	**72,966**	**50.54**
2. Cash flow before changes in working capital	1,09,374	75.75	**1,29,573**	**89.74**
Changes in net working capital				
Decrease/(increase) in inventories	(292)	(0.20)	**(12.295)**	**(0.01)**
Decrease/(increase) in trade receivables	1,76,452	122.21	**5,23,974**	**362.90**
Increase/(decrease) in trade Payables	(3,31,593)	(229.66)	**3,65,313**	**253.02**
Decrease/(increase) in prepaid expenses and accrued income	(42,255)	(29.27)	**(52)**	**(0.04)**
Increase/(decrease) in accrued expenses and deferred income	(265)	(0.18)	**(300)**	**(0.21)**
Other decreases/(more increases) in net working capital	(70,845)	(49.07)	**(5,60,068)**	**(387.90)**
Total changes in net working capital	(2,68,797)	(186.17)	**3,16,572**	**219.26**
3. Cash flow after changes in net working capital	(1,59,423)	(110.42)	**4,46,145**	**309.00**
Other adjustments				
Interests cashed (paid)	15	0.01	**(9,491)**	**(6.57)**
(Income taxes paid)	(32,892)	(22.78)	**(30,183)**	**(20.90)**
Dividends received				
(Use of funds)	(1,15,309)	(79.86)	**(25,107)**	**(17.39)**
Other gross/(payments)				
Total other adjustments	(1,48,186)	(102.63)	**(64,781)**	**(44.87)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	(3,07,609)	(213.05)	**(3,81,365)**	**(264.13)**

Description	As at 31st december 2015 EUROS	INR IN LACS	**As at 31st december 2016 EUROS**	**INR IN LACS**
B. Cash flows from investing activities				
Tangible fixed assets	(4,256)	(2.95)	–	–
(Investments)	(4,256)	(2.95)	–	–
Disinvestments	–	–	–	–
Intangible assets	–	–	–	–
(Investments)	–	–	–	–
Disinvestments	–	–	–	–
Non-current financial assets	–	–	–	–
(Investments)	–	–	–	–
Disinvestments	–	–	–	–
Financial assets not held as fixed assets	–	–	–	–
(Investments)	–	–	–	–
Disinvestments	–	–	–	–
(Acquisition of business units net of cash and cash equivalents)	–	–	–	–
The sale of business units net of cash and cash equivalents	–	–	–	–
CASH FLOW FROM INVESTING ACTIVITIES (B)	(4,256)	(2.95)	–	–
C. Cash flows from financing activities				
Third party resources				
Increase (decrease) in current liabilities to banks	–	–	–	–
Ignition funds	–	–	–	–
(Repayment of loans)	–	–	–	–
Own means				
Capital increase	–	–	–	–
(Repayment of capital)	–	–	–	–
Disposal (purchase) of Treasury shares	–	–	–	–
(Dividends and advances on dividends paid)	–	–	–	–
CASH FLOW FROM FINANCING ACTIVITIES (C)	–	–	–	–
INCREASE (DECREASE) OF CASH AVAILABILITY (A + B + C)	(3,11,865)	(216.00)	**(3,81,365)**	**(264.13)**
	–	–	–	–
Exchange rate effect on cash and cash equivalents				
Cash and cash equivalents at beginning of year				
Bank and postal deposits	4,19,098	290.27	**37,529**	**25.99**
Checks	–	–	–	–
Cash and cash equivalents	125	0.09	**328**	**0.23**
Total cash and cash equivalents at beginning of year	4,19,222	290.35	**37,857**	**26.22**
Cash and cash equivalents at year end	1,07,049	74.14	**4,19,098**	**290.27**
Bank and postal deposits	–	–	–	–
Checks	309	0.21	**125**	**0.09**
Cash and cash equivalents	1,07,357	74.36	**4,19,222**	**290.35**
Total cash and cash equivalents at year end	4,19,098	290.27	**37,529**	**25.99**

Euro amounts are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 69.26 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017.

Date : 23 May 2017

Enrico Pelligrino,
Director

PEUGEOT MOTOCYCLES ITALIA S.P.A.

Company subject to the direction and coordination of PEUGEOT MOTOCYCLES S.A.

Based in VIA GALLARATE 199 - 20151 MILANO (MI)
share capital Euro 2,64,000.00 I.V. INR in lacs 182.85

Notes to the financial statements for the year ending on 31st December 2016

Premise

Dear Shareholders,

These financial statements, subject to your review and for your approval, "reported an operating profit of Euro 12,130, INR in lacs 8.40

Activities carried out

Your company works in the field of mopeds and, more generally, of two-wheeled vehicles.

Whether it belongs to a group

Your company is part of Mahindra & Mahindra group. It is held 100% by PMTC. 51% of share capital of PMTC is held directly or undirectly by Mahindra & Mahindra Limited; 49% is held by PSA Group. The company is steered by PMTC.

The following table provides the essential data of the last approved balance sheet of the company holding the Steering and coordination (article 2497-bis, fourth paragraph, of the Italian Civil Code) (PMTC). We point out, however, that the company Peugeot Motocycles S.A.S. draws up consolidated financial statements.

	As at 31st december 2015		As at 31st december 2014	
Description	EUROS	INR IN LACS	EUROS	INR IN LACS
Balance Sheet				
ACTIVE				
A) Accts shareholders still owed	–	–	–	–
B) Fixed Assets	41,61,714	2,882.40	40,41,678	2,799.27
C) current assets	4,69,55,621	32,521.46	4,29,92,210	29,776.40
D) prepayments and accrued income	–	–	–	–
Total Assets	5,11,17,335	35,403.87	4,69,63,888	32,527.19
Liabilities:				
A) Shareholders' Equity:				
Social capital	98,09,472	6,794.04	71,42,400	4,946.83
Reserves	2,26,63,876	15,697.00	4,30,33,058	29,804.70
Income (loss) for the year	(2,40,37,811)	(16,648.59)	(3,27,02,109)	(22,654.33)
B) provisions for contingencies	95,35,346	6,604.18	1,22,60,167	8,491.39
C) severance pay. Sub.	–	–	–	–
D) Payables	3,31,46,452	22,957.23	1,72,30,372	11,933.76
E) accruals	–	–	–	–
Total liabilities	5,11,17,335	35,403.87	4,69,63,888	32,527.19
INCOME STATEMENT				
A) value of production	11,45,47,964	79,335.92	11,44,20,637	79,247.73
B) cost of production	13,84,40,934	95,884.19	14,45,63,741	100,124.85
C) financial income and expenses	(1,47,513)	(102.17)	(3,347,921)	(2,318.77)
D) impairment on att. Financial	–	–	–	–
Income taxes for the period	2,672	1.85	7,88,916	546.40
Profit (loss)	(2,40,37,811)	(16,648.59)	(3,27,02,108)	(22,649.48)

Accounting policy

The financial statement, consisting of balance sheet, income statement, cash flow statement and explanatory notes, have been prepared in accordance with the provisions of the civil code, as amended by Legislative Decree 139/2015 (the "Decree"), interpreted and supplemented by the Italian accounting standards issued by the Italian accounting Organisation (OIC) and in force for financial statements with financial year starting from 1 January 2016. About it should be noted that during the 2016 were modified and upgraded many accounting standards within the OIC-initiated review process following the transposition into national legislation, through the Decree of Directive 2013/34/EC (the "Directive Accounting").

The financial statements include the balance sheet (prepared in accordance with the scheme foreseen by articles 2424 and 2424-bis of the Civil Code), the income statement (prepared in accordance with the scheme foreseen by articles and 2425 2425-bis of the Civil Code), the statement of cash flows (the contents of which, in accordance with art. 2425-ter of the Italian civil code, is presented in accordance with accounting principles the OIC 10) and these explanatory notes disciplined, prepared in accordance with the requirements of art. 2427-2427 andbis of the civil code.

Below is a list of the principles in force that have been revised or that were introduced from scratch by the OIC and that are applicable to this appraisal:

#	Title	#	Title
OIC 9	Writedowns for impairment losses on intangible assets	OIC 19	Debts
OIC 10	Statement Of Cash Flows	OIC 21	Investments
OIC 12	Composition and balance sheets	OIC 24	Intangible assets
OIC 14	Cash and cash equivalents	OIC 25	Income taxes
OIC 15	Credits	OIC 28	Shareholders' Equity
OIC 16	Tangible fixed assets	OIC 29	Changes, predictions, bug fixes, ...
OIC 18	Accrued expenses and deferred income	OIC 31	Provisions for contingencies and TFR

No longer applies, since repealed, the OIC 22 "memorandum accounts".

The legislative amendments came into force from 1 January 2016. The effects of changes were detected by the company, in accordance with the OIC 29, the opening balance of equity at 1 January 2015. The company should restate the effects of changes that would have had in the budget at 31 December 2015, as if the accounting reform was already applied in the year 2015. Nevertheless, given the correctness of the balance sheet and income statement for the year 2015, it was still necessary to proceed with no adjustments; Therefore, the patterns of the balance sheet and the income statement do not differ from the budget approved by the shareholders' meeting of 28 April 2016.

The notes below form an integral part of the financial statements with the additional information deemed necessary for a true and fair representation of the data shown. Items not specifically listed in the balance sheet and income statement, provided for by art. 2424 2425 and of the civil code, and in the cash flow statement presented in accordance with the accounting policy OIC 10, are at zero balance. The right not to indicate those items means the same have a zero amount in both the current year and in the previous year.

With regard to the additional information on the situation of the company and on trends and on the outcome of the management, as a whole and in the various fields in which it has operated, particularly with regard to costs, revenue and investments, as well as a description of the principal risks and uncertainties to which the company is exposed, reference is made to what is stated in the report on operations.

The items shown in the balance sheet was made with a view to the continuation of the activity of the company; It followed the principle of prudence and competence, and took account of the substance of the transaction or contract.

The application of the principle of prudence resulted in the individual assessment of the components of the individual items of assets and liabilities to avoid compensations between losses that had to be recognized and not recognized as income. In particular, the gains were recognised only if realised by the closing date of the financial year, while taking account of the risks and losses of the period, although known after the closing of the same.

The application of accrual basis meant that the effect of the operations has been detected for accounting recognition and attributed to the financial year to which such operations relate, not when they made their receipts and payments.

Evaluation criteria

Derogations

In the financial year there were no exceptional circumstances that have necessitated the use of the exemption to the evaluation criteria, as per art. 2423, paragraph 4 of the civil code, as incompatible with the true and fair view of the financial position of the company and of the profit or loss. Were not made in the year reevaluations of activities under special laws.

In particular, the evaluation criteria adopted in the financial statements were as follows.

Fixed assets

Tangible assets

Are stated at acquisition cost and adjusted by the corresponding accumulated depreciation.

The value includes incidental costs incurred for purchase and/or construction of fixed assets.

Depreciation, charged to the income statement, were calculated on the basis the use, destination and duration of economic assets, on the basis of the criterion of residual period of utilisation, policy that we felt well represented by the following rates, unchanged from the previous year and reduced by half in the performance of duties of property:

– signs: 10%
– Office machinery: 20%
– computing machinery: 20%
– furniture and fixtures: 12%
– materials equipment: 15%
– Office equipment costs: 20%

In case the fixed assets are impaired, regardless of the depreciation already accounted for, fixed assets are correspondingly devalued. Impairment, if any, is reviewed every year.

No discretionary or voluntary revaluations were made and the valuations carried out have their maximum limit in the objectively determined amount of the asset's disposal.

Receivables

Are stated at expected salvage value. The adjustment of the nominal value of receivables at the estimated value of realization is obtained by registration of a specific allowance for impairment, taking into consideration the general economic conditions, industry and even the country risk.

At amortized cost was not applied because the effects are irrelevant in order to give a true and fair view. Therefore receivables are shown probable realizable value, unless the application of the process of actualization.

Discounting of receivables was not made for claims with a maturity of less than 12 months since the effects are irrelevant compared to the value not discounted.

With reference to the credits accounted before the financial year beginning 1 January 2016, since they are enrolled at their presumed realizable value because, as foreseen by the OIC accounting standard 15, it was decided not to apply at amortized cost and discounting.

The adjustment of the nominal value of receivables at the estimated value is obtained by special salvage bad debt, taking into account the existence of indicators of lasting loss receivables originally cashable within the year and subsequently turned into long-term receivables have been shown in the balance sheet among financial fixed assets.

Receivables are removed from the balance sheet when the contractual cash flows arising from the credit expire in case that were transferred all risks inherent to credit the subject of retirement.

Debts

Are stated at their nominal value, amended on the occasion of Returns or to billing adjustments.

At amortized cost was not applied because the effects are irrelevant in order to give a true and fair view. Therefore the debts are stated at nominal value, unless the application of the process of actualization.

Discounting the debts was not made for debts with maturities of less than 12 months since the effects are irrelevant compared to the value not discounted.

With regard to debts accounted before the financial year beginning 1 January 2016, since they are recorded at their nominal value, as envisaged by OIC accounting standard 19, it was decided not to apply at amortized cost and discounting.

Accrued expenses and deferred income

Were determined according to the criterion of bendixson of the exercise.

Inventories stock

Inventories are stated at the lower of cost, determined using the weighted average cost method, and the value realisable from market trends.

As regards the cost configuration adopted for each category of goods present in the storage area, it should be noted that:

- the new vehicles were entered at cost;
- demonstration vehicles are registered for the specific acquisition cost, adjusted, where the market value be derived from Eurotax.

Provisions for liabilities and charges

Are allocated to cover losses or debts of existence or suspected, of which however at the end of the financial year were not determined the amount or the date of the occurrence.

In the evaluation of these funds have been met the general criteria of prudence and competence and has not proceeded to the creation of generic risks without economic justification.

Contingent liabilities were recognized in the balance sheet and listed in the funds as it deems likely to and being reasonably predictable amount of its burden.

Severance Obligations

Represents the whole accumulated liability to employees in accordance with the law and employment contracts in force, considering any form of remuneration having continuous nature.

The Fund is the total of the individual accrued bonuses for employees at the balance sheet date, net of the advances paid, and is equal to what would have had to pay to employees in the event of termination of employment on that date.

Income taxes

Taxes are allocated according to the principle of responsibility; are therefore:

- provisions for taxes paid or to be paid for the year, determined in accordance with the rates and regulations;
- the amount of deferred or prepaid in respect of temporary differences chance or cancelled during the financial year;
- adjustments to deferred tax balances to accommodate variations in rates occurring during the year.

Expected net of debt payments, is found under the heading “taxes payable”, while any net credit is listed under “receivables” future tax effects related to temporary differences between the value attributed to an asset or a liability based on statutory criteria and the value attributed to the same asset or liability for tax purposes are determined on the basis of the foreseeable burden/tax benefit calculated taking into account the tax base and tax rates for the period in which these differences will cancel. The tax consequences so determined shall be reviewed at each financial year on the basis of new events or more reliable forecasts. The deferred tax assets, if applicable, are recognized in accordance with the principle of prudence and only if there is a reasonable certainty of the existence, in the exercises that will spill the deductible temporary differences which have led to the inclusion of deferred tax, of non-taxable income less than the amount of the differences that will cancel. Deferred tax assets are recorded in the balance sheet under the item "deferred tax assets", while deferred tax liabilities, if any, are recorded in the "provisions for risks and charges".

Revenue recognition

Revenues from the sale of goods are recognised upon the transfer of risks and benefits, which normally coincides with the delivery or shipment of goods.

Financial revenues and those arising from the supply of services are recognised on an accruals basis.

Revenues and income, costs and charges related to foreign exchange transactions are determined at the current exchange rate on the date on which its task is accomplished.

Research and development costs

Are fully expensed in the income statement when incurred.

Conversion criteria values denominated in foreign currencies

Receivables and liabilities denominated in foreign currency, originally enrolled in accordance with changes in force on the date on which have arisen, are aligned to the current exchange rates at the end of the reporting period.

In particular, the assets and liabilities that constitute monetary assets in foreign currency are recorded at the spot exchange rate at the end of the financial year and aggregate gains and losses are credited and debited to the income statement under 17 bis exchange gains and losses.

Any net profit resulting from the adjustment at year-end Exchange rates currency contributes to the formation of the post operating income and, in approving the budget and subsequent destination of the result to the legal reserve, is entered, not absorbed by operating loss, non-distributable reserve until later.

Information on financial instruments issued by the company

In accordance with art. 2427-bis of the Italian civil code, it should be noted that the company has not issued financial instruments.

Employment data

The average business, broken down by category, has undergone the following changes as compared to the previous year.

Organic	**12/31/2016**	12/31/2015	Variations
Executives	**1**	1	–
Executives and Employees	**12**	14	(2)
	13	15	(2)

The national labour contract applied shall be that for employees from companies in the tertiary sector of distribution and services.

Activities

B) Fixed assets

II. property, plant and equipment

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
62,663	68,495	(5,832)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
43.40	47.44	(4.04)

Plant and equipment

Description	**Amount Euros**	**Amount INR IN LACS**
Historical cost	7,237	5.01
Accumulated depreciation	(7,237)	(5.01)
Balance as at 31/12/2015	–	–
Acquisition of exercise	–	–
Amortization for the fiscal year	–	–
Balance as at 31/12/2016	**–**	**–**

Other fixed assets

Description	**Amount euros**	**Amount INR in lacs**
Historical cost	4,10,136	284.06
Prior years depreciation	(3,66,597)	(253.91)
Balance as at 31/12/2015	43,539	30.16
Acquisition of exercise	4,256	2.95
Amortization for the fiscal year	(10,088)	(6.99)
Balance as at 31/12/2016	**37,707**	**26.12**

Fixed assets under construction and advances

Description	**Amount euros**	**Amount INR in lacs**
Balance at 31/12/2015	24,956	17.28
Acquisition of exercise	–	–
Several changes	–	–
Balance at 31/12/2016	**24,956**	**17.28**

III. Financial assets

Euros

Balance at 31/12/2016	Balance at 31/12/2015	Variations
	1,231	1,231

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
	0.85	0.85

Investments

Euros

Description	12/31/2015	Increase	Decrease	**12/31/2016**
Other enterprises	207			**207**
	207			**207**

INR IN LACS

Description	12/31/2015	Increase	Decrease	**12/31/2016**
Other enterprises	0.14			**0.14**
	0.14			**0.14**

Receivables

EUROS

Description	**Within 12 months 31/12/2015**	**Over** 12 months	**Over** 5 years or	**Riclassifiche 31/12/2016**	**Of which related to operations with mandatory relegation**	**Fair value**
Other		1,024		**1,024**		
		1,024		**1,024**		

INR IN LACS

Description	**Within 12 months 31/12/2015**	**Over** 12 months	**Over** 5 years or	**Riclassifiche 31/12/2016**	**Of which related to operations with mandatory relegation**	**Fair value**
Other		0.71		**0.71**		
		0.71		**0.71**		

C) current assets

I. Inventories

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
85,949	85,657	292

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
59.53	59.33	0.20

The valuation criteria adopted are unchanged from the previous year and motivated in the first part of these explanatory notes.

It should be noted that the provision for obsolete inventory at 31 December 2016 euros 38,575, INR in lacs 26.72, suffered during the year, as follows:

Description	Amount EUROS	Amount INR IN LACS
Inventory obsolescence at F.do 31/12/2015	16,826	11.65
Use of obsolescence in the exercise	(8,334)	(5.77)
Accant. to obsolescence in the exercise	30,083	20.84
Inventory obsolescence to f.do Balance 31/12/2016	**38,575**	**26.72**

II. Debtors

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
40,70,745	43,04,766	(2,34,021)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
2819.40	2981.48	(162.08)

The balance is divided according to the due dates.

EUROS

Description	Within 12 months	Over 12 months	Over 5 years	Total
From customers	37,60,343			37,60,343
For receivables	47,891			47,891
Deferred tax assets		2,22,395		2,22,395
To other	40,116			40,116
	38,48,350	2,22,395		40,70,745

INR IN LACS

Description	Within 12 months	Over 12 months	Over 5 years	Total
From customers	2,604.41			2,604.41
For receivables	33.17			33.17
Deferred tax assets		154.03		154.03
To other	27.78			27.78
	2,665.37	154.03		2,819.40

The company has made use of the option of not using the amortized cost and/or not to actualize the credits as the failure to apply the amortized cost for credits with maturities of less than 12 months is of little importance.

The credits are then valued at estimated realizable value.

Deferred tax assets for deductible temporary differences are related to Euros 2,22,937, INR in lacs 154.41 for a description of which refer to the relevant paragraph in the latter part of these explanatory notes.

The adjustment of the nominal value of receivables was obtained by means of a specific allowance for impairment who suffered during the year, the following movements:

EUROS

Description	Total
Balance as at 31/12/2015	7,52,254
Use in exercise	(23)
Provision for exercise	22,445
Balance as at 31/12/2016	**7,74,676**

INR IN LACS

Description	Total
Balance as at 31/12/2015	521.01
Use in exercise	(0.02)
Provision for exercise	15.55
Balance as at 31/12/2016	**536.54**

III. Cash

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
1,07,358	4,19,223	(3,11,865)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
74.36	290.35	(216.00)

EUROS

Description	12/31/2016	12/31/2015
Bank and postal deposits	**1,07,049**	4,19,098
Money and other valuables in hand	**309**	125
	1,07,358	**4,19,223**

INR IN LACS

Description	12/31/2016	12/31/2015
Bank and postal deposits	**74**	290.27
Money and other valuables in hand	**0**	0.09
	74	290.35

The balance represents cash and the existence of cash and values at the end of the year.

D) Prepayments and accrued income

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
42,430	175	42.255

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
29.39	0.12	29.27

Measuring NET whose competence is anticipated or delayed compared to the incurred and/or documents; they are independent from the date of payment or collection of related gains and losses, common to two or more exercises and fall into time basis. To those posed, the criteria used when assessing and converting values denominated in foreign currencies are shown in the first part of these explanatory notes.

There, the 31 December 2016, accruals and deferrals with period exceeding five years.

The breakdown for the item is as follows.

Description	Amount euros	Amount INR in lacs
Repair costs	2,456	1.70
Transportation costs	875	0.61
Insurance	39,089	27.07
	42,430	29.39

Liabilities

A) Shareholders' equity

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
2,62,711	2,50,582	12,129

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
181.95	173.55	8.40

EUROS

Description	12/31/2015	Dividend distribution	Other destinations	Increments	Decreases	12/31/2016
Capital	2,64,000					**2,64,000**
Legal reserve	24,086		850			**24,936**
Difference by rounding to the Euro	1		(1)			
Total other reserves	1		(1)			
Profit (loss) carried forward	(54,438)		16,083			**(38,355)**
Profit (loss) for the year	16,933		(16,933)	12,130		**12,130**
Total	2,50,582		(1)	12,130		**2,62,711**

INR IN LACS

Description	12/31/2015	Dividend distribution	Other destinations	Increments	Decreases	12/31/2016
Capital	182.85					**182.85**
Legal reserve	16.68		0.59			**17.27**
Difference by rounding to the Euro	0.00		0.00			
Total other reserves	0.00		0.00			
Profit (loss) carried forward	(37.70)		11.14			**(26.56)**
Profit (loss) for the year	11.73		(11.73)	8.40		**8.40**
Total	173.55		0.00	8.40		**181.95**

The share capital is as follows:

Shares	Number	Nominal value in Euro
Ordinary Shares	16,500	16
Total	**16,500**	**16**

Nature/Description	Amount Euros	Amount INR IN LACS	Origin/ nature	Possibility to use (*)	Undrawn (* *)
Capital	2,64,000	182.85		b	
Legal reserve	24,936	17.27		A, B	
Profit (loss) carried forward	(38,355)	(26.56)			
Total	**2,50,581**	**173.55**			
Non-distributable share	2,50,581	173.55			
Remaining distributable share	–				

(*) A: for capital increase; B: to cover losses; C: per distribution to shareholders; Q: for other statutory constraints.

(**) Net of any negative reserve for Treasury shares and losses carried forward.

As provided for by art. 2427, paragraph 1, number 4) of the Civil Code provides information on the training and use of equity items.

EUROS

	Social capital	Legal reserve	Losses in new	Operating result	Total
At the beginning of the previous year	2,64,000	24,086	(27,347)	(27,092)	2,33,647
Destination of the annual result			(27,092)	27,092	
Rounding		1	1		2
Result of previous year				16,933	16,933
At the close of the previous year	2,64,000	24,087	(54,438)	16,933	2,50,582
Destination of the annual result		850	16,083	(16,933)	
Rounding					(1)
Result for the current period				12,130	1,213
At the end of the current period	2,64,000	24,936	(38,355)	12,130	2,62,711

INR IN LACS

	Social capital	Legal reserve	Losses in new	Operating result	Total
At the beginning of the previous year	182.85	16.68	(18.94)	(18.76)	161.82
Destination of the annual result			(18.76)	18.76	
Rounding		0.00	0.00		0.00
Result of previous year				11.73	11.73
At the close of the previous year	182.85	16.68	(37.70)	11.73	173.55
Appropriation of the annual result		0.59	11.14	(11.73)	
Rounding					0.00
Result for the current period				8.40	0.84
At the end of the current period	182.85	17.27	(26.56)	8.40	181.95

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
23,800	23,800	23,800

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
16.48	16.48	16.48

EUROS

Description	12/31/2015	Increments	Decreases	12/31/2016
Other	23,800			**23,800**
Rounding				
	23,800			**23,800**

INR IN LACS

Description	12/31/2015	Increments	Decreases	12/31/2016
Other	16.48			**16.48**
Rounding				
	16.48			**16.48**

"Other funds", 31 December 2016, Euros 23,800, INR in lacs 16.48, is as follows: how to Euros 10,000, INR in lacs 6.93, to a Fund for disputes with the staff; as for Euros 13,800, INR in lacs 9.56, to the Fund for the recycling of electrical batteries (first paragraph, article 2427 # 7, C.c.).

C) Severance indemnities

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
2,11,589	2,72,618	(61,029)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
146.55	188.82	(42.27)

The variation is so constituted:

EUROS

Variations	12/31/2015	Increments	Decreases	12/31/2016
TFR, movements of the period	2,72,618	54,280	(1,15,309)	**2,11,589**

INR IN LACS

Variations	12/31/2015	Increments	Decreases	12/31/2016
TFR, movements of the period	188.82	37.59	(79.86)	**146.55**

The provision represents the company's debt to 31 December 2016 to employees in force at that date, net of advances paid.

D) Payables

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
38,72,241	43,32,247	(4,60,006)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
2,681.91	3,000.51	(318.60)

Payables are valued at their nominal value and the deadline is so divided.

EUROS

Description	Within 12 months	Over 12 months	Over 5 years	Total
Trade Payables	2,61,852			2,61,852
Payables to parent companies	15,37,610			15,37,610
Taxes payable	58,886			58,886
Payables retirement planning	64,731			64,731
Other Payables	19,49,162			19,49,162
	38,72,241			38,72,241

INR IN LACS

Description	Within 12 months	Over 12 months	Over 5 years	Total
Trade Payables	181.36			181.36
Payables to parent companies	1,064.95			1,064.95
Taxes payable	40.78			40.78
Payables retirement planning	44.83			44.83
Other Payables	1,349.99			1,349.99
	2,681.91			2,681.91

The debts are then enrolled at face value.

The heading "taxes payable" represents only those certain tax liabilities and certain tax liabilities being likely or uncertain amount or the date of occurrence, which is tax deferred, recorded under heading b. liabilities 2.

Payables TAX payables are recorded under the item, totalling Euro 28,879, INR in lacs 20.00, debts for INCOME TAX withholding for employees, equal to Euro 29,770, INR in lacs 20.62, and other tax liabilities for Euro 236, INR in lacs 0.16 residual.

E) accruals

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
35	300	(265)

Represent the connection matches the year counted with the criterion of temporal jurisdiction.

The criteria used in the valuation and conversion of foreign currency-denominated values for such positions are set out in the first part of this supplementary note.

There, the 31 December, accruals and deferrals with period exceeding five years.

The breakdown for the item is as follows:

Description	Amount Euros
Bank charges	35
	35

Income statement

A) value of production

EUROS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
71,58,904	72,04,333	(45,429)

INR IN LACS

Balance at 31/12/2016	Balance at 31/12/2015	Variations
4,958.26	4,989.72	(31.46)

EUROS

Description	12/31/2016	12/31/2015	Variations
Revenues from sales and services	**66,60,617**	66,91,999	(31,382)
Other revenues and income	**4,98,287**	5,12,334	(14,047)
	71,58,904	72,04,333	(45,429)

INR IN LACS

Description	12/31/2016	12/31/2015	Variations
Revenues from sales and services	**4,613.14**	4,634.88	(21.74)
Other revenues and income	**345.11**	354.84	(9.73)
	4,958.26	4,989.72	(31.46)

Revenues by geographical area

Area	Sales	Performance	EUROS Total
Italy	66,60,617		66,60,617
	66,60,617		66,60,617

Area	Sales	Performance	INR IN LACS Total
Italy	4,613.14		4,613.14
	4,613.14		4,613.14

B) cost of production

Balance at 31/12/2016	Balance at 31/12/2015	EUROS Variations
71,73,978	71,47,727	26,251

Balance at 31/12/2016	Balance at 31/12/2015	INR IN LACS Variations
4,968.70	4,950.52	18.18

Description	12/31/2016	12/31/2015	EUROS Variations
Raw materials, supplies and goods for resale	**45,68,049**	41,26,026	4,42,023
Services	**11,69,328**	16,05,643	(4,36,315)
Use of third party assets	**1,11,939**	1,24,150	(12,211)
Wages and salaries	**7,66,262**	7,44,819	21,443
Social security charges	**2,41,588**	2,42,278	(690)
Severance pay	**54,280**	59,211	(4,931)
Other staff costs	**6,398**	7,530	(1,132)
Depreciation of tangible fixed assets	**10,088**	13,456	(3,368)
Writedowns of receivables current assets	**22,445**	62,735	(40,290)
Changes in inventories of raw	**12,204**	(4.658)	16,862
Other provisions		300	(300)
Other operating charges	**2,11,397**	1,66,237	45,160
	71,73,978	71,47,727	26,251

Description	12/31/2016	12/31/2015	INR IN LACS Variations
Raw materials, supplies and goods for resale	**3,163.83**	2,857.69	306.15
Services	**809.88**	1,112.07	(302.19)
Use of third party assets	**77.53**	85.99	(8.46)
Wages and salaries	**530.71**	515.86	14.85
Social security charges	**167.32**	167.80	(0.48)
Severance pay	**37.59**	41.01	(3.42)
Other staff costs	**4.43**	5.22	(0.78)
Depreciation of tangible fixed assets	**6.99**	9.32	(2.33)
Writedowns of receivables current assets	**15.55**	43.45	(27.90)
Changes in inventories of raw	**8.45**	(3.23)	11.68
Other provisions	**0.00**	0.21	(0.21)
Other operating charges	**146.41**	115.14	31.28
	4,968.70	4,950.52	**18.18**

Costs for raw materials, consumables and goods and services costs

Costs for raw materials, consumables and goods are closely related to the above in the part of the directors ' report and the progress of the production value in the income statement.

Personnel costs

The item includes the entire expenditure for employees including substantive improvements, steps, shots of contingency, cost of leave not taken and provisions of law and collective agreements.

Amortization of property, plant and equipment

As regards depreciation, we state that they were calculated on the basis of the useful life of the asset and its exploitation in the production phase.

C) Financial income and expenses

Balance at 31/12/2016	Balance at 31/12/2015	EUROS Variations
15	(9,490)	9,505

Balance at 31/12/2016	Balance at 31/12/2015	INR IN LACS Variations
0.01	(6.79)	0.01

Financial income

Description	12/31/2016	12/31/2015	EUROS Variations
Income other than the above	**27**	2.983	(2,956)
(Interest and other financial expenses)		(12,465)	12,465
Exchange rate gains (losses)	**(12)**	(8)	(4)
	15	(9,490)	9.505

Description	12/31/2016	12/31/2015	INR IN LACS Variations
Income other than the above	**0.02**	0.00	(2.05)
(Interest and other financial expenses)		(8.63)	8.63
Exchange rate gains (losses)	**(0.01)**	(0.01)	0.00
	0.01	(6.57)	0.01

Balance at 31/12/2016	Balance at 31/12/2015	EUROS Variations
(27,189)	30,183	(57,372)

Balance at 31/12/2016	Balance at 31/12/2015	INR IN LACS Variations
(18.83)	20.90	39.74

Taxes	Balance at 31/12/2016	Balance at 31/12/2015	EUROS Variations
Current taxes:	**42000**	25,039	16,961
IRES	**35000**	18500	16500
IRAP	**7000**	6,539	461
Replacement tax			
Taxes for prior years	**(60,081)**		(60,081)
Deferred tax liabilities (assets)	**(9,108)**	5,144	(14,252)
IRES	**(9,108)**	5,144	(14,252)
IRAP			
	(27,189)	30.183	(57,372)

INR IN LACS

Taxes	Balance at 31/12/2016	Balance at 31/12/2015	Variations
Current taxes:	**29.09**	17.34	11.75
IRES	**24.24**	12.81	11.43
IRAP	**4.85**	4.53	0.32
Replacement tax			
Taxes for prior years	**(41.61)**		(41.61)
Deferred tax liabilities (assets)	**(6.31)**	3.56	(9.87)
IRES	**(6.31)**	3.56	(9.87)
IRAP			
	(18.83)	0.02	(39.74)

In the following we presents the reconciliation between the burden resulting from the financial statements and theoretical taxation theorist:

Reconciliation between tax expense from financial statements and theoretical taxation (IRES)

EUROS

Description	Value	Taxes
Profit before taxes	45,021	12,381
Theoretical tax burden (%)	27.5%	
Taxable temporary differences in subsequent years		
	–	–
Deductible temporary differences in subsequent years:		
Provision for doubtful warehouse	30,083	8,273
Provision for doubtful accounts	8,047	2,213
	38,131	10,486
Turn around of temporary differences from previous years		
Using doubtful warehouse	(6,447)	(1,773)
Use for doubtful accounts	(23)	(6)
	(6470)	(1,779)
Differences that will not be reversed in subsequent years		
Non-deductible taxes	1,737	478
Tax penalty	234	64
Telephone charges	4,471	1,229
Car cost	31,238	8,591
Restaurants and hotels	12,969	3,567
Other increases	943	259
IRAP deductible from the tax base IRES	(1,642)	(452)
	49,951	13,736
Tax base	1,26,633	
Current taxes on income		34,824
Provision IRES		35,000

INR IN LACS

Description	Value	Taxes
Profit before taxes	31.18	8.58
Theoretical tax burden (%)	27.5%	
Taxable temporary differences in subsequent years		
	–	–
Deductible temporary differences in subsequent years:		
Provision for doubtful warehouse	20.84	5.73
Provision for doubtful accounts	5.57	1.53
	26.41	7.26
Turn around of temporary differences from previous years		
Using doubtful warehouse	(4.47)	(1.23)
Use for doubtful accounts	(0.02)	0.00
	(4.48)	(1.23)
Differences that will not be reversed in subsequent years		
Non-deductible taxes	1.24	0.33
Tax penalty	0.17	0.04
Telephone charges	3.20	0.85
Car cost	22.35	5.95
Restaurants and hotels	9.28	2.47
Other increases	0.67	0.18
IRAP deductible from the tax base IRES	(1.14)	(0.31)
	35.73	9.51
Tax base	90.59	
Current taxes on income		24.12
Provision IRES		0.02

Determination of taxable profit IRAP

EUROS

Description	Value	Taxes
Difference between value and cost of production	10,75,898	
Theoretical tax burden (%)	3.90%	41,960
Costs that are not relevant to IRAP	82,165	3,204
Tax wedge	(9,82,399)	(38,314)
IRAP Tax	1,75,663	
IRAP current for the exercise		6,851
IRAP Accruals		7,000

INR IN LACS

Description	Value	Taxes
Difference between value and cost of production	745	
Theoretical tax burden (%)	3.90%	29.06
Costs that are not relevant to IRAP	56.91	2.22
Tax wedge	(680.41)	(26.54)
IRAP Tax	121.66	0.00
IRAP current for the exercise		4.75
IRAP Accruals		4.85

The first paragraph under article 2427 # 14, C.c. will highlight the required information on the deferred tax and advance:

Advance/deferred taxes

Deferred tax assets have been recognised as there is reasonable certainty of the existence, in the periods in which the deductible temporary differences will be reversed, against which the deferred tax assets have been entered, a taxable income not less than the amount of the differences that will cancel.

The main temporary differences that have led to the recognition of deferred tax assets and liabilities are shown in the following table along with its effects.

Recognition of deferred tax and assets and effects:

	As at 31st december 2016		As at 31st december 2015	EUROS
	Amount of temporary differences	**Tax effect**	Amount of temporary differences	Tax effect
Deferred tax assets				
Doubtful accounts	**7,56,383**	**2,05,534**	7,48,358	2,03,603
Doubtful warehouse	**38,575**	**10,763**	14,939	3,585
Battery recycling fund	**13,800**	**3,850**	13,800	3,850
Early retirement incentives Fund	**10,000**	**2,790**	10,000	2,790
Total		**2,22,936**		2,13,828
Deferred taxes				
Total		**–**		–
Net deferred tax liabilities (assets)		**(2,22,936)**		(2,13,286)

	As at 31st december 2016		As at 31st december 2015	INR IN LACS
	Amount of temporary differences	**Tax effect**	Amount of temporary differences	Tax effect
Deferred tax assets				
Doubtful accounts	**523.87**	**142.35**	518.31	141.02
Doubtful warehouse	**26.72**	**7.45**	10.35	2.48
Battery recycling fund	**9.56**	**2.67**	9.56	2.67
Early retirement incentives Fund	**6.93**	**1.93**	6.93	1.93
Total		**154.41**		148.10
Deferred taxes				
Total		**–**		–
Net deferred tax liabilities (assets)		**(154.41)**		(147.72)

Information relating to transactions with related parties

Significant transactions with related parties carried out by the company, having a commercial character have been concluded under normal market conditions. For details of dealings with related parties refer to the specific paragraph inserted in the management report.

Information relating to agreements not resulting from the balance sheet

The company has in place agreements resulting from the balance sheet.

Other information

The company did not have any derivative instruments

Information about the remuneration of the statutory auditor

In accordance with the law, we highlight the fees relating to the year for services rendered by the statutory auditor or auditors and entities in their network:

Description	**Compensation in euros**	**Compensation in INR in LACS**
Statutory audit of annual accounts	19.772	13.69
Other verification services faces	–	–
Tax advisory services	–	–
Other non–audit services	–	–
Total fees payable to the statutory auditor or auditing company	19.772	13.69

Information on remuneration to directors and Auditors

In accordance with the law, there are total fees payable to directors and to the supervisory body .

Qualification	**Compensation in euros**	**Compensation in INR in LACS**
Administrators	–	–
Board of Auditors	12.023	8.33

Information on the company that draws up the consolidated accounts of the smallest of businesses whose enterprise is part as subsidiary

In accordance with the law, we highlight the information referred to in the first subparagraph of article 2427 # 22 *e*), of the Italian civil code.

Description

Name of company	Peugeot Motocycles S.A.S.
Registered office	103, rue du 17 Novembre – Valentigney Cedex-France
Place of filing the copy of the consolidated financial statements	103, rue du 17 Novembre – Valentigney Cedex-France

Information on the company that prepares the consolidated financial statements of the larger body of undertakings of which the company forms part as a subsidiary

In accordance with the law, we highlight the information referred to in the first subparagraph of article 2427 # 22 *d*), DC.

Description

Name of company	Mahindra & Mahindra Limited
Registered office	Gateway Building, Apollo Bunder – Mumbai (India)
Place of filing the copy of the consolidated financial statements	Gateway Building, Apollo Bunder – Mumbai (India)

Destination of the annual result

It proposes to the shareholders' meeting of thus allocate operating result:

Operating income at December 31, 2016	**Euro**	**12,130**
legal reserve 5%	Euro	650
to retained earnings	Euro	11,480

Operating income at December 31, 2016	**INR IN LACS**	**8.40**
legal reserve 5%	INR IN LACS	0.45
to retained earnings	INR IN LACS	7.95

These financial statements comprising balance sheet, income statement, cash flow statement and notes to the financial statements, is so true and correct the statement of financial position and the profit or loss for the year and corresponds to the accounting records.

Euro amounts are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 69.26 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017.

Date : 23 May 2017

Enrico Pelligrino,
Director

INTERNAL MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2016

1. Basis of the company

The PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH (Peugeot Motocycles or PMD) is a subsidiary of PEUGEOT MOTOCYCLES S.A. (PMTC), Valen-tigney/France. The German subsidiary was set up on September 1, 1997 and sells two-/three-wheeled cycles(scooters and bikes) as well as parts and accessory products through a network of authorized dealers.

As at 31st December 2016, PMD employed a total workforce of 17 employees in three departments:

a) Sales, marketing, finance & administration

b) Customer service, parts & accessories

c) Field force: The five regional managers live within their respective sales regions, where they serve approx. 340 dealers altogether.

Peugeot Motocycles operates the following website in Germany:

www.peugeot-scooters.de

The vehicles sold on the German market are built by PMTC in France as well as by our partner Qingqi and by the joint venture company with Qingqi in China. The scooters are transported by GEFCO Deutschland GmbH. The vehicles are delivered directly to the dealers from the central warehouse in France without interim storage by PMD.

As a rule, the prices at which PMD purchases the scooters are defined by the parent company once per year. The same applies to the selling prices for customers (recommended retail price - RRP) which are normally defined by headquarters for the entire year in consultation with the German subsidiary.

2. Overall economic and branch-conditioned framework

All in all, the German economy growth slightly over the year 2016. According to the Federal Statistical Office, gross domestic product was 1.9% higher than in the prior year (after adjustment for price changes). The German economy was able above all to profit from a high level of domestic demand. Unemployment totalled 6,1% in Germany in 2016.

Competitive pressure in the German market in which Peugeot Motocycles operates has been considerable in recent years, due to the large number of new products.

Due to the arrival of a new homologation standard (€ 4; till January 2018), many brands were obliged to do self-registrations at the end of the year 2016. So the figures of the 2-/3- wheeler markets +50 cc don't reflect the real demand of final customers.

The market can be broken down into the following segments (refer to the below mentioned table of market shares as per December 2016):

- Motorized two-wheeled cycles <= 50 cc

According to the industry association Industrieverband Motorrad e.V (IVM), the sales of motorized cycles (altogether 30,093) are 7.8% less than in the prior year (based on self-declarations of brands).

- Scooters > 50 cc for which licensing is mandatory

With a total of 31,232 vehicles sold, the market volume was 8.0% higher in 2016 than in the prior year.

Table: Market shares (main competitors) <= 50 and > 50 cc

Source: industry association Industrieverband Motorrad e.V (IVM) December 2016)

	Scooters <= 50 cc Date: Sell-in; end of December 2016				
	2016		2015		**Change in %point**
	Market share	**Ranking**	Market share	Ranking	
Peugeot	**25.2%**	**1**	26.2%	1	-1.0
Vespa	**23.4%**	**2**	21.6%	2	+1.8
Kymco	**16.5%**	**3**	17.2%	3	-0,7
Piaggio	**12.4%**	**4**	12.6%	4	-0,2
Total Market	**30,109**		32,659		-7.8%

	Scooters > 50 cc Date: Licences; end of December 2016				
	2016		2015		Change in %point
	Market share	**Ranking**	Market share	Ranking	
Piaggio	**37.4%**	**1**	32.7%	1	4.7
Honda	**10.0%**	**2**	11.4%	2	-1.4
Other manufacturers	**9.9%**	**3**	10.5%	3	-0,6
Kymco	**6.7%**	**5**	9.9%	4	-3.2
Yamaha	**7.5%**	**4**	6.4%	5	+1.1
Peugeot	**5.4%**	**6**	5.4%	6	0.0
Total	**31,232**		28,907		+8.0%

Business size

Table: Sales volume PMD 2010 to 2016

Source: PMD sales statistics (sell-in; as per December 2016)

	2010	2011	2012	2013	2014	2015	**2016**
Large/small mopeds	205	212	184	85	0	0	**0**
Scooters up to 50 cc	11,858	11,349	10,187	9,235	9,088	8,548	**7,584**
Light motor cycles from 51 to 500 cc	1,364	1,288	1,609	1,380	1,653	1,474	**1,614**
Speed-change vehicles	91	77	2	0	0	0	**0**
Total	13,518	12,926	11,982	10,700	10,741	10,022	**9,198**
Development y/y-1	-16.8%	-4.4%	-7.3%	-10.7%	+0.4%	-6.7%	**-8.2%**

At first, PMD grew rapidly after being founded in 1997. In recent years, however, the number of units sold has declined considerably. This decline in sales volume was halted for the first time in 2014 – but in 2015 and 2016 the number of invoices decreased again (TOTAL: 9,198 units). The brand Peugeot Scooters continues to rank **first** among the brand suppliers in the 50 cc segment in Germany.

The 50 cc market as a whole is shrinking, as this special sales channel for so-called "cheap scooters" is dwindling more and more and younger people loose more and more interest on scooters.

With regard to the light motor cycles (scooters) for which licensing is mandatory, Peugeot Scooters could improve the results of 2015: 9.5% more sell-in volume than the year before.

In addition, PMD realized a TO of € 157,641 (Rs 109.18 L) with bicycles including e-bikes of the brand Peugeot Cycles (prior year: € 4,244) (Rs 2.942 L) – the bikes were sold to the motorized two-wheelers dealers in 2016. The company Cycleurope is licensee here and responsible for producing the bicycle collection on behalf of the French parent.

The scooter-business of PMD in generally is ones more behind the results of the prior year.

3. Position of assets, finance and profit

Due to the slightly lower sales volume, sales revenue in the 2016 financial year was lower than in 2015, decreasing 5.7% to € 15.1 million (Rs 10458.262 L).

The financial year's profit was € 22.1k (Rs 15.32 L) lower than the prior year. A net profit of € 36,331.95 (Rs 25.162 L) is reported.

The financial statements are reflected in the following key figures:

- EBIDTA: € 66.7k (Rs 46.22 L) (prior year: € 103.1k (Rs 71.4 L))
- EBIT: € 62.2k (Rs 43.1 L) (prior year: € 100.6k (Rs 69.68 L))
- The turnover rate calculated as the ratio of sales to trade receivables equal 63.0 (prior year: € 55.9). Receivables management has again improved considerably as a result.
- The return on sales, calculated as the ratio of sales to earnings from current operations, reached a value of 0.42% in 2016 and was lower than the prior year's value (0.48%).

Total assets of PMD amounted to € 1,108k (Rs 76.74 L) in 2016 (prior year: € 1,170k) (Rs 81.03 L). Shareholders' equity now totals € 507.0k (Rs 35.4 L) (prior year: € 470.7k) (Rs 32.6 L). The capital ratio, calculated as-the ratio of shareholders' equity to total capital, has increased from 40.2% in 2015 to 45.7% in 2016.

At € 239.4k (Rs 165.8 L), trade receivables are € 46.8k (Rs 32.42 L) lower than in the prior year; they now account for 21.6% of total assets (prior year: 24.5%).

Of the total assets, 0.0% comprise sums payable to affiliated companies (prior year: also 0.0%).

Our company's liquidity is assured through the provision of funds by the parent company.

The cash flow (net income for the year + depreciation) decreased by € 20.1k (Rs 13.92 L) from € 60.9k (prior year) to € 40.8k (Rs 28.3 L). This development has not affected our liquidity position.

All in all the business development in 2016 has shown some improvements, but regarding the financial situation the results are less satisfying.

4. Workforce

On average, the company employed 17 men and women in the financial year 2016 (prior year: 17).

In the financial year 2016, the company provided and realized regular information and further training programmes, such as the following:

- Internal computer training courses
- Product training on new models
- Weekly ZM conference call
- Monthly team discussions
- Quarterly staff meetings

5. Risk management, opportunities and risks of future development

Both the motorcycle industry association Industrieverband Motorrad e.V. (IVM) and Peugeot Motocycles Deutschland GmbH expect the year 2017 to develop as follows:

- 50 cc segment: continuing (slight) decrease
- Scooters > 50 cc: slower market than 2015 (-14%) – due to push at the end of 2015 (before arrival of € 4 standards).

PMD increased its recommended retail prices beginning 2017 (January and May), among other things to take into account higher costs. Several new models like the Metropolis ABS, the sport scooter Speedfight4 125 cc and the high-wheel-scooter Belville will become an important source of sales for PMD.

With the new range, Peugeot Motocycles expects to defend the leadership in the 50 cc market and to enlarge its share of the +50 cc market, even if there will be a lack of availability of some models beginning of the year 2017 (delay for € 4-production).

This forecast is based on the strict respect of the announced delivery and production time.

Financial risks exist as a matter of principle due to the low capital base. Here, PMD is reliant on support from the parent company PMTC when necessary.

PMD's receivables management is designed and organized in such a way that there are no significant unsecured risks in this sector. With only a few exceptions, receivables from dealers are secured against risk of default through the SANTANDER Consumer Bank. A standardized dunning process is not implemented, as the control system in combination with weekly direct debits ensures that PMD is always in a position to identify potential solvency problems among the dealers before they arise.

With regard to the future development of our business and company, we do not see any risks threatening the company's survival, nor risks with a major impact on its position of assets, finance and profit.

6. Outlook 2017

Taking into account the first market results, we expect a sales volume of around 9,200 units for the whole year 2017.

The first results of the markets show a more stable 50 cc-market than expected; the + 50 cc-market is at the beginning of the year much weaker than forecasted. The sales aggressiveness in the market is quite high (discounts sell-in/sell-out) in the fist months of 2017.

The commercial focus is given on high margin scooters, like Speedfight, Django and Metropolis.

The net profit before taxes is expected to reach around € 70k and an expected sales revenue of € 15 million (scooters, parts, cycles) as a result of the improved model mix and stronger focus on margins and discounts.

Mörfelden-Walldorf, 23rd May 2017

Volker KLEIN

BALANCE SHEET AS OF 31 DECEMBER, 2016

	31/12/2016 €	**31/12/2016 Rs. Lakhs**	31/12/2015 €	31/12/2015 Rs. Lakhs
Assets				
A. Fixed assets				
I. Intagible assets				
1. Industrial property and similar rights and assets	**5,000**	**3.46**	7,500	5.19
2. Payments on account	**1,500**	**1.04**	0	0.00
	6,500	**4.50**	7,500	5.19
II. Tangible assets				
Other equipment, factory and office equipment	**2,083**	**1.44**	4,090	2.83
III. Financial assets				
Participating interests	**0**	**0.00**	2,904	2.01
B. Current assets				
I. Inventories				
Merchandise	**72,272**	**50.06**	91,964	63.69
II. Receivables and other assets				
1. Trade receivables	**239,415**	**166.00**	286,178	198.21
2. Receivables from affiliated companies	**367,336**	**254.24**	280,033	193.95
– of which from shareholder: € 367.335,56 [Rs L 254.42] (prior year: € 280.033,26 [Rs L 193.95])				
3. Other assets	**66,155**	**45.82**	67,812	46.97
	672,906	**466.06**	634,024	439.12
III. Cash on hand and bank balances	**343,834**	**238.14**	415,979	288.11
C. Prepaid expences and deferred charges	**10,880**	**7.54**	13,970	9.68
	1,108,474	**767.73**	1,170,431	810.64

SHAREHOLDERS' EQUITY AND LIABILITIES

		31/12/2016 €	31/12/2016 Rs. Lakhs	31/12/2015 €	31/12/2015 Rs. Lakhs
A.	**Shareholders' equity**				
I.	**Subscribed capital**	**26,000**	**18.01**	26,000	18.01
II.	**Capital reserves**	**264,390**	**183.12**	264,390	183.12
III.	**Unappropriated profits brought forward**	**180,269**	**124.85**	121,883	84.42
IV.	**Net income for the year**	**36,332**	**25.16**	58,386	40.44
		506,991	**351.14**	470,659	325.98
B.	**Accruals**				
	Other accruals	**508,408**	**352.12**	585,788	405.72
C.	**Accounts payable**				
1.	Bank loans and overdrafts	**8,767**	**6.07**	1,716	1.19
2.	Trade payables	**30,100**	**20.85**	30,855	21.37
3.	Other liabilities	**54,208**	**37.54**	81,414	56.39
	– of which taxes: € 15.248,69 [Rs L 10.56] (prior year: € 15.644,33 [Rs L 10.84])				
		93,075	**64.46**	113,984	78.95
		1,108,474	**767.73**	1,170,431	810.64

Volker KLEIN

23rd May 2017

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2016

		2016	2016	2015	2015
		€	Rs. Lakhs	€	Rs. Lakhs
1.	Sales	**15,084,296**	**10,447.38**	15,993,508	11077.10
2.	Other operating income	**220,528**	**152.74**	288,674	199.94
3.	Cost of goods sold	**12,313,267**	**8528.17**	13,205,849	9146.37
4.	Personnel expenses				
	a) Wages and salaries	**1,053,007**	**729.31**	1,041,461	721.32
	b) Social security	**179,509**	**124.33**	173,102	119.89
		1,232,515	**853.64**	1,214,564	841.21
5.	Amortization and depreciation	**4,507**	**3.12**	2,534	1.75
6.	Other operating expenses	**1,690,804**	**1171.05**	1,757,817	1217.46
7.	Income from participating interests	**0**	**0.00**	16,940	11.73
8.	Other interest and similar income	**115**	**0.08**	528	0.37
9.	Interest and similar expenses – of which to affiliated companies: € 0,00 [INR 0] (prior year: € 169,78 [Rs L 0.12])	**0**	**0.00**	41,499	28.74
10.	Taxes on income	**25,978**	**17.99**	18,147	12.57
11.	Income after taxes	**37,866**	**26.23**	59,240	41.03
12.	Other Taxes	**1,534**	**1.06**	854	0.59
13.	Net income for the year	**36,332**	**25.16**	58,386	40.44

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23rd May 2017

ANNEX TO THE NOTES FOR THE FINANCIAL YEAR 2016

FIXED ASSET-MOVEMENT-SCHEDULE FOR THE YEAR ENDED 31 DECEMBER, 2016

		Acquisition cost				Amortization and depreciation				Net book value	
		1 January, 2016	Addition 2016	Disposals 2016	31 December, 2016	1 January, 2016	Addition 2016	Disposals 2016	31 December, 2016	31 December, 2016	31 December, 2015
I. Intagible assets											
Industrial property and similar rights and assets	€	61,301	1,500	0	62,801	53,801	2,500	0	56,301	6,500	7,500
	Rs. L	42.46	1.04	0.00	43.50	37.26	1.73	0.00	38.99	4.50	5.19
II. Tangible assets											
Other equipment, factory and office equipment	€	138,608	0	0	138,608	134,518	2,007	0	136,525	2,083	4,090
	Rs. L	96.00	0.00	0.00	96.00	93.17	1.39	0.00	94.56	1.44	2.83
III. Financial assets											
Participating interests	€	2,904	0	2,904	0	0	0	0	0	0	2,904
	Rs. L	2.01	0.00	2.01	0.00	0.00	0.00	0.00	0.00	0.00	2.01
TOTAL	**€**	**202,813**	**1,500**	**2,904**	**201,409**	**188,319**	**4,507**	**0**	**192,826**	**8,583**	**14,494**
	Rs. L	**140.47**	**1.04**	**2.01**	**139.50**	**130.43**	**3.12**	**0.00**	**133.55**	**5.94**	**10.04**

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 €	**2016 Rs Lakhs**	2015 €	2015 Rs Lakhs
A. cash flows from operating activities				
Profit	**36,332**	**25.16**	58,386	40.44
Income taxes	**25,978**	**17.99**	18,147	12.57
Interest expense (interest income)	**(115)**	**(0.08)**	40,972	28.38
(Dividends)	**0**	**0.00**	(16,940)	(11.73)
(Gains)/losses arising from the disposal of assets	**0**	**0.00**	0	0.00
of which depreciation	**0**	**0.00**	0	0.00
of which intangible assets	**0**	**0.00**	0	0.00
of which non-current financial assets	**132**	**0.09**	0	0.00
1. profit (loss) before income taxes, interest, dividends and gains/losses on disposal net working capital	**62,328**	**43.17**	1,00,565	69.65
Adjustments for non-cash items that had no counterpart in net working capital				0.00
Depreciation of fixed assets	**4,507**	**3.12**	2,534	1.75
Writedowns for impairment losses	**0**	**0.00**	0	0.00
Value adjustments of financial assets and liabilities of	**0**	**0.00**	0	0.00
derivative financial instruments that do not involve	**0**	**0.00**	0	0.00
currency handling	**0**	**0.00**	0	0.00
Other adjustments in increase/(decrease) in non-cash items	**0**	**0.00**	0	0.00
Total adjustments for non-cash items that do not have had a counterpart in net working capital	**4,507**	**3.12**	2,534	1.75
2. Cash flow before changes in working capital	**66,835**	**46.29**	1,03,099	71.41
Changes in net working capital				
Decrease/(increase) in inventories	**19,692**	**13.64**	(26,925)	(18.65)
Decrease/(increase) in trade receivables	**(38,883)**	**(26.93)**	29,96,279	2075.22
Increase/(decrease) in short-term provision	**(77,380)**	**(53.59)**	(65,849)	(45.61)
Increase/(decrease) in trade payables	**(20,910)**	**(14.48)**	(25,74,754)	(1783.27)
Decrease/(increase) in prepaid expenses and accrued income	**0**	**0.00**	0	0.00
Increase/(decrease) in accrued expenses and deferred income	**3,090**	**2.14**	(10,303)	(7.14)
Other decreases/(more increases) in net working capital		**0.00**	0	0.00
Total changes in net working capital	**(1,14,391)**	**(79.23)**	3,18,449	220.56
3. Cash flow after changes in net working capital	**(47,556)**	**(32.94)**	4,21,547	291.96
Other adjustments				
Interests cashed (paid)	**115**	**0.08**	(40,972)	(28.38)
(Income taxes paid)	**(25,978)**	**(17.99)**	(32,826)	(22.74)
Dividends received	**0**	**0.00**	16,940	11.73
(Use of funds)	**0**	**0.00**		0.00
Other gross/(payments)	**0**	**0.00**		0.00
Total other adjustments	**(25,863)**	**(17.91)**	(56,858)	(39.38)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(73,419)**	**(50.85)**	3,64,689	252.58

	2016 €	2016 Rs Lakhs	2015 €	2015 Rs Lakhs
B. cash flows from investing activities				
Tangible fixed assets				
> (Investments)	**0**	**0.00**	0	0.00
> Disinvestments	**0**	**0.00**	0	0.00
Intangible assets				
> (Investments)	**(1,500)**	**(1.04)**	(7,500)	(5.19)
> Disinvestments	**0**	**0.00**	0	0.00
Non-current financial assets				
> (Investments)	**0**	**0.00**	0	0.00
> Disinvestments	**2,772**	**1.92**	0	0.00
Financial assets not held as fixed assets				
> (Investments)	**0**	**0.00**	0	0.00
> Disinvestments	**0**	**0.00**	0	0.00
CASH FLOW FROM INVESTING ACTIVITIES (B)	**1,272**	**0.88**	(7,500)	(5.19)
C. cash flows from financing activities				
Third party resources	**0**	**0.00**	0	0.00
Increase (decrease) in current liabilities to banks	**0**	**0.00**	0	0.00
Ignition funds	**0**	**0.00**	0	0.00
(Repayment of loans)	**0**	**0.00**	0	0.00
Own means	**0**	**0.00**	0	0.00
Capital increase	**0**	**0.00**	0	0.00
(Repayment of capital)	**0**	**0.00**	0	0.00
Disposal (purchase) of Treasury shares	**0**	**0.00**	0	0.00
(Dividends and advances on dividends paid)	**0**	**0.00**	0	0.00
CASH FLOW FROM FINANCING ACTIVITIES (C)	**0**	**0.00**	0	0.00
INCREASE (DECREASE) OF CASH AVAILABILITY (A+B+C)	**(72,146)**	**(49.97)**	3,57,189	247.39
Exchange rate effect on cash and cash equivalents	**0**	**0.00**	0	0.00
Cash and cash equivalents at beginning of year				
Bank and postal deposits	**4,15,979**	**288.11**	58,790	40.72
Checks	**0**	**0.00**	0	0.00
Cash and cash equivalents	**0**	**0.00**	0	0.00
Total cash and cash equivalents at beginning of year	**4,15,979**	**288.11**	58,790	40.72
Cash and cash equivalents at end of year				
Bank and postal deposits	**3,43,834**	**238.14**	4,15,979	288.11
Checks	**0**	**0.00**	0	0.00
Cash and cash equivalents	**0**	**0.00**	0	0.00
Total cash and cash equivalents at end of year	**3,43,834**	**238.14**	4,15,979	288.11
Change in cash an cash equivalents	**(72,146)**	**(49.97)**	3,57,189	247.39

Volker KLEIN

23rd May 2017

NOTES FOR THE FINANCIAL YEAR 2016

1. General declarations

PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH is located in 64546 Mörfelden-Walldorf, Kurhessenstraße 13. It is registered in the Commercial Register of the district court of Darmstadt under HRB 53925.

The PEUGEOT Motocycles Deutschland GmbHfulfils the size criteria for a small corporation. The available annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB), as well as with the relevant regulations pursuant to the German Limited Liability Companies Act.

The financial year is identical to the calendar year.

The income statement has unchanged been prepared according to the nature of expense method.

In these annual financial statements, the regulations of Bilanzrichtlinienumsetzungsgesetz (BilRUG) had been taken into account for the first time. A change in the report card did not result from this for our company.

To make the presentation clearer, we have reported the remaining term of receivables and accounts payable in the notes instead of in the balance sheet.

2. Accounting and valuation principles

As in the prior year, the following accounting and valuation principles were applied when preparing the annual financial statements.

2.1. Fixed assets

Tangible assets are balanced at acquisition cost less scheduled depreciation. They are am-ortized in accordance with their expected useful life.

Since the financial year 2008, minor-value assets with acquisition cost of between € 150.00, INR 0,1 Rs Lakhs and € 1,000.00,INR 0,69 Rs Lakhs have been capitalized and written off at 20% of their acquisition cost p.a. over a period of five years. Minor-value assets with acquisition cost of less than € 150.00 are expensed in the year of purchase.

In the case of financial assets, the profit participation rights are valued at the lower of acquisition cost or fair value.

2.2. Inventories

Merchandise are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.3. Receivables, other assets and liquid funds

Receivables, other assets and liquid funds are balanced at face value. Default risks associated with trade accounts receivable have been duly taken into account through individual valuation allowances as at the balance sheet date.

2.4. Accruals

The accruals take account of all identifiable risks and uncertain liabilities; they are formed on the basis of anticipated requirements according to reasonable commercial judgement. There are no pension commitments and pre-retirement part-time working agreements.

2.5. Liabilities

Accounts payable are shown at their repayment value.

2.6. Currency translation

There are no accounts receivable and payable in foreign currency as at the balance sheet date. No transactions were undertaken in foreign currencies during the financial year.

3. Notes to the balance sheet

3.1. Fixed assets

Development of the individual asset items with indication of write-downs over the financial year can be seen from the enclosed schedule of fixed asset movements (appended to the Notes).

3.2. Receivables and other assets

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies exist only towards the shareholder. These receivables don't include trade receivables.

3.3. Accruals

Other accruals in the amount of € 508k,INR 352.12 Rs Lakhs (prior year: € 586k, INR 405.72 Rs Lakhs) primarily comprise the following:

- Volume and loyalty bonuses for the dealership: € 310k, INR 214.7 Rs Lakhs (prior year: € 467k,INR 323.44 Rs Lakhs)
- Recycling costs, batteries: € 45k, INR 31.17 Rs Lakhs (prior year: € 45k, INR 31.17 Rs Lakhs)
- Holidays not yet taken: € 11k, INR 7.61 Rs Lakhs (prior year: € 12k, INR 8.31 Rs Lakhs)
- Other personnel costs: € 32k, INR 22.16 Rs Lakhs (prior year: € 33k, INR 22.86 Rs Lakhs)
- Unpaid invoices: € 110k, INR 76.19 Rs Lakhs (prior year: € 28k, INR 19.39 Rs Lakhs)

3.4. Liabilities

As in the prior year, all accounts payable have a remaining term of less than one year. The liabilities are not secured.

4. Notes to the income statement

4.1. Sales revenue

The sales (€ 15,084k, INR 10,447.38 Rs Lakhs)are essentially attributable to the sale of scooters to dealers (€ 13,288k, INR 9,203.27 Rs Lakhs), as well as to the sale of spare parts (€ 1,148k, INR 795.10 Rs Lakhs) and bicycles (€ 158k, INR 109.43 Rs Lakhs).

4.2. Other operating income

Other operating income in the amount of € 220k, INR 152.74 Rs Lakhsprimarily comprises guarantee costs charged to the parent company PEUGEOT Motocyles S.A. ("PMTC") (€ 197k, INR 136.44 Rs Lakhs), insurance compensation (€ 1k, INR 0,69 Rs Lakhs) and income from the reversal of accruals (€ 1k, INR 0,69 Rs Lakhs).

4.3. Income/expenses relating to other periods

The result for the financial year 2016 includes income from reversing accruals in the amount of € 1k, INR 0,69 Rs Lakhs.

5. Other declarations

5.1 Other financial com.mitments and contingent liabilities

The company has concluded leases and leasing arrangements. These commitments total € 174k, INR 120.51 Rs Lakhs as at the balance sheet date. A bank guarantee in the amount of € 23k, INR 15.93 Rs Lakhs exists to the benefit of the landlord. The advantage of leases and leasing arrangements lies in the optimization of liquidity. There are no identifiable significant risks.

5.2 Workforce

On average, the company employed 17 women and men in the financial year (prior year: 18).

5.3. Management

The company's managing directors in the financial year 2016 were:

- Mr. Volker Klein (Diplom-Ingenieur (graduate in engineering science)), Oppenheim
- Mr. Xavier Delpech de Saint Guilhem (Finance Director, Peugeot Motocycles S.A.), Man-deure (France)

Concerning the remuneration of the management the option permitted by § 286 (4) of the German Commercial Code (HGB) is exercised.

5.4. Parent company

PMD is a wholly owned (100%) subsidiary of **Peugeot Motocyles S.A., Valentigney Man-deure/France**, and included in their (sub-) consolidated financial statements. The company belongs to the group **Mahindra & Mahindra Limited, Mumbai/India**, which prepares the top-level consolidated financial statements.

These consolidated financial statements are available at the companies' head office.

Mörfelden-Walldorf, 23rd May 2017

Volker Klein

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fourth Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS **(Rs. in lakhs)**

	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Income	1207.45	2,221.59
Total Expenditure	1981.08	2,220.26
Profit before Taxation	(773.63)	1.33
Provision for Tax:		
Current Tax	–	0.25
Deferred Tax	(0.47)	(0.52)
Profit after Taxation	(773.16)	1.60
Other Comprehensive Income (Actuarial Loss)	(3.33)	0.34
Total Comprehensive Income	(776.49)	1.94
Balance of Profit / (Loss) from earlier years	58.32	56.38
Balance carried forward	(718.17)	58.32
Amount carried forward to Reserve	Nil	Nil
Net worth	780.83	1,557.32

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

OPERATIONS

The year under review started with a good demand for table potatoes, on account of lower production in West Bengal which is the second largest state in Potato Production in India. However due to the sudden decision of Government on 8th Nov, 2016 (the peak seed potato planting season in the country) to demonetize, there was a dramatic halt to the buoyancy in ware potato prices. With the immediate withdrawal of cash in the business system the consumption of fruits and vegetables dropped by more than 30% in November itself. Table potato prices crashed within a week of the announcement of demonetization as mandis were overloaded with supplies and the demand nosedived. This led to Farmers planting their own ware stocks as seeds, rather than buying new seeds, and this consequently resulted in simultaneous crash in seed potato prices as well. Seed Industry was badly affected and many seed dealers had to dump stocks to clear out of cold storages. The Rabi Crop area planted was higher than usual and the crop performed well due to favorable weather. Needless to conclude that the potato crop production is estimated to be at all-time high. Consequently, the price sentiment continues to be dull, and farmers and dealers are hesitant to buy seed at Farmgate for the next season. Due to above events brought on by demonetization, successive developments as described above has led to a drop in your company's revenue which is (45.65%) lower than previous year.

While the demonetization had big surprises for the seed potato industry overall, as its timing unfortunately coincided with sales season. On other fronts, the year has been a landmark for your company as during the year your company constructed and successfully commissioned in October, a world class Tissue culture and Aeroponics facility at a total phase 1 cost of Rs 16.63 Crores at village Giga Majra, District Mohali, Punjab. The Administrative office of the company shifted to the same location. The investment in infrastructure led to 400% growth in Minituber delivery capacity, which has assisted the company in becoming future ready to achieve exponential growth in years ahead and as as per business plan.

The differentiator of the company, in terms of new varieties, has got a good first response from farmers and Industry during the showcase events organised in Punjab, Gujarat and West Bengal, the key markets. International Potato majors like McCains and Simplot have confirmed their orders for supply of Minitubers/Seeds from the new facility , showing the trust they have on the company's commitment to technology and quality.

Khet-Se-Khaliyan-Tak ("KSKT") initiatives adopted by the Company to deliver Farmer Prosperity, led to significantly improved yields of marketable grades of seed potatoes per acre. The learnings captured through HZPC's support on nutrient and irrigation management were adopted by our farmers, which resulted in their cost reduction by approximately 3-5%, resulting in extra income for the farmers. Your Company has strengthened their signature Services model and also built on trading skills for leveraging the opportunities in generic varieties.

The company has strengthened its systems and processes for the envisaged growth, and has undergone audits during the year for ISO 9001:2005, as well as registration of our new facilities with Department of Biotechnology, Government of India.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The authorized share capital of your Company as on 31st March, 2017 stood at Rs. 8,00,00,000 divided into 80,00,000 equity shares of Rs. 10/- each.

The paid-up share capital of your Company as on 31st March, 2017 stood at Rs. 7,89,00,000 divided into 78,90,000 equity shares of Rs. 10/- each.

During the year under review, your Company has appointed Karvy Computershare Private Limited in place of Sharepro Service (India) Private Limited as the Registrar and Transfer Agents of the Company.

BOARD OF DIRECTORS

COMPOSITION

The composition of the Board of Directors of the Company is as follows:-

Sr. No.	Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
1	Mr. Ashok Sharma, Chairman	02766679	Non-executive	Non Independent
2	Mr. S. Durgashankar	00044713	Non-executive	Non Independent
3	Mr. Vikram Puri	00234881	Non-executive	Non Independent
4	Mr. Hermanus Verveld	06951085	Non-executive	Non Independent
5	Mr. Backx Gerardus Francisco	06956234	Non-executive	Non Independent

Mr. Ashok Sharma (DIN: 02766679) is the Chairman of the Board.

Mr. Vikram Puri (DIN: 00234881) and Mr. Hermanus Verveld (DIN: 06951085) retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

NUMBER OF MEETINGS

BOARD MEETINGS

The Board met 4 (four) times during the year under review, i.e. on 25th April, 2016, 18th July, 2016, 3rd November, 2016 and 24th January, 2017. The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Sr. No.	Name of Director	No of meetings attended
1	Mr. Ashok Sharma	4
2	Mr. Vikram Puri	3
3	Mr. S. Durgashankar	2
4	Mr. Hermanus Verveld	4
5	Mr. Backx G. Francisco	3

GENERAL MEETINGS

The 3rd Annual general Meeting of the Company was held on 19th May, 2016. During the year, an Extra Ordinary General Meeting was held on 25th January, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from the operating management, and after due enquiry, confirm that:

- in the preparation of the annual financial statements for the year ended 31st March 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2017 and of the loss of the Company for the financial year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSONNEL

There are no changes in the key Managerial Personnel of the Company.

Mr. Davinder Singh continues to act as a Chief Executive Officer of the Company, Mr. Kuldeep Singh continues to act as a Chief Financial Officer of the Company, and Ms. Vibha Swaminathan continues to act as a Company Secretary of the Company.

RISK MANAGEMENT POLICY

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

STATUTORY AUDITORS

At the Extra Ordinary General Meeting of the Company held on 10th November, 2014, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Registration Number - 105102W) were appointed as the Statutory Auditors of your Company to hold office till the conclusion of 6th Annual General Meeting (i.e. financial year 2018-19).

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) have expressed their willingness to act as the Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to ratify the appointment of the Statutory Auditors of the Company and fix their remuneration at the ensuing Annual General Meeting for the Financial Year 2017-18.

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

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act 2013.

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

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

INTERNAL FINANCIAL CONTROLS

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2017 in Form MGT-9 is annexed as **Annexure II** and forms part of this report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Ashok Sharma — Chairman

Vikram Puri — Director

Mumbai, 24th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: Nil

(b) the steps taken by the company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipment: Nil

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

There is no capital investment on energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption – Nil

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- Nil

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Nil

(a) the details of technology imported:- Nil

(b) the year of import:- Nil

(c) whether the technology been fully absorbed:- Nil

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

iv. the expenditure incurred on Research and Development:- Nil

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

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

Ashok Sharma
Chairman

Vikram Puri
Director

Mumbai, 24th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U01403MH2013PTC242474
2.	**Registration Date**	25th April, 2013
3.	**Name of the Company**	Mahindra HZPC Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018, Tel: 022-24916683
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Ph: +91 40 6716 2222 Fax: +91 40 2300 1153 Toll free no: 1800 345 4001

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.	Trading in seed potatoes	01135	98.80

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 Agri Solutions Limited Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai - 400018	U01400MH2000PLC125781	Holding Company	60%	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				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	1	1	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	**–**	**47,29,999**	**47,29,999**	**59.95**	**47,30,000**	**–**	**47,30,000**	**59.95**	**–**
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total -(A)(1)	–	–	–	–	–	–	–	–	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	**–**	**31,60,000**	**31,60,000**	**40.05**	**–**	**31,60,000**	**31,60,000**	**40.05**	**–**
d. Banks/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**–**	**78,90,000**	**78,90,000**	**100**	**47,30,000**	**31,60,000**	**78,90,000**	**100**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body corp.	–	–	–	–	–	–	–	–	–
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)									
Sub-total-(B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**78,90,000**	**78,90,000**	**100**	**47,30,000**	**31,60,000**	**78,90,000**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbred to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbred to total shares	
1.	Mahindra & Mahindra Limited	47,29,999	59.95	–	–	–	–	59.95
2.	Mr. Narayan Shankar (Nominee of Mahindra and Mahindra Limited)	1	–	–	–	–	–	–
3.	Participatie Maatschappij Buitenland B V	31,60,000	40.05	–	31,60,000	40.05	–	–
4.	Mahindra Agri Solutions Limited	–	–	–	47,30,000	59.95	–	59.95

iii. Change in Promoter's Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mahindra & Mahindra Limited				
	At the beginning of the year	47,29,999	59.95	–	–
	Decrease – 30th June, 2016 – Transfer of shares	47,29,999	59.95	–	–
	At the end of the year	–	–	–	–
2	Mr. Narayan Shankar (Nominee of Mahindra & Mahindra Limited)				
	At the beginning of the year	1	0	–	–
	Decrease – 30th June, 2016 – Transfer of shares	1	0	–	–
	At the end of the year	–	–	–	–
3	Mahindra Agri Solutions Limited				
	At the beginning of the year	–	–	–	–
	Increase – 30th June, 2016 – Transfer of shares	47,30,000	59.95	47,30,000	59.95
	At the end of the year	–	–	47,30,000	59.95

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

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Nil	Nil	Nil	Nil	Nil
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

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

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016	**160.99**	–	–	**160.99**
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	1716.49	–	–	1716.49
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2017	–	–	–	–
1) Principal Amount	1877.48	–	–	1877.48
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**1877.48**	–	–	**1877.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lakhs)
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) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of profit			
	– Others, specify			
5.	Others, please specify Provident Fund and other Funds	–	–	–
	Performance Bonus	–	–	–
	Total (A)	**–**	**–**	**–**
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration to other directors:

I. Independent Directors:

Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lakhs)
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors:

Particulars of Remuneration							Total Amount (Rs. In Lakhs)
Fee for attending Board/Committee Meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)							
Total (B)=(1+2)							
Ceiling as per the Act	1% of the Net profits of the Company						

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

Sr. No.	Particulars of Remuneration	Mr. Davinder Singh, CEO	Mr. Kuldeep Singh, CFO	Ms. Vibha Swaminathan, CS	Total Amount
1.	Gross Salary	4,613,605	2,319,988	–	6,933,593
	(a) Salary as per provisions contains in Section 17 (1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17 (2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of profit				
	– Others, specify	–	–	–	–
5.	Others, please specify Provident Fund and other Funds	–	–	–	–
	Performance Bonus	–	–	–	–
	Others	–	–	80,000	80,000
	Total (C)	4,613,605	2,319,988	80,000	7,013,593

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

Ashok Sharma Chairman

Vikram Puri Director

Mumbai, 24th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra HZPC Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 II**". Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 derivate 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 **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2017

ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 9 under 'Report on others Legal and Regulatory Requirements' of our report of even date)

1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) Title deed of the land acquired during the year is held in the name of the company.

2 The inventory has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4 The Company has not granted any loans or made investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.

6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.

8 In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.

9 The Company has not raised any money from initial public offer or further offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11 In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration.

12 The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.

13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14 During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

16 The company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2017

ANNEXURE "II" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10(f) under 'Report on others Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Control 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 control over financial reporting of Mahindra HZPC Private Limited ("the company") as of March 31, 2017 in conjunction with our audit of the 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 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conduct 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 Standard on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 control 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 control over financial reporting include 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 depends on the auditor's judgement, include 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose 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 statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rs.

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
ASSETS				
1 **Non-current assets**				
(a) Property, Plant and Equipment	1	**202,809,131**	40,001,192	7,261,334
(b) Capital work-in-progress	2	**506,000**	46,192,371	–
(c) Other Intangible assets	3	**521,587**	–	–
(d) Financial Assets				
(i) Loans	4	**487,850**	487,850	–
(ii) Other financial assets	5	**500,255**	500,255	400,000
(e) Deferred tax assets (net)	6	**192,454**	145,204	93,352
2 **Current assets**				
(a) Inventories	7	**179,022,796**	107,914,948	72,653,962
(b) Financial Assets				
(i) Trade receivables	8	**15,680,669**	57,971,682	9,077,577
(ii) Cash and cash equivalents	9	**2,004,301**	32,280	22,102,870
(iii) Bank balances other than (ii) above		**–**	4,000,000	112,334,617
(iv) Loans	10	**742,013**	128,166	23,687
(c) Current Tax Assets (Net)	11	**854,088**	1,003,742	781,578
(d) Other current assets	12	**7,558,340**	6,895,057	3,025,536
Total Assets (1+2)		**410,879,483**	265,272,747	227,754,513
EQUITY AND LIABILITIES				
1 **Equity**				
(a) Equity Share capital	13	**78,900,000**	78,900,000	78,900,000
(b) Other Equity		**(817,343)**	76,832,061	76,638,545
LIABILITIES				
2 **Non-current liabilities**				
(a) Financial Liabilities				
(i) Borrowings	14	**100,000,000**	–	–
(a) Provisions	15	**2,923,998**	1,166,216	648,046
3 **Current liabilities**				
(a) Financial Liabilities				
(i) Borrowings	16	**87,748,180**	16,099,339	–
(ii) Trade payables	17	**105,819,698**	57,316,070	42,520,451
(b) Provisions	15	**210,283**	98,960	55,962
(c) Other current liabilities	18	**36,094,667**	34,860,101	28,991,509
Total Equity and Liabilities (1+2+3)		**410,879,483**	265,272,747	227,754,513

See accompanying notes to the financial statements

As per our Report of even date attached

For **B. K. Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2017

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

S Durgashankar
Kuldeep Singh(CFO)

Ashok Sharma
Backs Gerard
Verveld Herman
Vikram Puri

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

Particulars	Note No.	**Year ended March 31, 2017**	Year ended March 31, 2016
Continuing Operations			
I Revenue from operations	19	**120,626,496**	219,559,544
II Other Income	20	**118,483**	2,599,327
III Total Income (I + II)		**120,744,979**	222,158,870
IV EXPENSES			
(a) Purchases of Stock-in-trade	21 a	**189,681,595**	194,283,678
(b) Changes in inventories of stock-in-trade and work-in-progress	21 b	**(68,374,584)**	(35,124,034)
(c) Cost of Packing materials consumed	21 c	**10,445,804**	4,025,693
(d) Employee benefit expense	22	**15,954,119**	11,401,221
(e) Finance costs	23	**9,987,647**	11,065
(f) Depreciation and amortisation expense	1	**6,269,011**	999,850
(h) Other expenses	24	**34,144,822**	46,428,683
Total expenses (IV)		**198,108,414**	222,026,156
V (Loss)/Profit before exceptional items and tax (I - IV)		**(77,363,435)**	132,714
VI Exceptional Items		**–**	–
VII (Loss)/Profit before tax (V - VI)		**(77,363,435)**	132,714
VIII Tax expense			
(1) Current tax	6	**–**	25,000
(2) Deferred tax	6	**(47,250)**	(51,852)
Total tax expense		**(47,250)**	(26,852)
IX (Loss)/Profit before continuing operations (VII - VIII)		**(77,316,185)**	159,566
X (Loss)/profit for the year		**(77,316,185)**	159,566
XI Other Comprehensive Income			
A (i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		**(333,218)**	33,949
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XII Total Comprehensive Income for the year (X + XI)		**(77,649,403)**	193,515
XIII Earnings per equity share (for continuing operation):			
(1) Basic	25	**(9.84)**	0.02
(2) Diluted	25	**(9.84)**	0.02

As per our Report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2017

For and on behalf of the Board of Directors of
Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Kuldeep Singh(CFO)

Backs Gerard
Verveld Herman
Vikram Puri

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash Inflow/(Outflow) from operating activities**		
	Loss before tax for the year	**(77,363,435)**	132,714
	Adjustments for:		
	Interest on deposit with bank	**(79,558)**	(2,500,270)
	Interest expenses on borrowings	**9,987,647**	11,065
	Actuarial (Loss)/Gain recognised in the year (employee benefit)	**(333,218)**	33,949
	Depreciation and amortisation of non-current assets	**6,269,011**	999,850
	Operating Loss before working capital changes	**(61,519,553)**	(1,322,691)
	Adjustments for:		
	Increase in trade and other receivables	**42,291,013**	(48,894,106)
	(Increase)/decrease in inventories	**(71,107,848)**	(35,260,985)
	(Increase)/decrease in other assets	**(1,127,475)**	(4,684,014)
	Increase in trade and other payables	**49,738,192**	20,664,211
	Increase/(decrease) in provisions	**1,869,105**	561168
		21,662,988	(67,613,726)
	Cash generated from operations	**(39,856,566)**	(68,936,417)
	Income tax paid	**–**	(25,000)
	Net cash (outflow) by operating activities	**(39,856,566)**	(68,961,417)
B.	**Cash Inflow/(Outflow) from investing activities**		
	Purchase of property, plant and equipment	**(123,390,294)**	(79,932,078)
	Interest received on fixed deposits with bank	**79,558**	2,500,270
	Purchase of intangible assets	**(521,872.80)**	–
	Net cash (outflow) by investing activities	**(123,832,609)**	(77,431,809)
C.	**Cash Inflow/(Outflow) from financing activities**		
	Fixed deposits with banks	**–**	(4,500,255)
	Proceeds from maturity of fixed deposits	**4,000,000**	112,734,617
	Proceeds from borrowings	**71,648,842**	16,099,339
	Proceeds from Long term borrowings	**100,000,000**	–
	Interest paid	**(9,987,647)**	(11,065)
	Net cash inflow from financing activities	**165,661,195**	124,322,636
	Net changes in cash and cash equivalents	**1,972,021**	(22,070,590)
	Cash and cash equivalents at the beginning of the year	**32,280**	22,102,870
	Cash and cash equivalents at the end of the year	**2,004,301**	32,280
		2,004,301	32,280

As per our Report of even date attached

For **B. K. Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2017

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

S Durgashankar
Kuldeep Singh(CFO)

Ashok Sharma

Backs Gerard
Verveld Herman
Vikram Puri

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity share capital

Amount. in Rs.

As at 1st April 2015	Changes in equity share capital during 2015-16	Balance as at March 31, 2016	Changes in equity share capital during 2016-17	Balance as at March 31, 2017
78,900,000	–	78,900,000	–	78,900,000

B. Other Equity

Amount. in Rs.

Particulars	Reserves and Surplus			
	Share premium reserve	Retained earnings	Other Comprehensive Income	Total
Balance as at April 1, 2015	71,000,000	5,638,545	–	76,638,545
Balance as at 31st March 2016	71,000,000	5,832,060	–	76,832,060
Changes in accounting policy/prior period errors	–	–	–	–
Share issue costs	–	–	–	–
Restated balance at the beginning of the reporting period	71,000,000	5,832,060	–	–
Total Comprehensive income for the year	–	(77,982,621)	333,218	(77,649,403)
Dividends	–	–	–	–
Transfer to retained earnings	–	–	–	–
Balance as at 31st March 2017	**71,000,000**	**(72,150,561)**	**333,218**	**(817,343)**

As per our Report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2017

For and on behalf of the Board of Directors of
Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Kuldeep Singh(CFO)

Backs Gerard
Verveld Herman
Vikram Puri

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Corporate Information

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, mini tubers, table potato and processing potato, tissue culture plants and services.

2 Significant Accounting Policies

Statement of compliance

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

Upto the year ended 31 March 2015, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer First time adoption disclosure for the details of first-time adoption exemptions availed by the company.

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.2.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.2.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3 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 capitalisation.

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

2.4 Employee benefits

2.4.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.4.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

2.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 Current tax

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 or substantively enacted by the end of the reporting period.

2.5.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.6 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 consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised 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, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

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

Depreciation is recognised 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised 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 recognised in profit or loss.

2.7 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.9 Provisions

Provisions are recognised 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 recognised 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 the effect of the time value of money is material).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.9.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.9.2 Restructurings

A restructuring provision is recognised when the company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

2.9.3 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's obligation.

2.9.4 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

2.10 Basis for classification of current and Non current assets

The basis for classification of current and non current assets is as per Ind AS 1- Presentation of financial statement

Current and Non current assets

An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Current and Non current liabilities

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period (see paragraph 73). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

2.11 Foreign Currency Transactions

In preparing the financial statements of entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.- Ind AS 7.6 Ind AS 7.7"

2.13 General

Accounting policies not specifically referred to are consistent with Generally Accepted Ind AS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

First-time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Companies opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Reconciliations of equity in accordance with previous GAAP to Ind AS

Amount. in Rs.

Particulars	Notes	As at 31/3/2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
Equity as reported under previous GAAP		155,732,061	155,538,545
Employee future benefits – actuarial gains and losses	(a)	(33,949)	–
Other Comprehensive Income		33,949	–
Equity as reported under IND AS		155,732,061	155,538,545

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Amount. in Rs.

Particulars	Notes	As at 31/3/2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
Previous GAAP (Profit After Tax)		193,515	–
Ind AS: Adjustments increase (decrease):			
Employee future benefits – actuarial gains and losses (Net of Tax)	(b)	33,949	–
Total adjustment to profit or loss		33,949	–
Profit or loss under Ind AS		159,566	–
Other comprehensive income		33,949	–
Total comprehensive income under Ind ASs		193,515	–

(iii) Adjustments to the statement of cash flows

Amount. in Rs.

Particulars	Notes	Year ended 31 March 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities		(68,961,417)	–	(68,961,417)
Net cash flows from investing activities		(77,431,809)	–	(77,431,809)
Net cash flows from financing activities		124,322,636	–	124,322,636
Net increase (decrease) in cash and cash equivalents		(22,070,590)	–	(22,070,590)
Cash and cash equivalents at beginning of period		22,102,870	–	22,102,870
Effects of exchange rate changes on the balance of cash held in foreign currencies		–	–	–
Cash and cash equivalents at end of period		32,280	–	32,280

Note No. 1 - Tangible Assets

Amount in Rs.

Description of Assets	Land - Freehold	Building	Plant and Equipment - Freehold	Electrical Installation and Equipment	Office Equipment	Furniture and Fixtures	Computers	Vehicles - Freehold	Total
I. Gross Block									
Balance as at 1st April 2015	–	–	1,287,773	–	24,458	97,674	276,421	5,908,060	7,594,386
Additions	32,177,030	–	351,216	–	14,641	127,906	342,900	726,014	33,739,707
Balance as at 1st April 2016	32,177,030	–	1,638,989	–	39,099	225,580	619,321	6,634,074	41,334,093
Additions	–	59,999,982	82,403,662	12,470,342	2,092,641	7,949,935	1,141,102	3,019,287	169,076,951
Balance as at 31 March, 2017	**32,177,030**	**59,999,982**	**84,042,651**	**12,470,342**	**2,131,740**	**8,175,515**	**1,760,423**	**9,653,361**	**210,411,044**
II. Accumulated depreciation and impairment									–
Balance as at 1 April, 2015	–	–	84,727	–	4,650	9,296	87,658	146,721	333,052
Depreciation/amortisation expense for the year 2015-16	–	–	93,752	–	13,114	9,304	129,548	754,132	999,850
Balance as at 1 April, 2016		–	178,478	–	17,764	18,600	217,206	900,853	1,332,901
Depreciation/amortisation expense for the year 2016-17		**885,074**	**2,774,740**	**590,718**	**129,642**	**246,977**	**287,064**	**1,354,797**	**6,269,011**
Balance as at 31 March, 2017	–	**885,074**	**2,953,218**	**590,718**	**147,406**	**265,577**	**504,270**	**2,255,650**	**7,601,912**
Net block (I-II)									
Balance as on 31st March 2015	–	–	1,203,046	–	19,808	88,378	188,763	5,761,339	7,261,334
Balance as on 31st March 2016	32,177,030	–	1,460,511	–	21,335	206,980	402,115	5,733,221	40,001,192
Balance as on 31st March 2017	**32,177,030**	**59,114,908**	**81,089,433**	**11,879,624**	**1,984,333**	**7,909,938**	**1,256,153**	**7,397,712**	**202,809,131**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 2 - Capital Work in progress

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(a) Tissue culture facility	–	45,831,048	–
(b) Computer software	**506,000**	361,323	–
Total	**506,000**	46,192,371	–

Note No. 3 - Intangible Assets

Amount in Rs.

Description of Assets	Intangible Assets (SAP)
I. Gross Block	
Balance as at 1 April, 2015	–
Additions	–
Balance as at 1 April, 2016	–
Additions	521,873
Balance as at 31 March, 2017	**521,873**
II. Accumulated depreciation and impairment for the year 20X5-20X6	
Balance as at 1 April, 2015	–
Depreciation / amortisation expense for the year	–
Balance as at 1 April, 2016	–
Depreciation / amortisation expense for the year	286
Balance as at 31 March, 2017	**286**

Amount in Rs.

Description of Assets	Intangible Assets (SAP)
Net block (I-II)	
Balance as on 31st March 2015	–
Balance as on 31st March 2016	–
Balance as on 31st March 2017	**521,587**

Note No. 4 - Loans

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a) Security Deposits			
- Unsecured, considered good	**487,850**	487,850	–
Total (A)	**487,850**	487,850	–

Note No. 5 - Other financial assets

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Financial assets at amortised cost			
a) Bank Deposit with more than 12 months maturity	**500,255**	500,255	400,000
Total	**500,255**	500,255	400,000

Note - 6: Current Tax and Deferred Tax

(a) Income Tax Expense

Amount. in Rs.

Particulars	Continuing Operations		Discontinued Operations		Total	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016	**For the year ended 31 March, 2017**	For the year ended 31 March, 2016	**For the year ended 31 March, 2017**	For the year ended 31 March, 2016
Current Tax:						
In respect of current year	–	25,000	–	–	–	25,000
Deferred Tax						
In respect of current year origination and reversal of temporary differences	**(47,250)**	(51,852)	–	–	**(47,250)**	(51,852)
Total Tax Expense recognised in profit and loss account	**(47,250)**	(26,852)	–	–	**(47,250)**	(26,852)

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :

Amount. in Rs.

Particulars	As at March 31, 2017 Amount	As at March 31, 2017 Tax Rate %	As at March 31, 2016 Amount	As at March 31, 2016 Tax Rate %
Profit Before tax from Continuing Operations	**(77,363,435)**	**32.45**	132,714	32.45
Income Tax using the Company's domestic Tax rate #	–	–	43,059	–
Effect of Tax Rates in Foreign Jurisdictions	–	–	–	–
Reduction in Tax Rate	–	–	–	–
Tax Effect of:	–	–	–	–
- Share of profit of equity-accounted investees reported net of tax	–	–	–	–
- Non deductible Expenses	–	–	–	–
- Tax - Exempt income	–	–	–	–
- Tax Incentives and concessions	–	–	–	–
- Current Year Losses for which no deferred Tax Asset is recognised	–	–	–	–
Recognition of Tax Effect of Previously unrecognised tax losses	–	–	–	–
Changes in recognised deductible temporary differences	**(47,250)**	–	(51,852)	–
Changes in estimates related to prior years	–	–	–	–
Unrecognised MAT Credit	–	–	–	–
	–	–	–	–
Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Amount. in Rs.

	For the Year ended 31 March 2017					For the Year ended 31 March 2016					For the Year ended 31 March 2015				
Tax effect of items constituting deferred tax assets															
Provisions	**437,680**	**2,044,902**	–	–	**2,482,582**	287,748	149,932	–	–	437,680	–	287,748	–	–	287,748
Other Temporary Differences (Depreciation difference)	**(292,476)**	**(1,997,652)**	–	–	**(2,290,128)**	(194,396)	(98,080)	–	–	(292,476)	–	(194,396)	–	–	(194,396)
Net Deferred Tax Asset	**145,204**	**47,250**	–	–	**192,454**	93,352	51,852	–	–	145,204	–	93,352	–	–	93,352

Note - 7: Inventories

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(a) Work-in-progress	**5,452,054**	317,302	–
(b) Stock-in-trade of goods acquired for trading	**163,151,772**	103,990,532	72,653,962
(c) Agricultural produce (including biological assets)	**10,418,969**	3,607,114	–
Total Inventories at the lower of cost and net realisable value	**179,022,796**	107,914,948	72,653,962

Notes

1) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 12,13,07,015 (March 31 2016: Rs.15,91,59,644)

2) Mode of valuation of inventories is stated in Note 2.8 Accounting Policies.

Note No. 8 - Trade receivables

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Trade receivables			
(a) Secured, considered good	–	–	–
(b) Unsecured, considered good	**15,680,669**	57,971,683	9,077,577
(c) Doubtful	**330,491**	–	–
Less Provision for doubtful debts	**(330,491)**	–	–
Total	**15,680,669**	57,971,683	9,077,577
Of the above, trade receivables from:			
– Related parties	–	–	–
– Others	**15,680,669**	57,971,683	9,077,577
Total	**15,680,669**	57,971,683	9,077,577

Note No. 8a - Movement in the allowance for doubtful debts

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Balance at beginning of the year - April 1, 2016	–	–	–
Impairment losses recognised in the year based on lifetime ECL	–	–	–
On receivables originated in the year	–	–	–
Other receivables	**330,491**	–	–
Balance at end of the year - March 31, 2017	**330,491**	–	–

Note - 9: Cash and Bank Balances

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents			
(a) Balances with banks	–	32,053	22,101,488
(b) Fixed Deposits with maturity less than 3 months	**2,000,000**	–	–
(c) Cash on hand	**4,301**	227	1,382
Total Cash and cash equivalent	**2,004,301**	32,280	22,102,870
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	–	4,000,000	112,334,617
Total Other Bank balances	–	4,000,000	112,334,617
	2,004,301	4,032,280	134,437,487

Details of Specified Bank Notes held and transacted during the period from 8th Nov 2016 to 31st Dec 2016.

Amount in Rs.

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	13,500	555	14,055
Withdrawals from bank accounts	–	30,000	30,000
(+) Permitted receipts	1,417,000	104,740	1,521,740
(+) Non permitted receipts	–		
(-) Permitted payments	7,500	29,442	36,942
(-) Non permitted payments	–		
(-) Amount deposited in Banks	1,423,000	98,740	1,521,740
Closing cash in hand as on 30.12.2016	–	7,113	7,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 10 - Loans

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a) Security Deposits			
– Unsecured, considered good	**21,000**	–	–
Total (A)	**21,000**	–	–
b) Other Loans			
– Staff Advance	–	–	–
– Secured, considered good	–	–	–
– Unsecured, considered good	721,013	128,166	23,687
– Doubtful	–	–	–
Less: Allowance for Credit Losses	–	–	–
Total (B)	721,013	128,166	23,687
Grand Total	**742,013**	128,166	23,687

Note No. 11 Current Tax Assets (Net)

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(a) Advance income tax (net of provisions)	**854,088**	1,003,742	781,578
Total	**854,088**	1,003,742	781,578

Note No.12- Other current assets

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(a) Capital advances			
(i) For Capital work in progress	**–**	1,193,904	–
(b) Advances other than capital advances			
(i) Prepaid Expenses	**407,438**	448,192	22,453
(ii) Advances to Supplier	**6,406,761**	5,196,407	2,785,129
(iii) For Advances to suppliers considered doubtful	**4,186,892**	83,814	182,871
Less: Provision for doubtful advances	**(4,186,892)**	(83,814)	(182,871)
(iv) Balances with government authorities (other than income taxes)	**740,224**	39,000	–
(v) Intt. Accured on Fixed Depoists	**3,916**	17,554	217,954
Total	**7,558,340**	6,895,057	3,025,536

Note - 13: Equity Share Capital

Amount In Rs.

Particulars	**As at March 31, 2017** No. of shares	Amount	As at March 31, 2016 No. of shares	Amount	As at March 31, 2015 No. of shares	Amount
Authorised:						
Equity shares of Rs: 10/- each with voting rights	**8,000,000**	**80,000,000**	8,000,000	80,000,000	8,000,000	80,000,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs: 10/- each with voting rights	**7,890,000**	**78,900,000**	7,890,000	78,900,000	7,890,000	78,900,000
Total	**7,890,000**	**78,900,000**	7,890,000	78,900,000	7,890,000	78,900,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended March 31, 2017							
	No. of Shares	**7,890,000**	**–**	**–**	**–**	**–**	**7,890,000**
	Amount	**78,900,000**	**–**	**–**	**–**	**–**	**78,900,000**
Year Ended March 31, 2016							
	No. of Shares	7,890,000	–	–	–	–	7,890,000
	Amount	78,900,000	–	–	–	–	78,900,000
Year Ended March 31, 2015							
	No. of Shares	7,890,000	–	–	–	–	7,890,000
	Amount	78,900,000	–	–	–	–	78,900,000

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at March 31, 2017			
Mahindra Agri Solutions Limited, Holding Company	**4,730,000**		
As at March 31, 2016			
Mahindra & Mahindra Limited, Holding Company	4,730,000		
As at March 31, 2015			
Mahindra & Mahindra Limited, Holding Company	4,729,999		

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at March 31, 2017** Number of shares held	% holding in that class of shares	As at March 31, 2016 Number of shares held	% holding in that class of shares	As at April 1, 2015 Number of shares held	% holding in that class of shares
Equity shares with voting rights	–	–	–	–	–	–
Mahindra Agri Solutions Limited	**4,730,000**	**59.95%**	–	–	–	–
Mahindra & Mahindra Limited	–	–	4,730,000	59.95%	4,729,999	59.95%
PMB BV	**3,160,000**	**40.05%**	3,160,000	40.05%	3,160,000	40.05%

Note - 14: Non Current Borrowings

Amount in Rs.

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at March 31, 2015
Measured at amortised cost*			
A. Secured Borrowings:			
Term Loan from banks	**100,000,000**	–	–
Total Secured Borrowings	**100,000,000**	–	–

Term loans from Banks include:

(i) Term Loan of Rs.10 crore (rate of interest 9.30% p.a.) iwhich s secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from January 2020.

Note - 15: Provisions

Amount in Rs.

Particulars	**As at March 31, 2017** Current	Non-Current	Total	As at March 31, 2016 Current	Non-Current	Total	As at March 31, 2015 Current	Non-Current	Total
(a) Provision for employee benefits									
(1) - Compensated absences	**188,089**	**1,657,982**	**1,846,071**	90,568	743,466	834,034	46,121	347,698	393,819
(2) - Gratuity	**22,194**	**1,266,016**	**1,288,210**	8,392	422,750	431,142	9,841	300,348	310,189
Total Provisions	**210,283**	**2,923,998**	**3,134,281**	98,960	1,166,216	1,265,176	55,962	648,046	704,008

(i) Details of movement in other provisions

Particulars	Compensated absences (Current)	Gratuity (Current)	Compensated absences (Non Current)	Gratuity (Non Current)	Total
Balance at April 1, 2015	46,121	9,841	347,698	300,348	704,008
Additional provisions recognised	44,447	(1,449)	395,768	122,402	561,168
Balance at April 1, 2016	90,568	8,392	743,466	422,750	1,265,176
Additional provisions recognised	97,521	13,802	914,516	843,266	1,869,105
Balance at March 31, 2017	**188,089**	**22,194**	**1,657,982**	**1,266,016**	**3,134,281**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note - 16: Current Borrowings

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016
A. Secured Borrowings			
(a) Cash Credit facility from Bank	**87,748,180**	16,099,339	–
Total Current Borrowings	**87,748,180**	16,099,339	–

Note:

1 Cash credit facility is secured by first charge on inventory and debtors.

Note - 17: Trade Payables

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Trade payable for goods & services	**105,819,698**	57,316,070	42,520,451
Total trade payables	**105,819,698**	57,316,070	42,520,451

Note - 18: Other Current Liabilities

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a. Other Advances			
(i) Adance received from customers	**8,524,967**	9,761,567	10,004,658
b. Others			
(i) Capital creditors	**5,796,168**	5,103,668	27,227,132
(ii) Payable to related parties	**3,240,661**	116	60,300
(iii) Trade deposits	**415,926**	310,081	294,034
(iv) Taxes payable (other than income taxes)	**1,357,857**	2,505,670	843,241
(v) Provision for expenses	**16,759,088**	17,179,000	17,789,276
Total Other Current Liabilities	**36,094,667**	34,860,101	56,218,641

Note no -19 Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Revenue from sale of products (including excise duty)	**120,019,149**	218,138,750
(b) Other operating revenue	**607,348**	1,420,794
Total Revenue from Operations	**120,626,496**	219,559,544

Note no -20 Other Income

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Interest Income		
(1) On Financial Assets at FVTPL	**79,558**	2,500,270
(b) Other Non-operating Income	**38,925**	99,057
Total Other Income	**118,483**	2,599,327

Note 21 .a Purchases of stock in trade

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Purchases	**189,681,595**	194,283,678
	189,681,595	194,283,678

Note 21 .b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Inventories at the end of the year:		
Stock-in-trade	**174,835,634**	106,461,050
	174,835,634	106,461,050
Inventories at the beginning of the year:		
Stock-in-trade	**106,461,050**	71,337,016
	106,461,050	71,337,016
Net (increase)/decrease	**(68,374,584)**	(35,124,034)

Note 21 .c Cost of Packing materials consumed

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Opening stock	**1,453,897**	1,316,946
Add: Purchases	**13,179,072**	4,162,645
Less: Closing stock	**4,187,165**	1,453,897
Cost of materials packing consumed	**10,445,804**	4,025,693

Note no -22 Employee Benefits Expense

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Salaries and wages, including bonus	**13,260,056**	10,254,959
(b) Contribution to provident and other funds	**1,975,277**	869,460
(c) Staff welfare expenses	**718,786**	276,801
Total Employee Benefit Expense	**15,954,119**	11,401,221

Note 22.1 : Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 886,566/- (2016 : Rs.540,798/-) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Note: Where required by Ind AS 24 an entity discloses information about contributions to defined contribution plans for key management personnel.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Note: An entity shall disclose a description of the risks to which the plan exposes the entity, focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Amount in Rs.

Particulars	Unfunded Plan Gratuity 2017	2016
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
1. Current service cost	**245,338**	–
2. Interest cost	**33,515**	–
Ib. Included in other Comprehensive Income		
1. Actuarial (Gain)/Loss on account of:		
- Financial Assumptions	**88,911**	–
- Experience Adjustments	**244,307**	–
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**245,338**	121,210
Net interest expense	**33,515**	33,692
Components of defined benefit costs reconised in profit or loss	**278,853**	154,902
Actuarial gains and loss arising form changes in financial assumptions	**88,911**	(33,949)
Actuarial gains and loss arising form experience adjustments	**244,307**	
Componenets of defined benefit costs recognised in other comprehensive income	**333,218**	(33,949)
Total	**612,071**	120,953
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**1,288,210**	431,142
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(1,288,210)**	(431,142)
4. Current portion of the above	**22,194**	8,392
5. Non current portion of the above	**1,266,016**	422,750
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**431,142**	310,189
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**245,338**	121,210
- Interest Expense (Income)	**33,515**	33,692
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**333,218**	(33,949)
5. Others (Liabilities assumed on acquisition)	**244,997**	–
6. Present value of defined benefit obligation at the end of the year	**1,288,210**	431,142
III. Actuarial assumptions		
1. Discount rate	**7.35%**	7.85%
2. Expected rate of return on plan assets	**0.00%**	0.00%
3. Attrition rate		
4. Medical premium inflation		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2017**	**1,463,477**	**1,264,364**
	2016	486,065	424,145
Salary growth rate	**2017**	**1,449,236**	**1,268,082**
	2016	485,035	424,405

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Note no -23 Finance Cost

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Interest expense	**9,987,361**	11,065
Total finance costs	**9,987,361**	11,065

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest Expenses		
(a) On Financial Liability at Amortised Cost		
(b) On Financial Liabilities at FVTPL	**9,987,361**	11,065

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note no -24 Other Expenses

Amount in Rs.

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Cold store charges	**10,225,627**	12,630,742
(b) License & registration charges	**7,390**	–
(c) Repairs and maintenance – Others	**576,680**	127,297
(d) Loss of Stock	**–**	5,224,096
(e) Mobile & Communication Expenses	**528,595**	408,784
(f) Freight outward	**269,615**	12,360,820
(g) Business promotion expenses	**409,476**	267,027
(h) Travelling and Conveyance Expenses	**5,351,524**	4,274,638
(i) Legal & Professional Charges	**1,878,256**	2,550,146
(j) Manpower Charges	**5,399,463**	6,029,611
(k) Bank Charges	**4,776**	6,701
(l) Provision for doubtful trade and other receivables, loans	**3,373,142**	–
(m) Miss. Expenses	**3,388,660**	2,148,071
(n) Inauguration expenses Gigha Majra Facility	**2,233,486**	
(o) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**498,133**	400,750
Total Other Expenses	**34,144,822**	46,428,683

Note 25: Disclosures under Ind AS 33

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016 Per Share
Basic Earnings per share		
From continuing operations	**(9.84)**	0.02
Total basic earnings per share	**(9.84)**	0.02
Diluted Earnings per share		
From continuing operations	**(9.84)**	0.02
Total diluted earnings per share	**(9.84)**	0.02

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Profit/(loss) for the year attributable to owners of the Company	**(77,649,403)**	193,515
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(77,649,403)**	193,515
Profits used in the calculation of basic earnings per share from continuing operations	**(77,649,403)**	193,515
Weighted average number of equity shares	**7,890,000**	7,890,000
Earnings per share from continuing operations - Basic	**(9.84)**	0.02

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Profit (loss) for the year used in the calculation of basic earnings per share	**(77,649,403)**	193,515
Profit/(loss) for the year used in the calculation of diluted earnings per share	**(77,649,403)**	193,515
Profits used in the calculation of diluted earnings per share from continuing operations	**(77,649,403)**	193,515

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**7,890,000**	7,890,000
Weighted average number of equity shares used in the calculation of Diluted EPS	**7,890,000**	7,890,000

Note 26 : Segment information

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Ind AS on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company, at present, does not have any Secondary Segment.

Note -27 Related Party Transactions

Related Party Disclosures:

A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	**Description of Relationship**
Mahindra Agri Solutions Limited (MASL)	Holding Company

Name of the Related Parties where transactions have taken place during the period	**Description of Relationship**
Mahindra and Mahindra Ltd.(MMHO)	Ultimate Holding Company
Mahindra and Mahindra Ltd. (MMAD)	Ultimate Holding Company
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	Ultimate Holding Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
Swaraj Engines Limited	Associate of Holding company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
EPC Industries Limited	Fellow Subsidiary Company

Additional Disclosure of Key Management Personnel:-

Key Management Personnel	**Description of Relationship**
Mr. Davinder Singh Dosanjh (CEO)	KMP of the company
Mr. Kuldeep Singh (CFO)	KMP of the company
Ms. Vibha Swaminathan	KMP of the company

Note: No Transaction with key Management Personnel

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Ultimate Holding Company	Subsidiaries	Associates	Joint ventures	KMP of the Company
Nature of transactions with Related Parties							
Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited):	31-03-2017			119715			
- Professional Fees	31-03-2016			109721			
Swaraj Engine Limited:	31-03-2017				57022		
Office Rent Charges	31-03-2016				64922		
Electricity	31-03-2017				31174		
	31-03-2016				41280		
Mahindra and Mahindra Limited (MMHO):	31-03-2017		19,09,782				
Professional Fees	31-03-2016		14,57,230				
Deputation charges of personal paid	31-Mar-16		4,850,750				
Reimbursement of expenses	31-Mar-16		306,148				
Advance for Vehicle	31-Mar-16		2,724,261				
Mahindra and Mahindra Limited (MMTD):	31-Mar-17		1,091,504				
Business support service charges							
EPC Industries Limited:	31-Mar-17			6,947,064			
Assets Purchased (Green House)							
Mahindra First choice service limited (MFCSL):	31-Mar-17			20,900			
Repair & Maintenance vehicle							
Mahindra Agri Solutions Limited (MASL):	31-Mar-17	2,906,969					
Sales							
Business support service charges	31-03-2017	5,21,391					
Professional fees	31-03-2016	2,42,918					
ESOP	31-Mar-17	210,039					
HZPC Holland B.V.							
Professional Fees Paid	31-03-2017					5,41,234	
	31-03-2016					9,04,861	
Commission received	31-Mar-16					112,880	
Business Promotion Expenses	31-Mar-17					137,173	
Davinder Singh Dosanjh (CEO)							
Gross Salary	31-03-2017						46,13,605
	31-03-2016						40,24,614
Kuldeep Singh (CFO)							
Gross Salary	31-03-2017						23,19,988
	31-03-2016						29,52,448

Nature of Balances with Related Parties	Balance as on	Parent Company	Altimate Holding Company	Subsidiaries	Associates	Joint ventures	KMP of the Company
PAYABLE							
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited	31-03-2017			33,705			
	31-03-2016			116			
Mahindra and Mahindra Ltd.(MMHO)	31-03-2017		4,19,893				
	31-03-2016		Nil				
EPC Industries Ltd.- (Nasik)	31-Mar-17			2,787,063			
HZPC Holland B.V.	31-03-2017						
	31-03-2016					2,55,000	
Mahindra Agri Solutions Limited (MASL)	31-Mar-17	287,014					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Nature of Balances with Related Parties	Balance as on	Parent Company	Altimate Holding Company	Subsidiaries	Associates	Joint ventures	KMP of the Company
RECEIVABLE							
Mahindra and Mahindra Ltd. (MMAD)	31-Mar-17		3,394				
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	31-Mar-17		196,135				
Mahindra First choice service limited (MFCSL)	31-Mar-17			Nil			
HZPC Holland B.V.	31-03-2017					Nil	
	31-03-2016					47,808	
Swaraj Engine Limited	31-03-2017				Nil		
	31-03-2016				Nil		

Note No. 28 - Financial Risk Management

Financial Risk Management Framework

The company activities expose it to avariety of financial risks: market risk, credit risk and liquidity risk. The company primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is price risk. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

CREDIT RISK

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

The company does not have significant credit risk exposure to any single counterparty.

MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

All such transactions are carried out within the guidelines set by the Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company is required to maintain ratios (including total debt to EBITDA/net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31 March, 2017 INR**	31 March, 2016 INR	31 March, 2015 INR
Secured Bank Overdraft facility			
- Expiring within one year	**87,748,180**	16,099,339	–
- Expiring beyond one year	**–**	–	–
Term Loan			
- Expiring within one year	**–**	–	–
- Expiring beyond one year	**100,000,000**	–	–
	187,748,180	16,099,339	–

Categories of financial assets and financial liabilities

	For the year ended 31 March, 2017 Amortised Costs	For the year ended 31 March, 2016 Amortised Costs	For the year ended 31 March, 2015 Amortised Costs
Non-current Assets			
Loans	**487,850**	487,850	–
Other Financial Assets			
- Non Derivative Financial Assets	**500,255**	500,255	400,000
Current Assets			
Trade Receivables	**15,680,669**	57,971,682	9,077,577
Cash and cash equivalents	**2,004,301**	32,280	22,102,870
Other Bank Balances	**–**	4,000,000	112,334,617
Loans	**742,013**	128,166	23,687
Non-current Liabilities			
Borrowings	**100,000,000**	–	–
Trade Payables	**–**	–	–
Other Financial Liabilities	**2,923,998**	1,166,216	648,046
Current Liabilities			
Borrowings	**87,748,180**	16,099,339	–
Trade Payables	**105,819,698**	57,316,070	42,520,451
Other Financial Liabilities	**36,304,950**	34,959,061	29,047,471

As per our Report of even date attached

For **B. K. Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker

Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2017

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Kuldeep Singh(CFO)

Backs Gerard

Verveld Herman
Vikram Puri

BOARD'S REPORT

Your Directors present their Seventeenth Report, together with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the Year ended 31st March, 2017**	For the Year ended 31st March, 2016*
Total Income	**48,491.00**	48,374.74
Profit before Interest, Depreciation and Tax	**(5,293.57)**	(2,247.81)
Interest	**87.14**	18.58
Profit/(Loss) before Depreciation and Tax	**(5,380.31)**	(2,266.39)
Depreciation	**334.93**	185.18
Profit/(Loss) before Tax	**(5,715.23)**	(2,451.57)
Provision for Tax		
– Current Year	**29.87**	255.00
– Deferred Tax	**(683.43)**	(23.58)
Profit/(Loss) for the year after provision for Tax	**(5,061.67)**	(2,682.99)
Balance of Profit/(Loss) brought forward from earlier years	**(1,872.75)**	787.44
Other Comprehensive Income / (Loss)	**10.77**	23.00
Transfer from reserves & other comprehensive income to Liability**	**3,101.67**	–
Profit/(Loss) carried to Balance Sheet	**(3,821.98)**	(1,872.55)
Net Worth	**15,010.81**	(531.10)

* The Company has restated prior year Financial Statements as per Business Combination (Demerger).

** The Company has not taken over losses related to period prior to demerger date, hence losses of Rs. 3,101.67 lakhs has been transferred to liability.

The aforesaid financial highlights are based on the Audited Financial Statements for the year ended 31st March, 2017, which are the Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the Financial Year 2016-17 till the date of this Report, which would affect the financial position of your Company.

Operations

During the year, the Company ensured successful transition of all the agri businesses from Mahindra and Mahindra Limited to the Company. Bringing all businesses under one roof is giving your Company more opportunities to synergize and is also ensuring that there is a right mix of *Agripreneurial* spirit and domain expertise required to thrive in this sector.

The Company is focusing on **Farmer Prosperity** on the input businesses side and on offering **Delightful Consumer Experience** on the food businesses side.

Your Company's input businesses grew by 26% including its subsidiary Mahindra HZPC Private Limited's ('MHZPC') revenue over the last year. This growth was achieved despite the business being hit by demonetization in the third quarter of the financial year especially the seed potato business where potato prices were down to 10-year low after demonitization. During the year, the Company also stabilized its own Crop Care Formulation Plant which was operationalized in the Financial year 2016. The Company is now securing over 30% of its supplies from this plant. Your Company also launched its first ever proprietary seed product – Rabi Corn and has received an encouraging response for this product. For its seed potato business housed under the Company's subsidiary, MHZPC, the Company operationalized a world class Aeroponics Facility, an advanced technology in agriculture to grow plants suspended in a closed environment without the use of soil. The Company also successfully completed the trials of imported HZPC varieties and would soon be launching these high quality products which will benefit both the end consumers as well as the processing sector.

Over the years, your Company has been working with farmers by providing them advisory services, soil testing services and also by delivering best quality inputs through over 300

Samriddhi touchpoints. The Company further expanded its reach through a tie-up with Indian Oil Corporation Limited, by opening up Samriddhi centers at their outlets. Your Company is glad to inform you that since 2011, it has been honoring the true heroes of Agriculture, for their noteworthy contributions, through its unique concept of Mahindra Samriddhi India Agri Awards. During last year, the Company successfully organized the seventh edition of these awards, with the Honorable Union Minister of Agriculture, Shri Radha Mohan Singh as the Chief Guest at the ceremony.

On the food businesses side, a major step was taken towards realizing the Company's vision of being amongst the top 3 global grape players by acquisition of a Netherlands based fruit distribution company, OFD Holding BV by Mahindra Overseas Investment Company (Mauritius) Limited, the wholly owned subsidiary of Mahindra and Mahindra Ltd, the holding Company of your Company. With a revenue of around 70 million Euros, OFD is the 4th largest distributor of grapes in Europe, and also has presence in China and South East Asia. Under its own grapes export business, the Company continued its work with farmers in Maharashtra to export high quality grapes. However, owing to oversupply of Chilean grapes in the European markets, the prices realized during the month of March were lower.

For its fruits business under its subsidiary Mahindra Greenyard Private Limited ('MGPL'), the Company is working towards developing strong and reliable sources for imported fruits to be distributed under the ***Saboro*** brand.

The Company has been getting good consumer response for the quality of its products under Edible Oil and Pulses businesses that were launched in Financial Year 2016. However during the year, these businesses experienced a lot of volatility in commodity prices affecting the profitability. The Company's dairy business is progressing well and within a year of operations, the business has established itself well in Indore and Bhopal with the product quality being appreciated by the consumers. Cream Rich Milk and Protein Rich Milk are the two differentiated variants that your Company has pioneered and these have been particularly liked by the consumers.

The Company is further glad to inform you that it has been increasingly focusing on digital and new age businesses. During the year, your Company, through its subsidiary MGPL, has invested in a Pune based Farm to Fork e-commerce startup, **Merakisan Private Limited**, which is working on disintermediating the entire Fruit and Vegetable ('F&V') supply chain, resulting in benefits to both farmers and consumers. The Company has launched an integrated advisory app, **MyAgriGuru** ensuring that farmers get all the information related to crops at one point. The Company also went live with its first Saboro Lounge in Mumbai, offering ***Healthy Indulgence*** to the consumers through its range of delectable cold-pressed juices, salads, smoothies and desserts.

Purchase of the Agri Business of Mahindra & Mahindra Limited and change in nature of business of your Company

Your Company had entered into a Business Transfer Agreement on 30th March, 2016 with its holding Company, Mahindra & Mahindra Limited (M&M), pursuant to which the entire assets and liabilities of the following Agri businesses of M&M were transferred to your Company on a slump sale basis during the year.

i) Crop Care ii) Seeds iii) Pulses iv) Samriddhi and Pilot projects consisting of Edible Oil, Basmati Rice, Potato, Potato flakes and Dairy, together with congeries of rights of M&M in such activities. Pursuant to the above your Company is now also into trading of Cereal, Pulses, Fruits, Manufacture and trading of insecticides, fungicides, herbicides etc.

Outlook for the Current Year

On the input business side, this year, your Company would be launching its six new proprietary seed products and would also be commercializing the new seed potato varieties. The Company's crop care business will also grow on the back of its biological products. The Company would be increasing the reach of its advisory services through partnerships and by leveraging MyAgriGuru and would thus continue living up to its vision of ***Delivering FarmTech Prosperity***.

On the food businesses side, your Company, in its quest of delighting the modern Indian consumer, is already working on developing differentiated offerings under its two premium brands – ***NuPro and Saboro*** and would be launching the same in this year. Your Company would also be opening up additional Saboro Lounge outlets in Mumbai.

Your Company's various initiatives taken to ensure farmer prosperity and delightful consumer experiences would further bear fruits in the current year.

Dividend

Your Directors have not recommended dividend for the year under review.

Performance and Financial Position of the Subsidiary Companies

As on 31st March, 2017, your Company has two subsidiaries namely Mahindra Greenyard Private Limited (formerly known as Mahindra UNIVEG Private Limited) ('MGPL') and Mahindra HZPC Private Limited ('MHZPC'). MGPL was incorporated in 2014, to undertake the domestic development of the fresh Produce supply chain for distribution to Indian markets, imports of fresh Produce to India and exports (other than grapes which would remain with the Company). Your Company holds 60% of the share capital and voting power of MGPL. During the year, MGPL earned revenues of Rs. 3,776 lakhs and recorded a loss of Rs. 367.25 lakhs. MGPL, is trading in various imported and local fruits.

During the year under review your Company acquired 59.95% stake in MHZPC. MHZPC is in the business of contract growing, wholesale, retail, trading of seed potatoes, minitubers etc. During the year, MHZPC earned revenues of Rs. 1,207.45 lakhs and recorded a loss of Rs. 776.49 lakhs.

A report on the performance and financial position of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1 which is attached to the Financial Statements and form part of this Annual Report.

Share Capital

The authorised share capital of your Company as on 31st March, 2017 is Rs. 75,00,00,000 (Rupees Seventy Five Crores Only).

During the year under review, your Company had allotted 5,47,49,473 Equity shares of Rs. 10 each at a premium of Rs. 37.50 per share aggregating to Rs. 260,05,99,967.50 on rights basis to Mahindra and Mahindra Limited.

Your Company had also allotted on 27th February, 2017 11,05,000 Equity shares of Rs. 10 each at a premium of Rs. 37.50 per share aggregating to Rs. 5,24,87,500 on preferential basis.

The paid-up share capital of your Company as on 31st March, 2017 stood at Rs. 69,26,89,870 divided into 6,92,68,987 Equity Shares of the face value Rs. 10 each.

Board of Directors

The Board comprises of six Directors out of which three are Independent Directors as under:

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non Independent
1	Dr. Pawan Kumar Goenka	00254502	Non-Executive Director	Non Independent
2	Mr. Ashok Sharma	02766679	Executive Director	Non Independent
3	Mr. K. Chandrasekar	01084215	Non-Executive Director	Non Independent
4	Mr. M. G. Bhide	00001826	Non-Executive Director	Independent
5	Mr. Hardeep Singh	00088096	Non-Executive Director	Independent
6	Ms. Aruna Bhinge	07474950	Non-Executive Director	Independent

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 29th March, 2016 appointed Mr. Ashok Sharma as the Managing Director and Chief Executive Director of the Company for a term of five years with effect from 1st April, 2016 to 31st March, 2021 (both days inclusive).

Mr. K. Chandrasekar retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 from Mr. K. Chandrasekar that he is not disqualified from being appointed as a Director of the Company pursuant to section 164 of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company. Further, the Company has received declarations from Mr. M.G. Bhide, Mr. Hardeep Singh and Ms. Aruna Bhinge, the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings of the Board

Your Board of Directors met four times during the year under review i.e. on 26th April, 2016, 25th July, 2016, 24th October, 2016 and 27th January, 2017. The gap between two consecutive Board Meetings did not exceed 120 days.

Director	Number of Board Meeting attended
Dr. Pawan Kumar Goenka	3
Mr. Ashok Sharma	4
Mr. K. Chandrasekar	2
Mr. M. G. Bhide	4
Mr. Hardeep Singh	4
Ms. Aruna Bhinge	4

Meeting of Independent Directors

The Independent Directors of the Company met on 24th October, 2016 without the presence of the Chairman, Managing Director and Chief Executive Officer, the other Non-Executive Directors, Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of the Board as a whole, review the performance of the Chairman of the Company, 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.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2017, the applicable accounting standards have been followed;

(b) the Directors had in consultation with Statutory Auditors, selected 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 as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees, performance of the Directors individually (including Independent Directors). Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors. The Nomination and Remuneration Committee has also carried out an evaluation of the performance of the Directors individually.

Codes of Conduct

The Company had adopted Codes of Conduct for Corporate Governance ("the Code(s)") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Ashok Sharma, Managing Director and Chief Executive Officer
- Ms. Jyoti Walunj, Chief Financial Officer, and
- Mr. Feroze Baria, Company Secretary.

Mr. Ashok Sharma was appointed as Managing Director and Chief Executive Officer with effect from 1st April, 2016 consequent upon the resignation of Mr. Vikram Puri as the Manager and Chief Executive Officer of the Company.

Committees of the Board

Audit Committee

The Composition of the Audit Committee is as follows:

Director	Designation	Number of Audit Committee Meetings attended
Mr. M. G. Bhide	Chairman	2
Mr. K. Chandrasekar	Member	1
Mr. Hardeep Singh	Member	2

All the Members of the Committee possess strong accounting and financial management knowledge. The Audit Committee met twice during the year under review, i.e. on 26th April, 2016 and 24th October, 2016.

All the recommendations of the Audit Committee were accepted by the Board.

Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility ('CSR') Committee is as follows:

Director	Designation	Number of Corporate Social Responsibility Committee Meetings attended
Ms. Aruna Bhinge	Chairperson	2
Mr. Ashok Sharma	Member	2
Mr. K. Chandrasekar	Member	1

The CSR Committee met twice during the year under review, i.e. on 25th July, 2016 and 27th January, 2017.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation	Number of Nomination and Remuneration Committee Meetings attended
Mr. M. G. Bhide	Chairman	2
Dr. Pawan Goenka	Member	1
Mr. Hardeep Singh	Member	2

Pursuant to section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met twice during the year under review, i.e. on 26th April, 2016 and 25th July, 2016.

Company's Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved a Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees as provided under section 178(3) of the Companies Act, 2013 which is furnished and attached to this Report as Annexure I.

Risk Management Policy

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

Corporate Social Responsibility Policy

Your Company has adopted a Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

The Annual Report on Corporate Social Responsibility activities of the Company is furnished in Annexure II and is attached to this Report.

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring auditors have completed the maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rules thereunder.

The Board has approved and recommended to the shareholders, the appointment of M/s. B S R & Co. LLP (Firm Registration No. 101248W/W-100022), Chartered Accountants who have given a written consent to act as Statutory Auditors of your Company and have also confirmed that the said appointment would be in conformity with the provisions of sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to appoint M/s. B S R & Co. LLP as Statutory Auditors of the Company in place of the retiring auditors Messrs. Deloitte Haskins & Sells, Chartered Accountants at the ensuing Annual General Meeting for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 22nd Annual General Meeting and fix their remuneration.

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

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure III and is attached to this Report.

Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Secretarial Auditors

Your Company had appointed M/s. M. Siroya & Co., Company Secretaries, a firm of practising Company Secretaries as Secretarial Auditor of the Company in accordance with section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of Section 204 of the Companies Act, 2013, the Company has annexed with this Report as Annexure IV, a Secretarial Audit Report in prescribed Form MR 3 given by the Secretarial Auditor for the Financial Year 2016-17.

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

Cost Auditor

As per provisions of Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted for the Financial Year 2017-18 by a Cost Accountant in practice. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee on 2nd May, 2017, approved the appointment of M/s. D C Dave & Co., Cost Accountants as the cost auditors of the Company for the Financial Year 2017-18, at a remuneration of Rs. 1 lakh plus out of pocket expenses. The members are requested to approve the said remuneration.

Particulars of Public Deposits, Loans, Guarantees or Investments

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

There are no Loans, Guarantees and Investments which are required to be disclosed as covered under the provisions of section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the Annual Accounts of the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent company Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

There are no contracts or arrangements with related parties of the Company referred to under section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

Extract of Annual Return

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form No. MGT 9 is attached herewith as Annexure V and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Reporting of Frauds by Auditors

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

Employee Stock Option Scheme

During the year under review the Company has formulated the MASL Exployee Stock Option Scheme 2016.

Details of the Employees Stock Option Scheme pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is attached herewith as Annexure VI.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimise the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General Disclosures

The Disclosure as required under section 197(14) of the Companies Act, 2013 was not applicable for the Financial Year under review.

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme, save and except ESOP scheme refered to in this report.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).
5. Disclosure of remuneration of employees under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 29th May, 2017

ANNEXURE I

POLICY FOR APPOINTMENT AND REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Agri Solutions Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource Department of the Company.

"Key Managerial Personnel" (KMP) refers to Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are Members of its Core Management Team excluding Board of Directors comprising of all Members of Management one level below the Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The First part of the Policy sets out the approach to appointment of Directors, Key Managerial Personnel and Senior Management Personnel in Mahindra Agri Solutions Limited.

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take, inter alia, into account the following criteria regarding qualifications, positive attributes and independence of Director:

    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

    2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Member. The Board through the Chairman or Managing Director or Manager will interact with the new Member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of the Chairman or Managing Director or Manager based on the business need and the suitability of the candidate.

II. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The second part of the Policy sets out the approach to compensation of Directors, Key Managerial Personnel and other employees in Mahindra Agri Solutions Limited.

Policy Statement

We have a well-defined Compensation Policy for Directors, Key Managerial Personnel and all employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders Resolution.

Managing Director or Executive Directors or Manager

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Managing Director or Executive Director or Manager as the case may be.

Key Managerial Personnel (KMPs)

The terms of remuneration of Key Managerial Personnel of the Company shall be determined in such manner and by such persons as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade.

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant stock options to the employees and Directors (other than Independent Directors) in accordance with the ESOP scheme of the Company as may be formulated and subject to the compliance of applicable statutes and regulations.

For and on behalf of the Board

Pawan Goenka
Chairman

Mumbai, 29th May, 2017

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs.

The Company will focus its efforts within the constituencies of farmers, youth, girls and weaker sections of society through programs designed in the domains of health, environment and education.

The Company's commitment to CSR will be manifested by investing resources in any of the following areas -

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, weather resistant accommodation to migrant poor farm field workers and making available safe drinking water;
2. Promoting and instituting education including scholarships for higher education, special education and employment enhancing vocation skills especially among farmers, children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
7. Rural development projects.

(2) The Composition of the CSR Committee.

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

Director	Designation
Ms. Aruna Bhinge	Chairperson
Mr. Ashok Sharma	Member
Mr. K. Chandrasekar	Member

(3) Average net profit of the company for last three Financial Years: Rs. 785.29 Lakhs.

(4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 15.71 lakhs

(5) Details of CSR spent during the Financial Year:

(a) Total amount to be spent for the Financial Year: Rs. 15.79 lakhs

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the Financial Year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (As in Schedule VII)	Projects or programs 1) Local areas or Other 2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (Rs. In lakhs)	Amount spent on the project or programs 1) Direct expenditure on projects or programs 2) Overheads (Rs. In lakhs)	Cumulative Expenditure upto the reporting period (Rs. in lakhs)	Amount spent: direct or through implementing agency *
1.	Tree Plantation	Environmental Sustainability	Nashik, Maharashtra	1.43	Nil	1.43	Partly direct and partly through an agency
2.	Eye check-up	Healthcare including preventive health care	Nashik, Maharashtra	6.17	Nil	6.17	Partly direct and partly through an agency
3.	Medical-Aid	Healthcare including preventive health care	Nashik, Maharashtra	0.25	Nil	0.25	Partly direct and partly through an agency
4.	Sanitation	Sanitation	Ankleshwar, Gujarat	0.08	Nil	0.08	Partly direct and partly through an agency
5.	Nanhi Kali	Promotion of Education	Mumbai, Maharashtra	7.86	Nil	7.86	Partly direct and partly through an agency
	TOTAL					**15.79**	

* Details of implementing agency: SR Agro Services; Saravahara Parivartan Centre, Nashik; Tulsi Eye Hospital, Nashik

6. In case the company has failed to spend the two per cent, of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report – Not applicable, since the Company believes that the above projects and activities fall within the purview of Schedule VII of the Companies Act, 2013.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

   The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Ashok Sharma
Managing Director and Chief Executive Officer

Aruna Bhinge
Chairperson CSR Committee

Mumbai, 29th May, 2017

ANNEXURE III

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

Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017

(A) Conservation of energy:

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

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

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

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

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

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

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

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

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

(iv) The expenditure incurred on Research and Development: Rs. 610.17 lakhs

(C) Foreign exchange earnings and Outgo: (in terms of actual inflow and outflow)

Foreign exchange earnings and outgo during the year under review are as follows:

(Rupees in lakhs)

Total Foreign Exchange Earned and Outgo:	**For the year ended 31st March, 2017**	For the year ended 31st March, 2017
Foreign Currency Earnings	**11,022.81**	10,468.08
Foreign Exchange Outgo	**5,952.79**	3,462.65

For and on behalf of the Board

Pawan Goenka
Chairman

Mumbai, 29th May, 2017

ANNEXURE IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Agri Solutions Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Agri Solutions Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to Overseas Direct Investment;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Based on the representation made by the Company and its officers the Company has adequate system and process in place for compliance under the laws specifically applicable in relation to the business of the Company, a list whereof is enclosed herewith as an Annexure - A.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and

2. SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (Listing Regulations.) The Company is an unlisted Company and therefore compliance with listing Regulations is not applicable.

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

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to workers/employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Acts as prescribed under Direct Tax and Indirect Tax;

3. Stamp Acts and Registration Acts;

4. Labour Welfare Act of respective states; and

5. Such other Local laws etc, of respective states as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, 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 provision of the Act.

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

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) On April 26, 2016, the Board of Directors approved the issue of 5,47,49,474 Equity Shares of Rs. 10 each at a premium of Rs. 37.50 each on Right basis.

(ii) Pursuant to the special resolution under Section 180(1)(c) of the Companies Act, 2013 passed on April 26, 2016, the Board of Directors have been authorised to borrow moneys (apart from temporary loans from the Company's bankers in the ordinary course of business) subject to maximum limit of Rs. 75 crores.

(iii) On July 5th, 2016, the Board of Directors through Circular Resolution approved allotment of 5,47,49,473 Equity Shares of Rs. 10 each at a premium of Rs. 37.50 each on Right basis.

(iv) At the Extraordinary General Meeting of the members held on September 26, 2016, the following resolutions were passed:

(a) To give loan(s), give guarantee(s) or provide security(ies) or invest/acquire the securities of any body-corporate by way of subscription/purchase or otherwise, subject to maximum limit of Rs. 100 crores; and

(b) To borrow moneys (apart from temporary loans from the Company's bankers in the ordinary course of business) in excess of paid-up capital and free reserves subject to maximum limit of Rs. 100 crores pursuant to Section 180(1)(c).

(v) At the Extraordinary General Meeting of the members held on November 24, 2016, the following resolutions were passed:

(a) To formulate MASL Employees Stock Option Scheme, 2016 (MASL ESOP, 2016) and grant of options to the Eligible Employees to an extent not exceeding 68,41,451 (Sixty Eight Lakhs Forty One Thousand Four Hundred Fifty One Only);

(b) To extend the benefits of the MASL ESOP, 2016 and grant of options to such person(s) who are in the permanent employment and Directors (including Managing Director/Whole Time Director(s) but excluding Independent Directors) of the Holding Company or of the immediate Subsidiary Company(ies) or of the Subsidiaries of its Holding Company, whether working in India or abroad; and

(c) Approved the issue of 11,10,000 Equity Shares of Rs. 10 each at a premium of Rs. 37.50 each on Preferential basis.

(vi) On February 27, 2017, the Board of Directors through circular resolution approved allotment of 11,05,000 Equity Shares of Rs. 10 each at a premium of Rs. 37.50 each on preferential basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: 2nd May, 2017

This report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this report.

'Annexure A'

List of Laws applicable specifically to the Company

1. The Insecticide Act, 1968;
2. The Fertilizer (Control) Order, 1985 along with The Fertilizer (Movement Control) Order, 1973;
3. The Essential Commodities Act, 1955 and Pulses, Edible Oilseeds and Edible Oils (Control) Order, 1977 (under GSR No. 929 (E) dated September 29, 2016 issued by Department of Consumer Affairs, Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, GOI);
4. Legal Metrology Act, 2009 ("Act");
5. Legal Metrology (Packaged Commodities Rules) Rules, 2011;
6. The Seeds Act, 1966 and The Seeds (Control) Order, 1983;
7. The Food Safety and Standards Act, 2006;
8. The Food Safety and Standards Rules, 2011;
9. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
10. The Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
11. The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
12. The Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
13. The Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011; and
14. APMC Acts (various State enactments).

'Annexure B'

To,

The Members,

Mahindra Agri Solutions Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: 2nd May, 2017

ANNEXURE V

EXTRACT OF ANNUAL RETURN

Form No. MGT-9

As on the financial year ended on 31.03.2017

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U01400MH2000PLC125781
2.	**Registration Date**	11th April, 2000
3.	**Name of the Company**	Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited)
4.	**Category/Sub-Category of the Company**	Company Limited by shares/ Indian non-government Company
5.	**Address of the Registered office & contact details**	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24901441 Fax: +91-22-24975081
6.	**Whether listed Company**	~~Yes~~/No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot Nos. 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad Tel No: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/service	% to total turnover of the Company
1.	Manufacture & trading of insecticides, rodenticides, fungicides, herbicides etc.	20211	31.84%
2.	Trading in Fruits	46301	28.44%
3.	Trading in Pulses	46201	21.28%
	Total		**81.56%**

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 & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	98.4	2(46)
2	Mahindra Greenyard Private Limited (Formerly known as Mahindra UNIVEG Private Limited) Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U01403MH2014PTC255946	Subsidiary Company	60	2(87)
3	Mahindra HZPC Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U01403MH2013PTC242474	Subsidiary Company	59.95	2(87)

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 [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s).	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,34,14,507	7	1,34,14,514	100	6,81,63,980	7	6,81,63,987	98.4	-1.6
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A) (1)	**1,34,14,507**	**7**	**1,34,14,514**	**100**	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	**-1.6**
2. Foreign									
a. NRIs-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A) (2)	–	–	–	–	–	–	–	–	–
Total share-holding of promoter (A)=(A) (1)+(A) (2)	**1,34,14,507**	**7**	**1,34,14,514**	**100**	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	**-1.6**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s).	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B) (1)	–	–	–	–	–	–	–	–	–
2. Non- Institution									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual share-holders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	11,05,000	–	11,05,000	1.6	1.6
c. Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies	–	–	–	–	–	–	–	–	–
Sub-Total B (2)	–	–	–	–	**11,05,000**	–	**11,05,000**	**1.6**	**1.6**
Total Public Shareholding (B)=(B) (1)+(B) (2)	–	–	–	–	**11,05,000**	–	**11,05,000**	**1.6**	**1.6**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,34,14,507**	**7**	**1,34,14,514**	**100**	**6,92,68,980**	**7**	**6,92,68,987**	**100**	–

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1st April, 2016]			Shareholding at the end of the year [As on 31st March, 2017]			% 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 & Mahindra Limited	1,34,14,507	100	–	6,81,63,980	98.4	–	-1.6
2	Mahindra & Mahindra Limited Jointly with Mr. K. Chandrasekar*	1	–	–	1	–	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. Ashok Sharma*	1	–	–	1	–	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. C. Krishnadas*	1	–	–	1	–	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
6	Mahindra & Mahindra Limited Jointly with Mrs. Roshni Sagreiya*	1	–	–	1	–	–	–
7	Mahindra & Mahindra Limited Jointly with Mr. V S Parthasarathy*	1	–	–	1	–	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. Bishwambhar Mishra*	1	–	–	1	–	–	–
	Total	**1,34,14,514**	**100**	–	**6,81,63,987**	**98.4**	–	**-1.6**

* Held jointly with Mahindra & Mahindra Limited by its nominees to comply with the statutory provisions in respect of minimum number of Members.

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

Sr. No.	Particulars	Shareholding at the beginning of the year [As on 1st April, 2016]		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year: Mahindra & Mahindra Limited	1,34,14,514	100	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Increase on account of allotment of 5,47,49,473 Equity Shares under Rights Issue on 5th July, 2016	–	–	6,81,63,987	98.4
	At the end of the year: Mahindra & Mahindra Limited	–	–	6,81,63,987*	98.4

* Includes 7 Equity Shares held jointly with Mahindra & Mahindra Limited by its nominees.

There is no change in promoters shareholding in other folios save as except reported above.

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase on account of allotment on preferential basis on 27th February, 2017	Decrease	No. of Shares	% of total Shares of the Company
1	Dr. Anish Shah	–	–	1,50,000	–	1,50,000	0.22
2	Mr. V. S. Parthasarathy	–	–	1,50,000	–	1,50,000	0.22
3	Mr. Rahul Shandilya	–	–	1,50,000	–	1,50,000	0.22
4	Mr. Bharat Moossaddee	–	–	50,000	–	50,000	0.07
5	Mr. S. Durgashankar	–	–	50,000	–	50,000	0.07
6	Mr. Ketan Doshi	–	–	50,000	–	50,000	0.07
7	Mr. P. N. Shah	–	–	30,000	–	30,000	0.04
8	Mr. Rajeev Dubey	–	–	30,000	–	30,000	0.04
9	Mr. Nikhil Madgavkar	–	–	30,000	–	30,000	0.04
10	Ms. Rajashree Ansurkar	–	–	20,000	–	20,000	0.03
11	Mr. Rajesh Jejurikar	–	–	20,000	–	20,000	0.03
12	Mr. Ramesh Iyer	–	–	20,000	–	20,000	0.03
13	Mr. Ramesh Ramchandran	–	–	20,000	–	20,000	0.03
14	Mr. Vijay Paradkar	–	–	20,000	–	20,000	0.03
15	Mr. Hemant Sikka	–	–	20,000	–	20,000	0.03

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 1st April, 2016]		Cumulative Shareholding during the year [As on 31st March, 2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Ashok Sharma***				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year	1	0.00	1	0.00

Sr. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 1st April, 2016]		Cumulative Shareholding during the year [As on 31st March, 2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	**Mr. K. Chandrasekar***				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): Increase on account of allotment of 30,000 Equity Shares on preferential basis on 27th February, 2017	–	–	30,000	0.04
	At the end of the year	30,001	0.04	30,001	0.04
3	**Dr. Pawan Goenka**				
	At the beginning of the year	–	0.00	–	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): Increase on account of allotment of 2,20,000 Equity Shares on preferential basis on 27th February, 2017	–	–	2,20,000	0.32
	At the end of the year	2,20,000	0.32	2,20,000	0.32

* One Equity Share is held jointly with Mahindra and Mahindra Ltd.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amount in Rupees)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,00,00,000	68,05,479	–	25,68,05,479
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	10,16,575	16,81,588	–	26,98,163
Total (i+ii+iii)	**25,10,16,575**	**84,87,067**	–	**25,95,03,642**
Change in Indebtedness during the financial year				
* Addition	22,56,17,074	–	–	22,56,17,074
* Reduction	25,00,00,000	–	–	25,00,00,000
Net Change	**(2,43,82,926)**	–	–	**(2,43,82,926)**
Indebtedness at the end of the financial year				
i) Principal Amount	22,56,17,074	68,05,479		23,24,22,553
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	22,94,081	–	22,94,081
Total (i+ii+iii)	**22,56,17,074**	**90,99,560**	–	**23,47,16,634**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: (Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Ashok Sharma (Managing Director)	
1.	Gross Salary	57,73,286	57,73,286
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**57,73,286**	**57,73,286**
	Ceiling as per the Act	As per provisions of Schedule V of Companies Act, 2013	

B. Remuneration of other directors

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Mr. M. G. Bhide**	**Mr. Hardeep Singh**	**Ms. Aruna Bhinge**	
	Fee for attending board/committee meetings	1,70,000	1,30,000	1,30,000	4,30,000
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	**1,70,000**	**1,30,000**	**1,30,000**	**4,30,000**

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
2	**Other Non-Executive Directors**	–	–
	Fee for attending board/committee meetings	–	–
	Commission	–	–
	Others, please specify	–	–
	Total (2)	–	–
	Total (B)=(1+2)	–	–
	Total Managerial Remuneration	–	–
	Overall Ceiling as per the Act	1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013	

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

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	**Chief Financial Officer**	
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) of the Income-Tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others	2,43,800	48,97,424	51,41,224
	Total	**2,43,800**	**48,97,424**	**51,41,224**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NA		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Pawan Goenka
Chairman

Mumbai, 29th May, 2017

ANNEXURE VI

Details of the Employees Stock Option Scheme pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2016
(a)	options granted	35,69,977
(b)	options vested	–
(c)	options exercised	–
(d)	the total number of shares arising as a result of exercise of option	–
(e)	options lapsed	–
(f)	the exercise price	47.50
(g)	variation of terms of options	–
(h)	money realized by exercise of options	–
(i)	total number of options in force as at 31st March 2017	35,69,977
(j)	employee wise details of options granted to	–
	(i) key managerial personnel	
	Mr. Ashok Sharma	6,17,944
	Ms. Jyoti Walunj	54,169
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	–

For and on behalf of the Board

Pawan Goenka
Chairman

Mumbai, 29th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AGRI SOLUTIONS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA AGRI SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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.

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, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, 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 Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

   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.

   iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, read with para 1(a) above, we report that the disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 117364W)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Dated: 25 May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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 AGRI SOLUTIONS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2017, 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 117364W)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Date : 25 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

(b) The Company has a program of verification of Fixed Assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. The company does not have any leased immoveable properties of land and building, as disclosed as Property, Plant and Equipment, as at balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Material discrepancies noticed on physical verification during the year have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under this clause of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in Lakhs.)	Amount Unpaid (Rs. in Lakhs.)
Income Tax Act, 1961	Income Tax	CIT Appeal	Assessment year 2013-14	0.07	0.07

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 117364W)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Date : 25 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

Rs. in Lakhs

	Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	4	**3,017.83**	2,784.31	1,149.74
	(b) Capital Work-in-Progress	4	**26.05**	80.62	761.30
	(c) Other Intangible Assets	5	**299.40**	328.33	317.01
	(d) Financial Assets				
	(i) Investments (other than using equity method)	6	**806.00**	806.00	806.00
	(ii) Other Financial Assets	7	**66.94**	31.56	70.23
	(e) Deferred Tax Assets (Net)	8	**745.46**	66.84	46.62
	(f) Income Tax Assets (Net)	9	**20.70**	39.47	3.13
	(g) Other Non-current Assets	10	**157.62**	20.46	26.15
	SUB-TOTAL		**5,140.00**	4,157.59	3,180.18
	CURRENT ASSETS				
	(a) Biological assets other than bearer plant	11	**61.53**	–	–
	(b) Inventories	12	**8,859.03**	10,201.94	7,831.79
	(c) Financial Assets				
	(i) Trade Receivables	13	**17,149.24**	18,335.95	10,454.07
	(ii) Cash and Cash Equivalents	14	**1,373.75**	2,511.58	1,815.69
	(iii) Other Bank Balances	14	**73.94**	81.11	90.15
	(iv) Loans	15	**–**	89.72	82.44
	(v) Other Financial Assets	7	**248.94**	32.30	33.20
	(d) Other Current Assets	10	**1,895.08**	1,542.57	2,227.61
	SUB-TOTAL		**29,661.51**	32,795.17	22,534.95
	TOTAL ASSETS		**34,801.51**	36,952.76	25,715.13
II	**EQUITY AND LIABILITIES**				
	1 EQUITY				
	(a) Equity Share Capital	16 A	**6,926.90**	1,341.45	1,341.45
	(b) Other Equity	16 B	**8,083.91**	(1,872.55)	787.44
	SUB-TOTAL		**15,010.81**	(531.10)	2,128.89
	LIABILITIES				
	2 NON-CURRENT LIABILITIES				
	(a) Provisions	17	**313.01**	175.67	450.36
	(b) Other Non-current Liabilities	18	**236.15**	86.77	112.81
	SUB-TOTAL		**549.16**	262.44	563.17
	3 CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Borrowings	19	**2,256.17**	2,500.00	946.91
	(ii) Trade Payables	20	**13,821.49**	12,257.26	7,046.31
	(iii) Other Financial Liabilities	21	**1,823.17**	21,011.00	14,404.15
	(b) Provisions	17	**151.92**	40.58	4.52
	(c) Current Tax Liabilities (Net)	9	**40.23**	40.23	40.39
	(d) Other Current Liabilities	18	**1,148.56**	1,372.35	580.79
	SUB-TOTAL		**19,241.54**	37,221.42	23,023.07
	TOTAL EQUITY AND LIABILITY		**34,801.51**	36,952.76	25,715.13

The accompanying notes 1 to 42 forms integral part of financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Mumbai
Date: 25 May, 2017

For and on behalf of Board of Directors

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 02 May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Rs. in Lakhs

	Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
I	Revenue from operations	22	**47,723.31**	48,159.57
II	Other Income	23	**767.69**	215.17
III	**Total Revenue (I+II)**		**48,491.00**	48,374.74
IV	**EXPENSES**			
	(a) Cost of materials consumed	24 (a)	**3,081.36**	1,209.73
	(b) Purchases of Stock-in-trade		**32,598.76**	39,089.65
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24 (b)	**1,391.50**	(2,210.87)
	(d) Employee benefits expense	25	**4,117.90**	3,339.00
	(e) Finance costs	26	**87.14**	18.58
	(f) Depreciation and amortisation expense	27	**334.93**	185.18
	(g) Other expenses	28	**12,594.64**	9,195.04
	Total Expenses (IV)		**54,206.23**	50,826.31
V	**Loss before tax for the period (III-IV)**		**(5,715.23)**	(2,451.57)
VI	Tax Expense			
	(1) Current tax	29	**29.87**	255.00
	(2) Deferred tax	29	**(683.43)**	(23.58)
	Total tax expense		**(653.56)**	231.42
VII	**Loss after tax for the period**		**(5,061.67)**	(2,682.99)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	30	**15.58**	26.36
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss	29	**(4.81)**	(3.36)
	Total Other comprehensive income		**10.77**	23.00
IX	**Total comprehensive loss for the period (VII-VIII)**		**(5,050.90)**	(2,659.99)
	Earnings per equity share: Basic and Diluted (in Rs.)	31	**(9.37)**	(20.00)

The accompanying notes 1 to 42 forms integral part of financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Mumbai
Date: 25 May, 2017

For and on behalf of Board of Directors

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 02 May, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Rs. in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**(5,715.23)**	(2,451.54)
Adjustments for:		
Finance costs recognised in profit or loss	**87.14**	18.58
Interest income recognised in profit or loss	**(97.31)**	(47.71)
Gain on sale of Mutual Fund	**(2.86)**	–
Impairment loss recognised on trade receivables	**348.41**	579.63
Impairment loss recognised on loans and Others	**106.76**	192.37
Depreciation and amortisation of non-current assets	**334.93**	185.18
Net foreign exchange (gain)/loss	**(197.14)**	(10.61)
Net (gain)/loss arising on financial assets (Biological assets) measured at fair value through profit or loss	**(5.97)**	–
Expenses recognised in respect of ESOP	**60.71**	–
(Profit)/Loss on Sale of Capital Asset	**(0.90)**	9.17
	(5,081.46)	(1,524.93)
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	**808.02**	(8,460.04)
Decrease/(Increase) in inventories	**1,287.35**	(2,370.14)
(Increase)/decrease in other assets	**(398.06)**	550.49
Increase in trade and other payables	**2,578.35**	12,675.76
	4,275.66	2,396.07
Cash (used in)/generated from operations	**(805.80)**	871.14
Income taxes refund/(paid)	**18.77**	(291.50)
Net cash (used in)/generated by operating activities	**(787.03)**	579.64
Cash flows from investing activities		
Interest received	**104.50**	44.71
Investment in Mutual Fund	**(1,140.00)**	–
Proceeds from redemption of Mutual Fund	**1,142.86**	–
Bank balances not considered as cash and cash equivalents (Net)	**7.17**	9.04
Payment for Agri businesses purchase (Business Combination)	**(26,006.00)**	–
Proceeds from sale of property, plant and equipment	**30.76**	13.15
Payments for property, plant and equipment	**(664.37)**	(1,500.96)
Net cash used in investing activities	**(26,525.08)**	(1,434.06)

Rs. in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**26,530.87**	–
Proceeds from borrowings	**2,256.17**	2,500.00
Repayment of borrowings	**(2,500.00)**	(946.91)
Interest paid	**(112.76)**	(2.79)
Net cash flow generated from financing activities	**26,174.28**	1,550.30
Net (decrease)/increase in cash and cash equivalents	**(1,137.83)**	695.89
Cash and cash equivalents at the beginning of the year (refer note below)	**2,511.58**	1,815.69
Cash and cash equivalents at the end of the year (refer note 14)	**1,373.75**	2,511.58

Note: Cash and cash equivalents at the beginning of Financial Year 15-16 includes Cash and cash equivalents acquired from demerger Rs.1,342.54 Lakhs. (refer note 37)

The accompanying notes 1 to 42 forms integral part of financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Mumbai
Date: 25 May, 2017

For and on behalf of Board of Directors

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 02 May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 2017

(a) Equity Share Capital

Rs. in Lakhs

Equity share capital	
As at 1 April 2015	1,341.45
Changes in equity share capital during the year	–
As at 31 March 2016	1,341.45
Rights Issue of Equity Share (refer note: 16A)	5,474.95
Preferential allotment of Equity share (refer note: 16A)	110.50
As at 31 March 2017	**6,926.90**

(b) Other Equity

Rs. in Lakhs

	Reserves and Surplus				
Particulars	**Capital Reserve for bargain purchase Business combination**	**Securities Premium Reserve**	**Employee Stock Option Outstanding**	**Retained Earnings**	**Total**
As at 1 April 2015				787.44	787.44
Profit/(Loss) for the period				(2,682.99)	(2,682.99)
Other Comprehensive Income/(Loss)				23.00	23.00
Total Comprehensive Income for the year				(2,659.99)	(2,659.99)
As at 31 March 2016				(1,872.55)	(1,872.55)
Transfer from reserves & other comprehensive income to Liability (refer note 37(d))*				3,101.67	3,101.67
Profit/(Loss) for the period				(5,061.67)	(5,061.67)
Other Comprehensive Income/(Loss)				10.77	10.77
Total Comprehensive Income for the year				(5,050.90)	(5,050.90)
Security premium on right issue and preferential allotments		20,945.43			20,945.43
Share issue (ESOP to employees)			60.71		60.71
Due to Business combination	(9,100.45)				(9,100.45)
As at 31 March 2017	**(9,100.45)**	**20,945.43**	**60.71**	**(3,821.78)**	**8,083.91**

* The Company has not taken over losses related to period prior to demerger date, hence losses of Rs. 3,101.67 lakhs transferred to liability.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Mumbai
Date: 25 May, 2017

For and on behalf of Board of Directors

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 02 May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited) ("the company") a Public Limited Company domiciled in India and incorporated on 11th April, 2000 under the provisions of the Companies Act, 1956 (CIN : U01400MH2000PLC125781).

The company is engaged in the business of Agri inputs products and Food businesses. Grapes and Banana Cultivation businesses are in operations at the beginning of the year and demerger of Agri businesses i.e. Crop Care, Seeds, Pulses, Edible Oil etc from holding Company during the year (Refer note: 37).

2. Significant accounting policies

2.1 Statement of compliance

The Separate financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 2.17 for the details of first-time adoption exemptions availed by the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 2nd May, 2017.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments and agricultural produce 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange of control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based payment at the acquisition date; and
- assets (or disposal company) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Goodwill/Capital Reserve, is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for possible customer returns based on past trend, discount and incentive schemes.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Export Benefits

Export benefits for sale of goods are accounted for in the year of export based on eligibility and accrual basis, when there is no uncertainty in receiving the same.

2.5 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts.

2.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense/income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are expensed out in profit and loss statement.

2.7 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 capitalisation.

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

2.8 Employee benefits

2.8.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.8.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and wages, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

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 or substantively enacted by the end of the reporting period.

2.9.2 Minimum Alternative Tax

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

2.9.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.9.4 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.10 Property, plant and equipment

Property, plant and equipment (other than bearer plant) 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.

Properties in the course of construction for production, supply or administration purpose are carried at cost, less any recognised impairment loss.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised 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 recognised in profit or loss.

Bearer Plant cost includes cost of plant and land preparation upto the planting. Bearer plant are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised 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.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment :

(a) Certain items of Plant and Equipment – 1 to 15 years

(b) Buildings (Roads) – 15 years

(c) Vehicles – 5 years

(d) Bearer Plant – 3 Years

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software	3 years, 10 years
Non Compete Fees	5 years
Trademarks	10 years
Technical Knowhow	10 years

2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

Biological assets growing on the bearer plant is estimated at fair value.

2.14 Provisions

Provisions are recognised 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 recognised 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 the effect of the time value of money is material).

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity 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 recognised immediately in profit or loss.

2.15.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Classification of financial Assets:

Debt instruments that meet the following conditions are subsequently measured at amortised 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.

Investments in equity instruments at FVTOCI: On initial recognition, the Company has made irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Reserves. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments.

For the impairment policy on financial assets measured at amortised cost.

2.15.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.15.3 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.15.4 Derecognition of financial assets

The Company derecognises 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

2.15.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.15.6 Financial liabilities and equity instruments

2.15.6.1 Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.15.6.3 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised 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.

2.15.6.4 Financial liabilities subsequently measured at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.15.6.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

2.15.6.6 Derecognition of financial liabilities

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

2.16 Derivative financial instruments

The Company enters into derivative financial instruments in terms of foreign exchange forward contracts.

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 period. The resulting gain or loss is recognised in profit or loss immediately.

2.17 First-time adoption – mandatory exceptions and optional exemptions

2.17.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.17.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.17.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

2.17.4 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.17.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.17.6 Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;

The above exemption in respect of business combinations has also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

2.17.7 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment and intangible assets has been retrospective remeasured in accordance with Ind AS.

2.17.8 The company has availed the exemption of considering previous GAAP carrying amount as deemed cost of investment in subsidiary as on transition date.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IND AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.10	Property, Plant & Equipment – estimated useful life
Note No. 2.11.4 & 2.12	Intangible assets – impairment and estimated useful life
Note No. 2.4	Revenue Recognition – estimated sales return in future

Dealer discount and incentive related cost estimated based on schemes in operation and utilisation trend in past.

Fair value measurements and valuation processes

Some of the company's assets and liabilities, including biological assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the company uses market observable data to the extent it is available for level 3 inputs.

Note No. 4 - Property, Plant and Equipment and Capital work in - progress

Rs. in Lakhs

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Carrying Amount of:			
Land - Freehold	**619.31**	608.44	608.44
Building	**1,080.69**	1,016.18	230.87
Plant and Equipment	**963.48**	862.07	123.65
Computer Equipment	**31.57**	26.59	10.85
Office Equipment	**11.34**	15.13	4.38
Furniture and Fixtures	**70.13**	66.24	4.77
Vehicles	**236.78**	189.65	166.78
Bearer Plant	**4.52**	–	–
	3,017.83	2,784.31	1,149.74
Capital work in progress	**26.05**	80.62	761.30
Total	**3,043.88**	2,864.93	1,911.04

Rs. in Lakhs

Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Computer Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Bearer Plant	Total
I. Cost									
(a) Balance as at 1 April 2015	–	–	76.54	18.73	1.13	2.60	28.84	–	127.84
(b) Balance as at 1 April 2015 - Acquisition under Business combination (Refer Note 37)	608.44	254.01	69.02	35.55	10.98	6.10	233.74	–	1,217.84
Additions	–	809.41	784.73	24.38	13.69	65.22	104.76	–	1,802.19
Disposals	–	–	(2.20)	(18.88)	(4.04)	(1.87)	(32.17)	–	(59.16)
(c) Balance as at 31 March 2016	608.44	1,063.42	928.09	59.78	21.76	72.05	335.17	–	3,088.71
Additions	10.87	115.17	234.28	21.66	0.35	15.77	148.36	5.53	551.99
Disposals	–	–	(4.15)	–	–	–	(24.71)	–	(28.86)
(d) Balance as at 31 March 2017	**619.31**	**1,178.59**	**1,158.22**	**81.44**	**22.11**	**87.82**	**458.82**	**5.53**	**3,611.84**
II. Accumulated depreciation and impairment									
(e) Balance as at 1 April 2015	–	–	10.24	10.81	0.34	0.17	4.37	–	25.93
(f) Balance as at 1 April 2015 - Acquisition under Business combination (Refer Note 37)	–	23.14	11.67	32.62	7.39	3.76	91.42	–	170.00
Depreciation expense for the year	–	24.10	45.38	5.12	2.20	3.08	65.42	–	145.30
Disposals	–	–	(1.27)	(15.36)	(3.30)	(1.20)	(15.70)	–	(36.83)
(g) Balance as at 31 March 2016	–	47.24	66.02	33.19	6.63	5.81	145.51	–	304.40
Depreciation expense for the year	–	50.66	128.77	16.68	4.14	11.88	76.66	1.01	289.79
Disposal	–	–	(0.05)	–	–	–	(0.14)	–	(0.19)
(h) Balance as at 31 March 2017	–	**97.90**	**194.74**	**49.87**	**10.77**	**17.69**	**222.03**	**1.01**	**594.01**

Rs. in Lakhs

Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Computer Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Bearer Plant	Total
III. Net carrying amount 31 March 2017 (d)-(h)	**619.31**	**1,080.69**	**963.48**	**31.57**	**11.34**	**70.13**	**236.78**	**4.52**	**3,017.83**
IV. Net carrying amount 31 March 2016 (c)-(g)	608.44	1016.18	862.07	26.59	15.13	66.24	189.65	–	2,784.31
V. Net carrying amount 1 April 2015 (a)+(b)-(e)-(f)	608.44	230.87	123.65	10.85	4.38	4.77	166.78	–	1,149.74

Note:

Property, plant and equipment (including capital work in progress) of Rs 1785.95 lakhs as on 1 April 2015 related to acquired businesses were pledged as security for Debentures issued by the acquiree and during the year FY 15-16 the same had repaid.

Note No. 5 - Other Intangible Assets

Rs. in Lakhs

Carrying amount of:-	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Computer Software	**47.27**	36.75	–
Non Compete Fees	**14.10**	20.50	26.90
Trademarks	**51.46**	58.60	62.81
Technical Knowhow	**186.57**	212.48	227.30
Total	**299.40**	328.33	317.01

Rs. in Lakhs

Description of Assets	Computer Software	Non Compete Fees	Trademarks	Technical Knowhow (See note below)	Total
Intangible Assets					
I. Cost					
(a) Balance as at 1 April 2015	–	–	–	–	–
(b) Balance as at 1 April 2015 - Acquisition related to businesses under Business combination (Refer Note 37)	–	32.00	68.25	247.00	347.25
Additions	38.70	–	2.62	9.88	51.20
(c) Balance as at 31 March, 2016	38.70	32.00	70.87	256.88	398.45
Additions from separate acquisitions	16.21	–	–	–	16.21
(d) Balance as at 31 March 2017	**54.91**	**32.00**	**70.87**	**256.88**	**414.66**
II. Accumulated amortisation and impairment					
(e) Balance as at 1 April 2015	–	–	–	–	–
(f) Balance as at 1 April 2015 - Acquisition under Business combination (Refer Note 36)	–	5.10	5.44	19.70	30.24
Amortisation expense for the year	1.95	6.40	6.83	24.70	39.88
(g) Balance as at 31 March, 2016	1.95	11.50	12.27	44.40	70.12
Amortisation expense for the year	5.69	6.40	7.14	25.91	45.14
(h) Balance as at 31 March 2017	7.64	17.90	19.41	70.31	115.26
III. Net carrying amount 31 March 2017 (d)-(h)	47.27	14.10	51.46	186.57	299.40
IV. Net carrying amount 31 March 2016 (c)-(g)	36.75	20.50	58.60	212.48	328.33
V. Net carrying amount 1 April 2015 (a)+(b)-(e)-(f)	–	26.90	62.81	227.30	317.01

Note 1: Significant Intangible Asset

The company holds a Technical know how for Seeds germination. The carrying amount of the Technical know how of Rs 186.58 Lakh (as at March 31st 2016 Rs. 212.48 Lakh; as at April 2015 Rs. 227.31 Lakh) will be fully amortised in balance 7 year.

Note 2 :

Intangible assets of Rs. 317.01 lakhs as on 1 April 2015 related to acquired businesses were pledged as security for Debentures issued by the acquiree and during the year FY16 the same had repaid.

Note No. 6 - Investments - Non Current

Rs. in Lakhs

Particular	Face value Per share (Rs.)	As at 31 March 2017 Nos	As at 31 March 2017 Non-Current	As at 31 March 2016 Nos	As at 31 March 2016 Non-Current	As at 1 April 2015 Nos	As at 1 April 2015 Non-Current
At Cost							
In Subsidiary Companies							
Equity shares- fully paid (Unquoted)							
Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)	10	**3,330,000**	**333.00**	3,330,000	333.00	3,330,000	333.00
Mahindra HZPC Private Limited	10	**4,730,000**	**473.00**	4,730,000	473.00	4,730,000	473.00
B. Fair value through other comprehensive income - FVTOCI							
Unquoted Investments (all fully paid)							
Investments in Equity shares	–	–	–	–	–	–	–
Fully paid up equity shares of Rs. 10 each of Vayugrid Marketplace Services Private Limited	10	**2,121,000**	**58.75**	2,121,000	58.75	2,121,000	58.75
Less: Diminution in Value of Investment	–	–	**(58.75)**	–	(58.75)	–	(58.75)
Fair value of investment is Nil since 31 March 2015	–	–		–		–	–
TOTAL INVESTMENTS (A) + (B)	–	–	**806.00**	–	806.00	–	806.00
Total impairment loss on value of investments	–	–	**58.75**	–	58.75	–	58.75

Note No. 7 - Other financial assets

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
Financial assets carried at FVTPL:						
– Derivatives not designated as hedging instruments	**219.59**	–	–	–	1.31	–
	219.59	–	–	–	1.31	–
Financial assets at amortised cost:						
Security Deposit	**24.07**	**42.65**	24.15	28.08	24.99	18.51
Interest Accrued on Bank Deposits	**4.45**	**0.00**	8.15	3.48	6.90	1.72
Earmarked Bank Deposit with original maturity more than 12 months	**0.82**	**24.29**	–	–	–	50.00
TOTAL	**248.94**	**66.94**	32.30	31.56	33.20	70.23

Note: Derivatives not designated as heading instrument, carried at FVTPL includes foreign currency forward contract.

Note No. 8 - Deferred Tax Assets (Net)

Rs. in Lakhs

Particular	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Deferred tax assets	**774.33**	67.76	46.62
Deferred tax liability	**(28.87)**	(0.92)	–
	745.46	66.84	46.62

(i) Movement in deferred tax balances

Rs. in Lakhs

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	**18.89**	**214.38**	**(4.81)**	**228.46**
Other Temporary Differences - Provision for Doubtful Debts & Inventory	**48.87**	**497.01**	–	**545.87**
	67.76	**711.38**	**(4.81)**	**774.33**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(0.92)**	**(27.95)**	–	**(28.87)**
	(0.92)	**(27.95)**	–	**(28.87)**
Net Tax Asset (Liabilities)	**66.84**	**683.43**	**(4.81)**	**745.46**

Rs. in Lakhs

Particulars	For the Year ended 31 March 2016			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	26.87	(4.62)	(3.36)	18.89
Other Temporary Differences - Provision for Doubtful Debts	16.04	32.83	–	48.86
sub total	42.90	28.21	(3.36)	67.75
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	3.72	(4.63)	–	(0.92)
sub total	3.72	(4.63)	–	(0.92)
Net Tax Asset (Liabilities)	46.62	23.58	(3.36)	66.84

(ii) Unrecognised deductible temporary differences unused tax losses and unused tax credits

Rs. in Lakhs

Particular	**As at 31 March 2017**	As at 31 March 2016	As at 31 March 2015
Unrecognised deductible temporary differences unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to following :			
– tax losses (revenue in nature)	**6,589.53**	–	–
	6,589.53	–	–

Note No. 9 - Income Tax Assets (Net)

Rs. in Lakhs

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Non - Current Tax assets			
Tax refund receivables	**5.13**	35.00	0.14
TDS Receivable	**15.57**	4.47	2.99
Total	**20.70**	39.47	3.13
Current tax liability			
Provision for tax	**40.23**	40.23	40.39
Total	**40.23**	40.23	40.39

Note No. - 10 Other current & Non - current assets

Rs. in Lakhs

Particulars	**As at 31 March 2017**		As at 31 March 2016		As at 1 April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Capital advances						
(i) For Capital work in progress	**–**	**148.25**	–	–	–	–
(b) Advances other than capital advances						
(i) Balances with Government authorities (other than income taxes)	**916.28**	**3.00**	1,148.40	14.48	1,210.47	21.47
(ii) Advances to employees	**48.01**	**–**	28.69	–	13.13	–
(iii) Others						
Considered good	**930.79**	**6.37**	365.48	5.98	1,004.01	4.68
Considered doubtful	**126.12**	**–**	121.61	–	33.13	–
Provision for doubtful advance	**(126.12)**	**–**	(121.61)	–	(33.13)	–
Total	**1,895.08**	**157.62**	1542.57	20.46	2,227.61	26.15

Notes:

The company has provided for doubtful advances for FY17 of Rs. 4.52 lakhs (as at 31 March 2016 Rs. 88.48 lakhs; as at 1 April 2015 Rs. Nil)

Others Include supply of goods and services, prepaid expenses and others.

Note No. - 11 Biological assets other than bearer plant

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Opening stock			
Add: Purchases or Input costs	**84.63**	–	–
Less: harvested	**29.07**	–	–
Add/Less: Gain/(Loss) on changes in Fair value	**5.97**	–	–
Closing stock as at 31 March 2017	**61.53**	–	–

During the year the Company has started operations of Banana cultivation. In this regard, the Company has taken cultivation plant on operating lease. At 31 March 2017, the Company has approximately 182 Acres of leased land under cultivation. The period of Crop maturity is approx. 11 months. At period end, the unharvested banana crop is treated as a biological asset and stated at fair value as estimated costs to sell. Resultantant gain or loss movements are recognised in the Statement of profit and loss for the period.

Note No. - 12 Inventories (Lower of cost and net realisable value)

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(a) Raw materials	**269.40**	159.28	–
(b) Work-in-progress	**22.92**	31.90	–
(c) Finished goods	**1,467.14**	2,198.44	1,488.40
(d) Stock-in-trade	**5,188.97**	6,665.50	5,180.91
(e) Packing Material	**1,910.60**	1,146.82	1,162.48
Total Inventories (at lower of cost and net realisable value)	**8,859.03**	10,201.94	7,831.79

Notes:

The cost of inventories recognised as an expense during the year was Rs. 38,756.48 Lakhs (for the year ended 31 March 2016 Rs. 38,952.12 Lakhs).

The cost of inventories recognised as an expense includes Rs. 228.59 Lakhs (during 2015-2016: Rs. 21.16 Lakhs) in respect of write downs of inventory to net realisable value, and has been reduced by Rs. NIL (during 2015-2016 : Rs. NIL) in respect of the reversal of such write downs.

The carrying amount of inventories pledged as security for working capital loan is Rs. 8,859.03 Lakhs (As at 31 March 2016: Rs. 10,201.94 Lakhs ; As at 31 March 2015: Rs. 7,831.79 Lakhs).

Note No. - 13 Trade receivables

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Trade receivables			
(a) Unsecured, considered good	**17,149.24**	18,335.95	10,454.07
(b) Doubtful	**1,411.87**	1,184.30	757.31
Less: Allowance for credit losses	**(1,411.87)**	(1,184.30)	(757.31)
TOTAL	**17,149.24**	18,335.95	10,454.07
Of the above, trade receivables from:			
– due from Subsidiary (MGPL)	**75.67**	0.16	–
– Others	**17,073.57**	18,335.79	10,454.07
Total	**17,149.24**	18,335.95	10,454.07

Notes:

The Average credit period on sale of goods is as under:

– Agri Input businesses - Crop care and seeds 90 days each.

– Food businesses - Grapes upto 45 days, Pulses and Edible oil 7 days.

The Company does not normally enforce interest on overdue debts. However interest on overdue debts is charged on discretionary basis in respect of certain business/parties.

Note No. - 14 Cash and Bank Balances

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and Bank Balance			
A. Cash and cash equivalents			
(a) Balances with banks in Current Accounts	**1,008.72**	2,420.34	1,435.41
Fixed Deposits with original maturity upto 3 months	–	76.42	380.01
(b) Cheques, drafts on hand	**364.82**	14.71	–
(c) Cash on hand	**0.21**	0.11	0.26
Total Cash and cash equivalent	**1,373.75**	2,511.58	1,815.69
B. Other Bank Balances			
(a) Earmarked balances with banks:			
Fixed Deposits with maturity less than 3 months	**72.27**	60.96	10.00
Fixed Deposits with maturity greater than 3 months	**1.67**	20.15	80.15
Total Other Bank balances	**73.94**	81.11	90.15
Total Cash and Bank Balance	**1447.69**	2592.69	1905.84

Reconciliation of Cash and Cash Equivalents

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total Cash and Cash Equivalents as per Balance Sheet	**1,373.75**	2,511.58	1,815.69
Total Cash and Cash Equivalents as per Statement of Cash flow	**1,373.75**	2,511.58	1,815.69

Refer note no 41 for Specified Bank Notes disclosure.

Note No. - 15 Loans

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Unsecured Loans	**–**	–	–
Current maturities of long term loan			
– Considered good	**–**	89.72	82.44
– Doubtful	**98.22**	–	–
Less: Allowance for Credit Losses	**(98.22)**	–	–
TOTAL	**–**	89.72	82.44

Note:

During the year, the Company has evaluated the credit risk associated with the loan provided. In terms of such assessment, the entire principal amount of loan along with accrued interest thereon has been fully provided for.

Note No. - 16 A Equity Share Capital

	Rs. in Lakhs
A. Equity share capital	
As at 1 April 2015	1,341.45
Changes in equity share capital during the year	–
As at 31 March 2016	1,341.45
Rights Issue of Equity Share	5,474.95
Preferential allotment of Equity share (refer note below)	110.50
As at 31 March 2017	**6,926.90**

Notes:

During the year, the Company has issued 54,749,473 nos of equity share of Rs. 10 each at a premium of Rs. 37.50 on right basis based on Circular resolution dated 5 July 2016.

During the year, the Company has issued 1,105,000 nos of equity share of Rs. 10 each at a premium of Rs. 37.50 on preferential basis based on Circular resolution dated 27 February 2017.

Rs. in Lakhs

Particular	As at 31 March 2017 No. of shares	As at 31 March 2017 Amount	As at 31 March 2016 No. of shares	As at 31 March 2016 Amount	As at 1 April 2015 No. of shares	As at 1 April 2015 Amount
Authorised:						
Equity shares of Rs 10 each with voting rights	**75,000,000**	**7,500.00**	75,000,000	7,500.00	60,000,000	6,000.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs 10 each with voting rights	**69,268,987**	**6,926.90**	13,414,514	1,341.45	13,414,514	1,341.45
Total	**69,268,987**	**6,926.90**	13,414,514	1,341.45	13,414,514	1,341.45

Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars	Opening Balance	Rights Issue	Preferential Allotment	Closing Balance
(a) Equity Shares with Voting rights				
Year Ended 31 March 2017				
No. of Shares	**13,414,514**	**54,749,473**	**1,105,000**	**69,268,987**
Amount	**1,341.45**	**5,474.95**	**110.50**	**6,926.90**
Year Ended 31 March 2016				
No. of Shares	13,414,514	–	–	13,414,514
Amount	1,341.45	–	–	1,341.45
Year Ended 1 April 2015				
No. of Shares	13,414,514	–	–	13,414,514
Amount	1,341.45	–	–	1,341.45

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

Equity Shares with Voting rights

Particulars	No. of Shares
As at 31 March 2017	
the Holding Company	**68,163,987**
Others	**1,105,000**
Total	**69,268,987**
As at 31 March 2016	
Mahindra & Mahindra Limited - the Holding Company	13,414,514
Total	13,414,514
As at 1 April 2015	
Mahindra & Mahindra Limited - the Holding Company	12,212,400
Mahindra Holdings Limited - Subsidiaries of the holding company	1,202,114
Total	13,414,514

Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares	As at 31 March 2016 Number of shares held	As at 31 March 2016 % holding in that class of shares	As at 1 April 2015 Number of shares held	As at 1 April 2015 % holding in that class of shares
Equity shares with voting rights						
Mahindra & Mahindra Limited	**68,163,987**	**98.40%**	13,414,514	100%	12,212,400	91.04%
Mahindra Holdings Limited	**–**	**–**	–	–	1,202,114	8.96%

Note No. - 16 B Other Equity

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
– Capital Reserve on Business combination (Refer note 37)	**(9,100.45)**	–	–
– Securities premium	**20,945.43**	–	–
– Share Option outstanding	**60.71**	–	–
– Retained Earnings	**(3,821.78)**	(1,872.55)	787.44
	8,083.91	(1,872.55)	787.44

Securities Premium Reserves

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the Year	**–**	–	–
Movement during the year on account of issue of shares	**20,945.43**	–	–
Balance at the end of the Year	**20,945.43**	–	–

Retained Earnings

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
– Balance at beginning of the year	**(1,872.55)**	787.44	787.44
– loss attributable to owners of the Company	**(5,061.67)**	(2,682.99)	–
– Loss attributable to Business combination for the year ended 31 March 2016 adjusted against payable to Mahindra & Mahindra Ltd shown under the head Other current financial liability	**3,101.67**	–	–
– Other comprehensive income arising from remeasurement of defined benefit obligation net of income Taxes	**10.77**	23.00	–
	(3,821.78)	(1,872.55)	787.44

Note No. - 17 Provisions

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
Provision for employee benefits						
– Compensated Absences	**151.92**	**313.01**	40.58	175.67	4.52	450.36
Total Provisions	**151.92**	**313.01**	40.58	175.67	4.52	450.36

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note no 30 on Defined benefit and contribution.

Note No. 18 - Other Liabilities

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
a. Advances received from customers	**759.26**	**–**	695.28	–	343.22	–
b. Statutory dues						
– taxes payable (other than income taxes)	**164.52**	**–**	563.54	–	183.19	–
– Employee Recoveries and Employer Contributions	**30.24**	**–**	41.31	–	18.92	–
c. Others	**162.03**	**–**	72.22	–	35.46	–
d. Gratuity	**32.51**	**236.15**	–	86.77	–	112.81
TOTAL OTHER LIABILITIES	**1,148.56**	**236.15**	1,372.35	86.77	580.79	112.81

Notes:

There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note No. 19 - Borrowings

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured Borrowings at amortised cost			
Loans from Banks	**2,256.17**	2,500.00	946.91
Total Current Borrowings	**2,256.17**	2,500.00	946.91

Notes:

i) Borrowings with banks are secured on First paripasu charge on the Company's present and future current assets.

ii) Borrowing facility are of Cash Credit (CC), Working Capital Demand Loan (WCDL), Packing Credit in Foreign Currency (PCFC) in nature.

iii) Repayment terms for CC is on demand to 12 months, for WCDL is 3 - 6 months and for PCFC is 6 months.

Note No. 20 - Trade Payables

Rs. in Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Trade payable - Micro and small enterprises (refer note 39)	**100.52**	2.05	1.30
Trade payable - Other than micro and small enterprises	**12,433.17**	11,466.33	7,045.01
Acceptances (refer note below)	**1,287.80**	788.88	–
Total	**13,821.49**	12,257.26	7,046.31

Note:

The Company has been into the arrangement with its suppliers and a group Company Mahindra & Mahindra Financial Services Limited (MMFSL). As per terms of this arrangement suppliers get their sales invoice realisation before due date from MMFSL and on due date of sales invoice of supplier the Company pay to MMFSL. This arrangement is to take care of the Company's suppliers working capital need.

Note No. 21 - Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other Financial Liabilities Measured at Amortised Cost - Current			
(a) Due to related parties - Services and Others	**1,033.60**	20,228.00	13,431.92
(b) Interest accrued	**4.70**	30.32	14.53
(c) Trade Deposit	**673.95**	590.62	500.04
(d) Creditors for capital supplies/services	**35.39**	36.71	364.96
(e) Current maturities of long term debt	**68.05**	68.05	68.05
(f) Others	**7.48**	12.58	24.65
Other Financial Liabilities Measured at Fair value			
Derivatives not designated as a hedging instruments	**–**	44.70	–
Total other financial liabilities	**1,823.17**	21,011.00	14,404.15

Note No. 22 - Revenue from Operations

Rs. in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(a) Revenue from sale of products (Including Excise duty of Rs. 771.88 lakhs for the year ended 31 March 2017; Rs. 199.32 lakhs for the year ended 31 March 2016)	**47,009.27**	47,362.85
(b) Other operating revenue		
– Export Incentive	**559.18**	605.84
– Interest from customers	**48.44**	190.88
– Others	**106.42**	–
Total Revenue from Operations	**47,723.31**	48,159.57

Details of Gross revenue from Sale of Product :-

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Traded Goods		
Pulses	**10,002.34**	16,022.38
Grapes	**13,371.78**	14,618.11
Edible Oil	**1,849.98**	754.37
Crop Care	**14,966.46**	11,007.62
Seeds	**4,582.90**	3,128.07
Others	**2,235.81**	1,832.30
Total	**47,009.27**	47,362.85

Note No. 23 - Other Income

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(a) Interest Income		
– Bank deposits (at amortised cost)	**97.31**	39.62
– Other financial assets carried at amortised cost	**–**	8.09
– Other non operating net off expenses directly attributable to such income	**16.33**	62.71
(b) Biological assets at fair value	**5.97**	–
(c) Charges on dishonor of negotiable instruments	**74.20**	–
(d) Other gains and losses		
– Gain/(loss) on disposal of property, plant and equipment (Net)	**0.90**	(9.17)
– Foreign currency gains/loss (Net)	**493.01**	10.12
(e) Other Non-Operating Income	**79.97**	103.80
Total Other Income	**767.69**	215.17

Note No. 24 (a) - Cost of materials consumed

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening stock	**159.28**	–
Add: Purchases	**3,191.48**	1,369.01
	3,350.76	1,369.01
Less: Closing stock	**269.40**	–
Less: Closing stock on account of Business Combination (Refer Note 37)	**–**	159.28
Cost of materials consumed	**3,081.36**	1,209.73

Note No. 24 (b) - Changes in inventories of finished goods, work-in-progress and stock-in-trade and Packing Material

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Inventories at the end of the year:		
Finished goods	**1,467.14**	2,198.44
Work-in-progress	**22.92**	31.90
Stock-in-trade	**5,188.97**	6,665.50
Biological assets other than bearer plant	**61.53**	–
Packing	**1,910.60**	1,146.82
	8,651.16	10,042.66
Inventories at the beginning of the year:		
Finished goods	**2,198.44**	1,488.40
Work-in-progress	**31.90**	–
Stock-in-trade	**6,665.50**	5,180.91
Packing	**1,146.82**	1,162.48
	10,042.66	7,831.79
Net (increase)/decrease	**1,391.50**	(2,210.87)

Note No. 25 - Employee Benefits Expense

Rs in Lakhs

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(a)	Salaries and wages, including bonus*	**3,840.99**	3,083.93
(b)	Contribution to provident and other funds (refer note no 30 for Defined benefit plan)	**241.82**	196.49
(c)	Staff welfare expenses	**35.09**	58.58
	Total Employee Benefit Expense	**4,117.90**	3,339.00

* Salary and wages includes Rs. 124.35 lakhs (Previous year Rs. 52.90 lakhs) pertains to ESOP cost (Net).

Note No. 26 - Finance Cost

Rs in Lakhs

		Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(a)		Interest expense		
	(i)	Interest on bank overdrafts and loans (other than those from related parties)	**77.43**	11.60
	(ii)	Interest on loans from related parties	**6.81**	6.43
(b)		Other Interest expenses	**2.90**	0.55
		Total finance costs	**87.14**	18.58

Note:

The rate of Cash credit funds borrowed generally is between 8.25% to 8.75% per annum (for the year ended 31 March 2016 : 10.25%)

Note No. 27 - Depreciation and amortisation expenses

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation and amortisation expenses:-		
Depreciation of property, plant and equipment pertaining to operations	**289.79**	145.30
Amortisation of intangible assets	**45.14**	39.88
Total depreciation and amortisation pertaining to operations	**334.93**	185.18

Note No. 28 - Other Expenses

Rs in Lakhs

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(a)	Stores and tools consumed	**103.78**	55.41
(b)	Rent including lease rentals*	**427.81**	228.59
(c)	Rates and taxes	**172.03**	56.61
(d)	Insurance	**163.25**	103.39
(e)	Repairs and maintenance - Buildings	**2.25**	1.82
(f)	Repairs and maintenance - Machinery	**6.76**	5.28
(g)	Repairs and maintenance - Others	**76.90**	23.42
(h)	Advertisement	**336.55**	388.61
(i)	Commission on sales/contracts (net)	**907.95**	1,028.40
(j)	Freight outward	**2,136.29**	1,530.32
(k)	Sales promotion expenses	**1,059.10**	703.18
(l)	Travelling and Conveyance Expenses	**961.39**	890.90
(m)	Subcontracting, Hire and Service Charges	**876.50**	547.29
(n)	Clearing and forwarding charges	**2,110.26**	1,594.58
(o)	Research and development expenses	**99.10**	85.10
(p)	Provision for doubtful trade and other receivables, loans	**338.35**	540.86
(q)	Bad debts written off	**116.83**	231.13
(r)	CSR expenses	**15.79**	13.97
(s)	Excise duty on sale of products	**771.88**	199.32
	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**40.25**	5.73
	(ii) For Other services	**14.62**	1.86
	(iii) For reimbursement of expenses	**0.13**	0.28
(t)	Legal and other professional costs	**737.65**	384.84
(u)	Loss on disposal of Property Plant & equipment	**–**	–
(v)	Rebate and discount (net)	**392.85**	–
(w)	Others	**726.37**	574.15
	Total Other Expenses	**12,594.64**	9,195.04

* Operating leases relate to leases of rental premises with lease terms of between 1-5 years. The Company does not have an option to purchase the leased land at the expiry of the leased period.

Note No. 29 - Income tax recognised in profit and loss

Income Tax recognised in profit or loss

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		
In respect of current year	–	255.00
In respect of prior year	29.87	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	(243.04)	(23.58)
In respect of current year operations of business combination businesses	(440.39)	–
Total income tax expense on operations	(653.56)	231.42

(b) Income tax recognised in other Comprehensive income

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	(4.81)	(3.36)
Total	(4.81)	(3.36)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	(4.81)	(3.36)
Total	(4.81)	(3.36)

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs in Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit/(loss) before tax for the period	(5,715.23)	666.78
Income tax expense calculated at 30.9% (2016: 33.06%)#	(1,766.01)	220.45
Effect of income that is exempt from taxation	–	8.60
Effect of expenses that is non-deductible in determining taxable profit	(513.20)	35.88
Effect of tax incentives and concessions (research and development and other allowances)	–	–
Effect of current year losses for which no deferred tax asset is recognised	2,036.17	–
Changes in recognised deductible temporary differences	–	(33.51)
	(243.04)	231.42
Adjustments recognised in the current year in relation to the current tax of prior years	29.87	–
Income tax expense recognised In profit or loss from continuing operations	(213.17)	231.42

Notes:

Profit shown above is related to existing business. Loss on businesses added through business combination of Rs. 3,101.67 lakhs in F16 not available to carry forward.

The tax rate used for the year 2016-17 and 2015-16 in reconciliations above is at corporate tax rate of 30%+ surcharge+ cess payable by Corporate entities in India on taxable profits under the Indian tax law.

Without considering the loss of Rs. 3,101.67 lakhs arising from accounting of business combination under common control (transfer of Agri business from holding company w.e.f. April 1, 2016) accounted for from date of transition (refer note 37).

Note No. 30 - Employee Benefits Expense

(i) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 146.65 lakhs for the year ended 31 March 2017 (31 March 2016 : Rs. 129.58 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(ii) Defined Benefit Plans

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Rs in Lakhs

	Funded Plan Gratuity	
Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Current Service Cost	72.03	18.69
Net interest expense	15.83	9.20
Components of defined benefit costs recognised in profit or loss	87.86	27.89
Components of defined benefit costs recognised in other comprehensive income	(25.17)	(17.47)
Total	62.69	10.42
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31 March	291.19	112.90
2. Fair value of plan assets as at 31st March	(22.54)	(26.14)
3. Surplus/(Deficit)	268.65	86.76
4. Current portion of the above	32.51	5.33
5. Non current portion of the above	236.14	81.44
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	30.20	139.25
2. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	72.03	18.69
– Interest Expense (Income)	18.13	11.37
3. *Recognised in Other Comprehensive Income*	–	–
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	(1.39)	(8.84)
ii. Experience Adjustments	(14.61)	(17.52)
4. Benefit payments	(8.21)	(2.62)
5. Others (Specify)	195.05	(27.42)
6. Present value of defined benefit obligation at the end of the year	291.20	112.91

Rs in Lakhs

Particulars		Funded Plan Gratuity Year ended 31 March 2017	Year ended 31 March 2016
III.	**Change in fair value of assets during the year ended 31st March**		
1.	Fair value of plan assets at the beginning of the year	**26.14**	26.44
2.	*Expenses Recognised in Profit and Loss Account*		
	– Expected return on plan assets	**–**	2.17
3.	*Recognised in Other Comprehensive Income*		
	Remeasurement gains/(losses)	**–**	0.05
	– Actual Return on plan assets in excess of the expected return	**2.30**	–
	– Others (specify)	**(0.43)**	–
4.	Contributions by employer (including benefit payments recoverable)	**2.73**	0.10
5.	Benefit payments	**(8.21)**	(2.62)
6.	**Fair value of plan assets at the end of the year**	**22.53**	26.14
IV.	**The Major categories of plan assets**		
	Life Insurance Corporation Fund	**22.53**	26.14
V.	**Actuarial assumptions**		
1.	Discount rate	**7.65%**	8.05%
2.	Salary Escalation	**9.50%**	10%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**31 March 2017**	**1.00%**	**-4.98%**	**5.48%**
	31 March 2016	1.00%	-11.36%	13.61%
	31 March 2015	1.00%	-10.08%	12.27%
Salary growth rate	**31 March 2017**	**1.00%**	**5.33%**	**-4.94%**
	31 March 2016	1.00%	13.21%	-11.26%
	31 March 2015	1.00%	11.91%	-9.98%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 5 lakhs to the gratuity trusts during the next financial year of 2018.

Maturity profile of defined benefit obligation:

Rs in Lakhs

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Within 1 year	**55.05**	5.38	6.54
1 - 2 year	**41.84**	19.84	6.89
2 - 3 year	**38.28**	4.75	19.48
3 - 4 year	**43.19**	5.05	6.34
4 - 5 year	**34.87**	13.26	6.59
5 - 10 years and above	**257.74**	260.98	319.11

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2017, 31st March 2016 and 1st April 2015 by category are as follows:

Rs in Lakhs

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Asset category:			
Deposits with Insurance companies	**22.54**	23.17	26.44
	100%	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 5.22 years.

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs. 87.86 lakhs has been included in profit or loss under Contribution to provident and other funds.

Note No. 31 - Earnings per Share

Rs in Lakhs

Particulars	For the year ended 31 March 2017 Per Share	For the year ended 31 March 2016 Per Share
Basic and Diluted earnings per share (Rs.)	**(9.37)**	(20.00)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs in Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit/(loss) for the year attributable to owners of the Company	**(5,061.67)**	(2,682.99)
Weighted average number of equity shares for the purpose of basic earnings per share	**54,014,028**	13,414,514
Basic earning per share (Rs.)	**(9.37)**	(20.00)

Note: Since there is a loss in the reported periods potential equity shares are not considered as dilutive therefore Diluted EPS is same as basic EPS.

Note No. 32 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	**Fair value as at**			**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
	As at 31 March 2017	As at 3 1 March 2016	As at 1 April 2015				
Financial assets							
Investments							
Investments in equity instruments at FVTOCI-unquoted	**12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL**	12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL	12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefit to be derived from the ownership of these investees.	Short & long term revenue generation outlook of the entity, based on management experience.	Revenue generation by the entity would result in increase in fair value.
Financial liabilities							
Other Financial Liabilities							
1) Foreign currency forward contracts	**–**	Liabilities - Rs 44.70 Lakhs	–	Level - 2	Discounted cash Flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	–	–

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs in Lakhs

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Opening balance (investment in Vayugrid Marketplace Services Private Limited)*	**–**	–	–
Total gains or losses:			
– in other comprehensive income	**–**	–	–
Closing balance	**–**	–	–

* The Investment in Vayugrid Market Place Services Private Limited fully provided for prior to date of transition. Accordingly there is no movement in fair value of this investment.

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

Rs in Lakhs

Particulars	**As at 31 March 2017**		As at 31 March 2016		As at 1 April 2015	
	Carrying amount	**Fair value (level 2)**	Carrying amount	Fair value (level 2)	Carrying amount	Fair value (level 2)
Financial assets						
<u>*Financial assets carried at Amortised Cost*</u>						
– trade and other receivables	**17,149.24**	**17,149.24**	18,335.95	18,335.95	10,454.07	10,454.07
– Loans receivables	**–**	**–**	89.72	89.72	82.44	82.44
– deposits and similar assets	**315.88**	**315.88**	63.86	63.86	103.43	103.43
Financial liabilities						
Financial Instruments not carried at Fair Value						
– bank loans	**2,256.17**	**2,256.17**	2,500.00	2,500.00	946.91	946.91
– loans from related parties	**–**	**–**	–	–	–	–
– Payable to related Parties	**1,823.17**	**1,823.17**	21,011.00	21,011.00	14,404.15	14,404.15
– deposits and similar liabilities	**–**	**–**	–	–	–	–
– trade and other payables	**13,821.49**	**13,821.49**	12,257.26	12,257.26	7,046.31	7,046.31
Financial lease payables						
Total	**17,900.82**	**17,900.82**	35,768.26	35,768.26	22,397.37	22,397.37

Notes:

The carrying values of financial assets and liabilities represent their approximate fair value.

There were no transfer between level 1 and level 2 during the year.

Note No. 33 - Financial Instruments

i) Capital management

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

Rs in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Borrowing from Bank	**2,256.17**	2,500.00	946.91
Borrowing from related party	**–**	–	–
Debt (A)	**2,256.17**	2,500.00	946.91
Equity Share Capital	**6,926.90**	1,341.45	1,341.45
Other Equity	**8,083.91**	(1,872.55)	787.44
Equity (B)	**15,101.81**	(531.11)	2,128.89
Debt Ratio (A/B)	**15.03%**	-470.71%	44.48%

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

ii) Categories of financial assets and financial liabilities

As at 31 March 2017

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**–**	**–**	**–**	**–**
Other Financial Assets	**66.94**	**–**	**–**	**66.94**
Current Assets				**–**
Investments	**–**	**–**	**–**	**–**
Trade Receivables	**17,149.24**	**–**	**–**	**17,149.24**
Other Bank Balances	**73.94**	**–**	**–**	**73.94**
Loans	**–**	**–**	**–**	**–**
Other Financial Assets	**248.94**	**–**	**–**	**248.94**
– Non Derivative Financial Assets	**–**	**–**	**–**	**–**
– Derivative Financial Assets	**–**	**–**	**–**	**–**
Non-current Liabilities				
Other Financial Liabilities	**–**	**–**	**–**	**–**
Current Liabilities				**–**
Borrowings	**2,256.17**	**–**	**–**	**2,256.17**
Trade Payables	**13,821.49**	**–**	**–**	**13,821.49**
Other Financial Liabilities	**1,823.17**	**–**	**–**	**1,823.17**

As at 31 March 2016

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Other Financial Assets	31.56	–	–	31.56
Current Assets				
Trade Receivables	18,335.95	–	–	18,335.95
Other Bank Balances	81.11	–	–	81.11
Loans	89.72	–	–	89.72
Other Financial Assets	32.30	–	–	32.30
Non-current Liabilities				
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	2,500.00	–	–	2,500.00
Trade Payables	12,257.26	–	–	12,257.26
Other Financial Liabilities	21,011.00	–	–	21,011.00
– Derivative Financial Liabilities	–	–	–	–

As at 1 April 2015

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Other Financial Assets	70.23	–	–	70.23
Current Assets				
Trade Receivables	10,454.07	–	–	10,454.07
Other Bank Balances	90.15	–	–	90.15
Loans	82.44	–	–	82.44
Other Financial Assets	33.20	–	–	–
– Derivative Financial Assets	–	–	–	–

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Liabilities				
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	946.91	–	–	946.91
Trade Payables	7,046.31	–	–	7,046.31
Other Financial Liabilities	14,404.15	–	–	14,404.15

iii) Credit Risk

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored . Credit exposure is controlled by customer credit limits which are reviewed and approved. The company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Expected credit loss (%)	Expected credit loss (Rs. in lakhs)	Expected credit loss (%)	Expected credit loss (Rs. in lakhs)
Within the credit period	**0.03%**	**3.03**	0.86%	85.73
0-3 month past due	**0.11%**	**4.90**	0.44%	25.94
3-6 month past due	**1.84%**	**39.32**	1.04%	21.45
6 -12 month past due	**49.96%**	**435.43**	43.43%	451.21
>1 year	**95.38%**	**928.76**	96.25%	599.96
Total		**1,411.44**		1,184.30

Rs in Lakhs

Age of Receivables	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Within the credit period	**10,206.05**	9,922.92	5,517.25
0-3 month past due	**4,367.81**	5,867.94	3,150.72
3-6 month past due	**2,141.99**	2,067.03	1,395.43
6 -12 month past due	**871.49**	1,039.00	516.24
>1 year	**973.77**	623.35	631.75
Total	**18,561.11**	19,520.24	11,211.39

Reconciliation of provision for doubtful Trade Receivables

Rs in Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance as at beginning of the year	**1,184.30**	757.31	757.31
Impairment losses recognised in the year based on lifetime expected credit losses	**338.35**	582.43	–
Impairment losses reversed/written back	**111.21**	155.44	–
Balance at end of the year	**1,411.44**	1,184.30	757.31

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The company has pledged an aggregated carrying amount of Rs 18,561.11 Lakhs (as at 31 March 2016 Rs 19,520.25 Lakhs; as at 1 April 2015 Rs 11,211.38 Lakhs) for Bank loan.

iv) Liquidity Risk

(a) Liquidity risk management

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-17				
Borrowings	**2,256.17**	**–**	**–**	**–**
Trade Payables	**13,821.49**	**–**	**–**	**–**
Other Financial Liabilities	**1,823.17**	**–**	**–**	**–**
Total	**17,900.83**	**–**	**–**	**–**
31-Mar-16				
Borrowings	2,500.00	–	–	–
Trade Payables	12,257.26	–	–	–
Other Financial Liabilities	21,011.00	–	–	–
Total	35,768.26	–	–	–
01-Apr-15				
Borrowings	946.91	–	–	–
Trade Payables	7,046.31	–	–	–
Other Financial Liabilities	14,404.15	–	–	–
Total	22,397.37	–	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31-Mar-17				
Net settled:				
– foreign exchange forward contracts	**–**	**–**	**–**	**–**
Gross settled:				
– foreign exchange forward contracts	**219.59**	**–**	**–**	**–**
Total	**219.59**	**–**	**–**	**–**
31-Mar-16				
Net settled:				
– foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
Gross settled:				
– foreign exchange forward contracts	(44.70)	–	–	–
Total	(44.70)	–	–	–
01-Apr-15				
Net settled:				
– foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
Gross settled:				
– foreign exchange forward contracts	1.31	–	–	–
Total	1.31	–	–	–

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses permitted derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex & investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs in Lakhs

Particulars	Currency	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 Apr 2015
Trade Receivables	USD	**544.22**	166.16	129.10
	EUR	**1,337.41**	4,087.04	956.74
	GBP	**–**	–	23.17
Trade Payables	USD	**80.04**	179.13	146.09
	EUR	**320.76**	188.99	96.88
	GBP	**–**	–	–
Loan Taken	USD	**–**	–	–
	EUR	**–**	–	946.91
	GBP	**–**	–	–
Advances Received	USD	**–**	82.16	15.90
	EUR	**152.69**	169.00	–
	GBP	**–**	–	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs in Lakhs

Particulars	Currency	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 Apr 2015
Trade Receivables	USD	**544.22**	166.16	129.10
	EUR	**–**	1,027.38	268.66
	GBP	**–**	–	23.17
Trade Payables	USD	**24.49**	179.13	146.09
	EUR	**320.76**	188.99	96.88
	GBP	**–**	–	–
Loan Taken	USD	**–**	–	–
	EUR	**–**	–	946.91
	GBP	**–**	–	–

Note:- Forward cover of EURO 89.12 lakhs and USD 0.85 lakhs as at 31 March 2017 and EURO 39.00 lakhs as at 31 March 2016.

b) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

Rs in Lakhs

	Currency	Change in rate	Effect on profit/ (loss) before tax	Effect on pre-tax equity
As at 31 March 2017	**USD**	**+10%**	**51.97**	**51.97**
	USD	**+3%**	**15.59**	**15.59**
	EUR	**+10%**	**(32.08)**	**(32.08)**
	EUR	**+3%**	**(9.62)**	**(9.62)**
As at 31 March 2016	USD	10%	(1.30)	(1.30)
	USD	3%	(0.39)	(0.39)
	EUR	10%	83.84	83.84
	EUR	3%	25.15	25.15

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs in Lakhs

	Currency	Increase/ decrease in basis points	Effect on profit/(loss) before tax
As at 31 March 2017	**INR**	**+100**	**(22.56)**
As at 31 March 2016	INR	+100	(25.00)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Offsetting of Financial assets and financial liability

Rs in Lakhs

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Derivatives not designated as hedging instruments			
Gross Amount	**222.94**	–	–
Netting	**3.35**	–	–
Net Amount	**219.59**	–	–

Apart from the above, the Company did not have any other master netting arrangement.

Note No. 34 - Segment information

A. Product & services from which reportable segments derive their revenue

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the company reportable segments under IND AS 108 are as follows:

1) Input Business

2) Food Business

3) Other Business

The company is in the business of agricultural related products, Input business segment comprises of production and trading of Crop inputs. Food business comprises of trading of agricultural related outputs.

B. Segment revenue & results

The following is an analysis of the Company's revenue and results.

Rs in Lakhs

Particulars	Segment Revenue		Segment Profit/(Loss)	
	Year ended 31 March 2017	Year ended 31 March 2016	**Year ended 31 March 2017**	Year ended 31 March 2016
Input Business	**19,662.63**	14,317.50	**(623.01)**	(686.60)
Food Business	**27,857.01**	33,789.60	**(3,980.38)**	(118.11)
Other Business	**203.67**	52.47	**(546.87)**	(155.67)
Total	**47,723.31**	48,159.57	**(5,150.25)**	(960.38)
Other income			**767.69**	215.17
Administration cost and directors' salary			**(1,245.53)**	(1,687.78)
Finance cost			**(87.14)**	(18.58)
Profit/(loss) before Tax			**(5,715.23)**	(2,451.57)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, director salary, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

C. Segment assets and liabilities

Rs in Lakhs

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 31 March 2015
Segment Assets			
Input Business	**20,898.93**	17,278.55	13,346.43
Food Business	**9,310.31**	15,084.29	8,179.53
Other Business	**199.43**	284.29	–
Total segment assets	**30,408.68**	32,647.13	21,525.97
Unallocated	**4,392.83**	4,305.62	4,189.16
Total Assets	**34,801.51**	36,952.76	25,715.13
Segment Liabilities			
Input Business	**8,642.27**	7,254.43	5,400.20
Food Business	**6,030.05**	5,915.68	2,725.01
Other Business	**70.68**	373.42	–
Total segment Liabilities	**14,742.99**	13,543.54	8,125.21
Unallocated	**5,047.70**	23,940.32	15,461.03
Total Liabilities	**19,790.69**	37,483.86	23,586.24

For the purpose of monitoring segment performance:

(i) Unallocated asset includes investment in subsidiaries, current and deferred taxes, loan, cash and bank balances etc.

(ii) Unallocated liability includes borrowings, current and deferred taxes, other statutory dues etc.

D. Segment Depreciation and amortisation

Rs in Lakhs

Particulars	**Year ended 31 March 2017**	Year ended 31 March 2016
Input Business	**223.49**	142.79
Food Business	**78.46**	26.91
Other Business	**5.23**	2.14
Unallocated	**27.75**	13.34
Total	**334.93**	185.18

Note No. 35 - Related Part Disclosures

List of Related Parties and Relationships:

Name of the Related Parties where control exists	Relation
Mahindra & Mahindra Limited	Holding Company
Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)	Subsidiary Company
Mahindra HZPC Private Limited	Subsidiary Company
Mahindra Special Services Group	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Susten Private Limited (formerly Mahindra EPC solar)	Fellow Subsidiary Company
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company
EPC Industrie Ltd	Fellow Subsidiary Company
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company
Kota Farm Services Limited.	Fellow Subsidiary Company
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company
Swaraj Engines Limited	Associate
MeraKisan Private Limited	Associate
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company
Tech Mahindra Limited	Fellow Subsidiary Company
Orizonte Business Solutions Limited	Fellow Subsidiary Company
Mr. Ashok Sharma	Key Managerial Personnel
Mr. Vikram Puri (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 29th March 2016)
Mr. Anil Saboo (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 29th March 2016)
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel
Dr. Pawan Goenka	Chairman
Mr. K Chandrasekar	Director
Mr. Mahohar Bhide	Director
Mr. Hardeep Singh	Director
Ms. Aruna Bhinge	Director

Related Party Transactions and Balances

Rs in Lakhs

			Transaction										
Name of the Related Parties where control exists	**Relation**	**Year**	**Sale of goods**	**Purchase of goods**	**Sale of property and other assets**	**Purchase of property and other assets**	**Rendering of services**	**Receiving of services**	**Management contract fees expenses**	**Other Expenses**	**Reimbursement of Expenses charged to the company**	**Interest on unsecured Loan**	**Rent**
Mahindra & Mahindra Limited	Holding Company	**31-Mar-17**	–	–	–	**15.59**	**682.27**	**306.44**	**96.40**	–	**312.93**	**6.81**	**177.95**
		31-Mar-16	–	–	–	14.11	18.38	–	138.48	0.38	0.32	6.43	16.88
Mahindra Univeg Private Limited	Subsidiary Company	**31-Mar-17**	**141.13**	**4.52**	–	–	–	–	–	–	–	–	–
		31-Mar-16	25.96	–	–	–	–	3.32	–	0.15	2.65	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-17**	–	**29.07**	–	–	**2.10**	–	–	–	**7.45**	–	–
		31-Mar-16	–	–	–	–	47.32	2.43	–	–	–	–	–
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	3.85	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	**0.55**	–	–	–	–	–
		31-Mar-16	–	–	–	–	42.58	0.71	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	**22.95**	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	13.28	–	–	–	–	–
Mahindra Logistics Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	**150.29**	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	227.77	–	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	2.01	–	–	–	–	–	–	–
Mahindra Susten Private Limited (formerly mahindra EPC solar)	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	**26.88**	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	252.65	–	–	–	–	–	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	**55.96**	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	26.01	–	–	–	–	–
EPC Industrie Ltd	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	**17.16**	–	–	**2.27**	–	–
		31-Mar-16	–	–	–	–	–	1.17	–	–	–	–	–
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**3.62**	–	–
		31-Mar-16	–	–	0.49	–	–	–	–	–	–	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	**73.07**	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Kota Farm Services Limited.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–

Rs in Lakhs

Name of the Related Parties where control exists	Relation	Year	Transaction										
			Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Management contract fees expenses	Other Expenses	Reimbursement of Expenses charged to the company	Interest on unsecured Loan	Rent
Swaraj Engines Limited	Associate	**31-Mar-17**	–	–	–	–	–	–	–	–	**0.97**	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Merakisan Private Limited	Associate	**31-Mar-17**	–	**89.93**	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-17**	**1,664.34**	–	–	–	–	–	–	–	**1.48**	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
TECH MAHINDRA LIMITED	Associate	**31-Mar-17**	–	–	–	–	–	–	–	–	**1.75**	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**0.25**	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. K Chandrasekar	Director	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Hardeep Singh	Director	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Aruna Bhinge	Director	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16											
Mr. Ashok Sharma	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Vikram Puri	Key Managerial Personnel (ceased w.e.f. 29th March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Anil Saboo (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 29th March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16											

Rs in Lakhs

			Transaction							Balances				
Name of the Related Parties where control exists	**Relation**	**Year**	**Staff welfare**	**Bill discounting**	**Business acquisition under common control ***	**Advance given & received back**	**Issue of Share Capital**	**Director Sitting Fees**	**Remuneration**	**Trade payables**	**Trade receivables**	**Loans & advances taken**	**Other Receivables**	**Other Payable**
Mahindra & Mahindra Limited	Holding Company	**31-Mar-17**	**1.44**	–	**26,006.00**	–	**26,006.00**	–	–	**1,480.73**	–	–	–	–
		31-Mar-16	1.44	–	–	–	–	–	–	20,573.54	–	68.05	–	–
Mahindra Univeg Private Limited	Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**75.67**	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	0.16	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	**2.87**	–
		31-Mar-16	–	–	–	56.02	–	–	–	–	–	–	–	–
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	0.64	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	**8.79**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	2.96	–	–	–	–
Mahindra Logistics Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	**21.35**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	3.82	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra Susten Private Limited (formerly mahindra EPC solar)	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	**60.90**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**2.64**	–	–	–
		31-Mar-16	–	5,829.19	–	–	–	–	–	2,292.66	–	–	–	–
EPC Industrie Ltd	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	**18.87**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**2.02**	–	–	–
		31-Mar-16	–	–	–	80.86	–	–	–	–	–	–	–	–
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	11.00	–	–	–
Kota Farm Services Limited.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	0.75
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	44.61
Swaraj Engines Limited	Associate	**31-Mar-17**	–	–	–	–	–	–	–	**0.22**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–

Rs in Lakhs (Balances)

Rs in Lakhs | Rs in Lakhs

			Transaction							Balances				
Name of the Related Parties where control exists	Relation	Year	Staff welfare	Bill discounting	Business acquisition under common control *	Advance given & received back	Issue of Share Capital	Director Sitting Fees	Remuneration	Trade payables	Trade receivables	Loans & advances taken	Other Receivables	Other Payable
Merakisan Private Limited	Associate	**31-Mar-17**	–	–	–	–	–	–	–	**20.84**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	–	**188.91**	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Tech Mahindra Limited	Associate	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-17**	–	–	–	–	–	–	–	**0.25**	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-17**	–	–	–	–	**104.50**	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–					
Mr. K Chandrasekar	Director	**31-Mar-17**	–	–	–	–	**14.25**	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–					
Mr. Mahohar Bhide	Director	**31-Mar-17**	–	–	–	–	–	**1.70**	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	3.15						
Mr. Hardeep Singh	Director	**31-Mar-17**	–	–	–	–	–	**1.30**	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	2.75	–					
Mr. Aruna Bhinge	Director	**31-Mar-17**	–	–	–	–	–	**1.30**	–	–	–	–	–	–
		31-Mar-16						0.30	–					
Mr. Ashok Sharma	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-17**	–	–	–	–	–	–	**57.73**	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–					
Mr. Vikram Puri	Key Managerial Personnel (ceased w.e.f. 29th March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	12.00					
Mr. Anil Saboo (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 29th March 2016)	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	18.95					
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-17**	–	–	–	–	–	–	**48.97**	–	–	–	–	–
		31-Mar-16	–	–	–	–	–	–	–					
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-17**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-16							4.41					

Note No. 36 - Employee Benefits Expense - ESOP

Share based payment

Details of the ESOP granted as per the above scheme

	Number of Options	**Grant Date**	**Exercise Price**	**Fair value at Grant Date**
Equity Settled MASL Employees Stock Option Scheme - 2016	3,569,977	1st Feb '17	47.5	24.15

Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 14 months, 25% on the expiry of 26 months, 25% on the expiry of 38 months and 25% on the expiry of 50 months from the date of grant date.

The options may be exercised on any day over a period of 3 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 250 or number of options vested whichever is lower.

Name of the Plan:

This Plan shall be termed as the MASL Employees Stock Option Scheme - 2016 ("Plan"). The Plan has been approved by a Special Resolution at a General Meeting of the Shareholders held on 24th November, 2016. The Plan has been approved for Eligible Employees of Mahindra Agri Solutions Limited. The Plan has also been approved to reward eligible employees whether they are working in India or abroad or Directors of the Company (including Managing Director/ Whole Time Director(s) but excluding Independent Directors) or Directors and Employees of the Holding Company or of the Subsidiary Company(ies) or of the Subsidiaries of its Holding Company.

In respect of Employee Stock Option Scheme:

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Based on the criteria as may be decided by the Committee at its own discretion, including, but not limited to the date of joining of the Eligible Employee with the Company or the Group, performance evaluation, current compensation, criticality or any other criteria, KRA, future potential, such Eligible Employees, as determined by the Committee, may participate in the Plan. Employees joining the Company after the date of implementation of the Plan will be entitled to participate in the Plan, on a case to case basis and subject to such criteria as may be decided solely by the Committee.

The objective of the Plan is:

– To retain the best talent in the Industry

– To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Options to the Eligible Employees, to subscribe to the Equity Shares of the Company.

Movement in Share Options

Particulars		**Equity-settled share-based payments**	
		Number of Options	**Weighted average exercise price**
1	The number and weighted average exercise prices of share options outstanding at the beginning of the period;	–	
2	Granted during the period	3,569,977	47.50
3	Forfeited during the period	–	
4	Exercised during the period	–	
5	Expired during the period	–	
6	Outstanding at the end of the period	3,569,977	
7	Exercisable at the end of the period	–	

The share options outstanding at the end of the year had a weighted average exercise price of INR 47.5 (PY: NIL), and a weighted average remaining contractual life of 5.5 years).

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Employees Stock Option Scheme - 2016	
	31 March 2017	31 March 2016
Share price at grant date	**47.5**	
Exercise price	**47.5**	
Expected volatility (weighted-average)	**58.3**	
Expected life/Option Life (weighted-average)	**2.66**	NA
Expected dividends yield	**0.00%**	
Risk-free interest rate (based on government bonds)	**6.25%**	

Employee share based payment	**For the Year 31 March 2017**	For the Year 31 March 2016
MASL Plan 2016	**60.71**	–
Debit to Mahindra HZPC Private Limited	**(2.10)**	–
Total	**58.61**	–

The amount of Rs. 2.10 lakh (2015 : NIL) charged to its subsidiary Mahindra HZPC Private Limited, for options issued to its employees.

ESOP scheme of Parent Company:

Certain employees of the Company are also covered by share option schemes offered by Parent Company, Mahindra & Mahindra Limited. The Company treats such share based payment as an equity settled share based payments arrangement. Options granted under Parent's ESOP scheme vests in 4 or 5 equal instalments on expiry of 12 months, 24 months, 36 months, 48 months and where applicable 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on any day over a period of four or five years, as the case may be from the date of vesting. The parent Company charges the subsidiary for the equity it provides to the employees of the subsidiary over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge in FY16-17 of Rs 65.74 Lakhs (FY15-16 : Rs 52.90 lakhs) is recognised as share based payment expenses under Employee Benefit Expenses.

Note No. 37 - Business Combinations

The Company had entered into a Business Transfer Agreement on 30 March, 2016 with its holding Company, Mahindra & Mahindra Limited (M & M), whereby the entire assets and liabilities of i) Crop Care ii) Seeds iii) Pulses iv) Samriddhi and Pilot projects consisting of Edible Oil, Basmati Rice, Potato, Potato flakes and Dairy together with congeries of rights of M & M in such Activities and 47,30,000 equity shares of Rs. 10 each held by M & M in the equity capital of Mahindra HZPC Private Limited of M & M (together, the 'Agri Business') has been transferred to the company on a slump sale basis with appointed date of 1 April 2016. The company has paid Rs. 26,006.00 lakhs as sale consideration via bank transfer based on the fair valuation report of an independent valuation firm.

These are the Company's first Ind As accounts. Accordingly the above transaction has been accounted as a Business Combination under Common Control using Pooling of Interest method under Ind AS 103 – Business Combinations.

Ind AS 103 - Business Combination requires the financial information of prior periods to be restated as if the Business Combination occurred from the beginning of the preceding period presented in the financial statements, irrespective of the actual date of combination. Accordingly the figures for the year ended 31 March 2016 and as at 1 April 2015 have been restated, to the extent applicable to reflect the effect of this business combination.

(a) Payment of Consideration

Particulars	Rs in Lakhs
Bank NEFT Transfer	26,006.00
Total Consideration	26,006.00

(b) Assets Acquired and liabilities recognised at the date of acquisition i.e 1 April 2016

Particulars	Rs in Lakhs
Current Assets	
Cash and & cash equivalents	2,071.70
Other Bank Balances	60.96
Trade and other receivables (Net off Provision for Doubtful debts Rs. 1,130.15)	14,245.94
Inventories	6,041.80
Other Financial assets	17.44
Other assets	851.74
Non-current assets	
Property, Plant and Equipment	2,672.37
Capital Work-in-Progress	74.47
Other Intangible Assets	291.58
Other Financial assets	28.08
Other assets	17.57
Investment	473.00
Current liabilities	
Trade and other payables	(7,867.13)
Short term provision	(37.42)
Other Financial Liabilities	(745.43)
Other Current Liabilities	(1,075.12)
Non-current liabilities	
Long Term Provisions	(133.29)
Other Long Term Liabilities	(82.71)
	16,905.55

(c) Goodwill arising on acquisition of Agri Businesses

Goodwill arose in acquisition of Agri business is paid for benefit expected synergies, revenue growth and future market development. The negative goodwill on acquisition of Agri business has been shown under Capital reserve.

Particulars	Rs in Lakhs
Consideration transferred	26,006.00
Less : Fair Value of net assets acquired	16,905.55
Goodwill arising on acquisition of Agri business	(9,100.45)

(d) Impact of Acquisition of M&M Agri Business

As stated above, the Company has restated prior period financial statement as follows:

- Statement of Profit & Loss for the year ended 31 March 2016 includes deficit of Rs. 3,118.33 lakhs and Other Comprehensive income for the year ended 31 March 2016 includes income of Rs. 16.66 lakhs pertains to the Agri Business acquired (refer note 40 (iii)).
- Balance sheet of the Company as on 31st March 2016 includes Asset Rs. 26,846.66 Lakhs, Liabilities Rs. 29,948.32 Lakhs and as on 31 March 2015 includes Asset Rs. 20,156.73 Lakhs, Liabilities Rs. 20,156.73 Lakhs respectively of Agri Business acquired (refer note 40 (i)).

Note No. 38 - Contingent liabilities and commitments

Contingent Liabilities

During the previous year pursuant to income tax assessment for FY 2012-13 of the Company, an interim order u/s 143(3) of the Income Tax Act, 1961, has been received for income adjustment of Rs. 131.65 Lakhs With resulting demand of Rs. 0.07 Lakhs against which company has preferred to file an appeal with the appropriate authority.

During the previous year FY 2014-15 pursuant to income tax assessment for FY 2011-12 of the company, an interim order u/s 143(3) of the Income Tax Act, 1961, has been received for income adjustment of Rs. 65.09 Lakhs The company has filed an appeal against the order with CIT. The amount of tax payable pursuant to the said adjustment is unascertained. The management is of view that the said demand would not devolve on the Company.

Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2017 is Rs. 99.00 Lakhs (as at March 31, 2016 is Rs. 582.33 Lakhs*, as at March 31, 2015 Rs. 71.68 Lakhs).

* Represents contingent liability of the demerged Agri business as at 31 March 2016 Rs. 582.33 lakhs, as at 1 April 2015 Rs. 57.98 lakhs

Note No. 39 - Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Rs in Lakhs

Sr. No.	Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 Apr 2015
I	Dues remaining unpaid as at the year-end:			
	– Principal	**100.52**	2.05	1.30
	– Interest	**0.77**	NIL	NIL
II	Interest paid in terms of Section 16 of the MSMED Act	**NIL**	NIL	NIL
III	Amount of interest due and payable for the period of delay in making payments	**1.60**	–	3.35
IV	Amount of interest accrued and remaining unpaid as at the year end	**1.72**	3.45	0.11
V	Amount of interest due and payable on previous year's outstanding amount	**0.12**	0.11	0.09
VI	Amount of interest written back during the period as the same is not payable	**NIL**	NIL	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 40 - First time IND AS adoption reconciliation

(i) Effect of Ind as adoption on the balance sheet as at 31 March 2016 and 1 April 2015

Rs in Lakhs

	Note No.	As at 31 March 2016				As at 1 April 2015			
		Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	As per Ind AS balance sheet	Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	As per Ind AS balance sheet
I ASSETS									
NON-CURRENT ASSETS									
(a) Property, Plant and Equipment		111.94	2,672.37	–	2,784.31	101.89	1,047.85	–	1,149.74
(b) Capital Work-in-Progress		6.15	74.47	–	80.62	23.20	738.10	–	761.30
(c) Other Intangible Assets		36.75	291.58	–	328.33	–	317.01	–	317.01
(d) Financial Assets									
(i) Investments (other than using equity method)		333.00	473.00	–	806.00	333.00	473.00	–	806.00
(ii) Other Financial Assets	(a)	–	28.08	3.48	31.56	–	68.51	1.72	70.23
(iii) Loans	(b)	42.36	–	(42.36)		16.25	–	(16.25)	
(e) Deferred Tax Assets (Net)		66.84	–	–	66.84	46.62	–	–	46.62
(f) Non Current Tax Assets (Net)	(b)	–	–	39.47	39.47	–	–	3.13	3.13
(g) Other Non-current Assets	(b)	3.48	17.57	(0.59)	20.46	1.72	13.03	11.40	26.15
SUB-TOTAL		600.52	3,557.07	–	4,157.59	522.68	2,657.50	–	3,180.18
CURRENT ASSETS									
(a) Inventories		4,160.14	6,041.80	–	10,201.94	2,160.44	5,671.35	–	7,831.79
(b) Financial Assets									
(i) Trade Receivables		4,090.01	14,245.94	–	18,335.95	1,058.47	9,395.60	–	10,454.07
(ii) Cash and Cash Equivalents	(c)	460.03	2,071.70	(20.15)	2,511.58	493.29	1,342.55	(20.15)	1,815.69
(iii) Other Bank Balances	(c)	–	60.96	20.15	81.11	–	70.00	20.15	90.15
(iv) Loans	(d), (e)	137.05	–	(47.33)	89.72	188.58	–	(106.14)	82.44
(v) Other Financial Assets	(e)	–	17.44	14.86	32.30	–	31.83	1.37	33.20
(c) Other Current Assets	(d), (e)	658.36	851.74	32.47	1,542.57	1,134.95	987.89	104.77	2,227.61
SUB-TOTAL		9,505.59	23,289.58	–	32,795.17	5,035.73	17,499.22	–	22,534.95
TOTAL ASSETS		10,106.11	26,846.65	–	36,952.76	5,558.41	20,156.72	–	25,715.13
II EQUITY AND LIABILITIES									
1 EQUITY									
(a) Equity Share Capital		1,341.45	–	–	1,341.45	1,341.45	–	–	1,341.45
(b) Other Equity		1,229.12	(3,101.67)	–	(1,872.55)	787.44	–	–	787.44
SUB-TOTAL		2,570.57	(3,101.67)	–	(531.11)	2,128.89	–	–	2,128.89
LIABILITIES									
NON-CURRENT LIABILITIES									
(a) Provisions		42.38	133.29	–	175.67	56.87	393.49	–	450.36
(b) Other Non-current Liabilities		4.06	82.71	–	86.77	18.71	94.10	–	112.81
SUB-TOTAL		46.44	216.00	–	262.44	75.58	487.59	–	563.17

Rs in Lakhs

	Note No.	As at 31 March 2016 Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	As per Ind AS balance sheet	As at 1 April 2015 Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	As per Ind AS balance sheet
3 CURRENT LIABILITIES									
(a) Financial Liabilities									
(i) Borrowings	(f)	2,500.00	–	–	2,500.00	946.91	–	–	946.91
(ii) Trade Payables		4,390.13	7,867.13	–	12,257.26	2,080.73	4,965.58	–	7,046.31
(iii) Other Financial Liabilities	(h)	–	20,752.65	258.35	21,011.00	–	14,211.35	192.80	14,404.15
(b) Provisions	(g)	43.39	37.42	(40.23)	40.58	44.91	–	(40.39)	4.52
(c) Current Tax Liabilities (Net)	(g)	–	–	40.23	40.23	–	–	40.39	40.39
(d) Other Current Liabilities	(f),(h)	555.58	1,075.12	(258.35)	1,372.35	281.39	492.20	(192.80)	580.79
SUB-TOTAL		7,489.10	29,732.32	–	37,221.42	3,353.94	19,669.13	–	23,023.07
TOTAL EQUITY & LIABILITY		10,106.11	26,846.65	–	36,952.75	5,558.41	20,156.72	–	25,715.13

(ii) Reconciliation of total equity as at 31 March 2016 and as at 1 April 2015

Rs in Lakhs

Particulars	As at 31 March 2016 (End of last period presented under previous GAAP)	As at 1 April 2015 (Date of transition)
Total equity (shareholders' funds) under previous GAAP	2,570.57	2,128.89
Equity (shareholders' funds) on Business Combination (refer note 37)	(3,101.67)	–
Total equity under IND AS	(531.10)	2,128.89

Note No. 40 - First time IND AS adoption reconciliation

(iii) Effect of Ind AS adoption in the Statement of Profit & Loss for the year ended 31 March 2016

Rs in Lakhs

Particulars	Note No.	Year Ended 31 March 2016 Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	Ind AS
I Revenue from operations		15,298.99	32,860.58	–	48,159.57
II Other Income		99.18	115.99	–	215.17
III Total Revenue (I+II)		15,398.17	32,976.57	–	48,374.74
IV EXPENSES					
(a) Cost of materials consumed		–	1,209.73	–	1,209.73
(b) Purchases of Stock-in-trade		12,234.09	26,855.56	–	39,089.65
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade		(1,999.70)	(211.17)	–	(2,210.87)
(d) Employee benefit expense	(i)	451.00	2,878.30	9.70	3,339.00
(e) Finance costs		18.09	0.49	–	18.58
(f) Depreciation and amortisation expense		16.85	168.33	–	185.18
(g) Other expenses		4,001.38	5,193.66	–	9,195.04
Total Expenses (IV)		14,721.71	36,094.90	9.70	50,826.31
V Profit/(Loss) before tax for the period (III-IV)		676.46	(3,118.33)	(9.70)	(2,451.57)
VI Tax Expense					
(1) Current tax		255.00	–	–	255.00
(2) Deferred tax	(i)	(20.22)	–	(3.36)	(23.58)
Total tax expense		234.78	–	(3.36)	231.42

Rs in Lakhs

Particulars		Note No.	Year Ended 31 March 2016 Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind As	Ind AS
VII	Profit/(Loss) after tax for the period		441.68	(3,118.33)	(6.34)	(2,682.99)
XV	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	(i) Remeasurements of the defined benefit plans		–	16.66	9.70	26.36
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss		–	–	(3.36)	(3.36)
	Total Other comprehensive income		–	16.66	6.34	23.00
VIII	Total comprehensive Income/(loss) for the period		441.68	(3,101.67)	–	(2,659.99)

(iv) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Rs in Lakhs

PARTICULARS	Year Ended 31 March 2016
Profit or Loss as per previous GAAP	441.67
Add: Loss on Business Combination (refer note 37)	(3,101.67)
Ind AS: Adjustments increase (decrease):	
Employee future benefits – actuarial gains and losses move to OCI	(9.70)
DTA with respect to remeasurement of Employee future benefits – actuarial gains and losses move to OCI	(3.36)
Total adjustment to profit or loss	(13.06)
Profit/(Loss) under Ind AS	(2,673.05)
Employee future benefits – actuarial gains and losses move to OCI	9.70
DTA with respect to remeasurement of Employee future benefits – actuarial gains and losses move to OCI	3.35
Total comprehensive income under Ind AS	(2,660.01)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(v) Effect of Ind AS adoption in the Statement of Cash flow

Rs in Lakhs

Particulars	Year Ended 31 March 2016 Previous GAAP	Business Combination (refer note 37)	Effect of transition to Ind AS	Ind AS
Net Cash used in operating activities	(1,581.11)	2,151.58	9.17	579.64
Net Cash used in investing activities	(2.96)	(1,421.93)	(9.17)	(1,434.06)
Net Cash flows from financing activities	1,550.80	(0.49)	–	1,550.30
Net increase (decrease) in cash and cash equivalents	(33.27)	729.16	–	695.89
Cash and cash equivalents at the beginning of the period	473.15	1,342.54	–	1,815.69
Cash and cash equivalents at the end of the year	439.88	2,071.70	–	2,511.58

(a) Under previous GAAP Interest Accrued on Bank Deposits of Rs. 1.72 lakhs as at 1 April 2015 and Rs. 3.48 lakhs as at 31 March 2016 were classified under Other non current assets. However under Ind As the same is required to be classified as Other financial asset as it meets the criteria of financial assets.

(b) Under previous GAAP Long term loan and advances of Rs. 16.25 lakhs as at 1 April 2015 and Rs. 42.36 lakhs as at 31 March 2016 was containing Rs. 3.13 lakhs as at 1 April 2015 and Rs. 39.47 lakhs as at 31 March 2016 pertaining to advance tax which has been classified in Ind As under the head Non current tax assets (Net) separately on the face of Balance sheet as required by schedule III. Further Rs. 13.12 lakhs as at 1st April 2015 and Rs. 2.89 lakhs as at 31 March 2016 pertaining to Balance with Government authorities has classified as Other non current assets under Ind As as it doesnot meet the criteria for financial assets.

(c) Under Previous GAAP Cash and cash equivalent was containing Rs. 20.15 lakhs as at 1 April 2015 and Rs. 20.15 as at 31 March 2016 for Earmarked Bank deposits with banks with maturity more than 12 months of Rs. 20.15 lakhs as at 1 April 2015 and Rs. 20.15 as at 31 March 2016 were classified as Other bank balance under Current financial assets in Ind As.

(d) Under previous GAAP Short term loan and advances of Rs 188.58 lakhs as at 1 April 2015 and Rs. 137.05 lakhs as at 31 March 2016 was containing Rs. 0.65 lakhs for Advance to employees, Rs. 12.27 lakhs for Prepaid expenses, Rs. 175.66 lakhs for Advance for supply of goods and services as at 1 April 2015 and Rs. 8.18 lakhs for Advance to employees, Rs. 9.00 lakhs for Prepaid expenses, Rs. 119.86 lakhs for Advance for supply of goods and services as at 31 March 2016 pertaining to Short term loans and advances which has been classified in Ind As under the head Other current assets as it doesnot meet the criteria for financial assets.

(e) Under previous GAAP Other current assets of Rs. 1134.95 lakhs as at 1 April 2015 and Rs. 646.79 lakhs as at 31 March 2016 of which Rs. 82.44 lakhs as at 1 April 2015 and Rs. 89.72 lakhs as at 31 March 2017 has been classified as a loan under Current financial assets and Rs.1.37 lakhs (Interest accrued on fixed deposits 0.07 lakhs and Discount earned on forward contract Rs. 1.30) as at 1 April 2015 and Rs. 14.86 lakhs (Interest accrued on fixed deposits Rs. 0.35 lakhs and Deposits of Rs. 14.51 lakhs) as at 31 March 2016 has been reclassified to Other current financial assets in Ind As being items are meeting the criteria of financial assets.

(f) Under previous GAAP borowing of Rs. 68.05 lakhs as at 1 April 2015 and Rs. 68.05 lakhs as at 31 March 2016 was classified as Other current liability but the same meets the criteria for Current financial liability under Ind AS, hence reclassified.

(g) Under previous GAAP Short term provision of Rs 44.92 lakhs as at 1 April 2015 and Rs. 43.38 lakhs as at 31 March 2016 was containing Rs. 40.39 lakhs as at 1 April 2015 and Rs. 40.22 lakhs as at 31 March 2016 pertaining to provision for tax which has been classified in Ind As under the head Current tax liabilities (Net) separately on the face of Balance sheet as required by schedule III.

(h) Under previous GAAP Other current liability of Rs. 281.39 lakhs as at 1 April 2015 and Rs. 544.01 lakhs as at 31 March 2017 was containing following items which meets the criteria for Other financial liabilities:

Interest accrued Rs. 11.19 lakhs as at 1 April 2015 and Rs. 26.98 lakhs as at 31 March 2016

Trade Deposit Rs. 100.15 lakhs as at 1 April 2015 and Rs. 112.11 lakhs as at 31 March 2016

Others liabilities Rs. 13.40 lakhs as at 1 April 2015 and Rs. 51.20 lakhs as at 31 March 2016

(i) Under previous GAAP, actuarial gains and losses were recognised in profit and loss. Under IND AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/ assets which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind As instead of profit or loss. The actuarial gains for the year ended 31 March 2016 were Rs. 9.70 lakhs the tax effect thereon Rs. 3.36 lakhs.

Note No. 41 - Disclosure as per guidance note for dealings in SBN during demonetisation period

Rs in Lakhs

Particulars	**Specified Bank Notes (SBN)**	**Other denomination notes**	**Total**
Closing Balance as at 8th November 2016	0.86	0.16	1.02
Add: Permitted receipt	66.88*	15.85	82.73
Add: Receipt from third party without authorisation accepted by bank	8.81	–	8.81
Less: Permitted payments	–	0.11	0.11
Less: Amount deposited in bank	76.55	15.22	91.77
Closing balance as at 30 December 2016	–	0.68	0.68

* These amounts are in respect of debts outstanding prior to Nov 08, 2016 where the company had provided specific authorisation to customers to deposit in company's bank account.

Note No. 42 - Research and Development expenditure

Rs in Lakhs

PARTICULARS	**Year Ended 31 March 2017**	Year Ended 31 March 2016	Year Ended 31 March 2015
(a) In recognised Research & Development units			
(i) debited to the Statement of profit and loss account other than depreciation and amortisation	**448.33**	320.20	–
(ii) Depreciation and Amortisation	**40.45**	24.90	–
(iii) Capital expenditure	**121.39**	58.27	–
Sub total	**610.17**	403.37	–
(b) In other units			
(i) debited to the Statement of profit and loss account other than depreciation and amortisation	**–**	–	138.68
(ii) Depreciation and Amortisation	**–**	–	19.69
(iii) Capital expenditure	**–**	–	247.00
Sub total	**–**	–	405.37
Total	**610.17**	403.37	405.37

For and on behalf of Board of Directors

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 02 May, 2017

FORM AOC-1

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

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

Part "A": Subsidiaries

Sl. No.	Particulars	Details	Details
1.	Name of the subsidiary	Mahindra Greenyard Private Limited	MHZPC Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2017 Same as Holding Company	31st March, 2017 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
4.	Share capital	Rs. 5,55,00,000	Rs. 7,89,00,000
5.	Reserves & surplus	(-) Rs. 67,78,850	(-) Rs. 8,17,343
6.	Total assets	Rs. 10,57,22,503	Rs. 41,08,79,483
7.	Total Liabilities	Rs. 5,70,01,353	Rs. 33,27,96,826
8.	Investments	Rs. 1,20,00,000	Nil
9.	Turnover	Rs. 37,75,53,527	Rs. 12,07,44,979
10.	Profit before taxation	(-) Rs. 3,71,90,888	(-) Rs. 7,73,63,435
11.	Provision for taxation	Nil	Nil
12.	Profit after taxation	(-) Rs. 3,71,90,888	(-) Rs. 7,73,16,185
13.	Proposed Dividend	Nil	Nil
14.	% of shareholding	60%	59.95%

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Particulars	Details
1.	Name of associates/Joint Ventures	**Merakisan Private Limited***
2.	Latest audited Balance Sheet Date	31st March, 2017
3.	Shares of Associate/Joint Ventures held by the company on the year end	
	Number	5,00,000 Equity Shares of Rs. 10 each and 4,00,000 Optionally Convertible Preference Shares of Rs. 10/- each
	Amount of Investment in Associates/Joint Venture	Rs. 90 lacs
	Extend of Holding%	47.19%
4.	Description of how there is significant influence	Significant influence is through shareholding in Equity/Optionally Convertible Preference share Capital of the Company
5.	Reason why the associate/joint venture is not consolidated	Exemption for consolidation has been availed as per provisions of Rule 6, of Companies (Accounts) Rules, 2014 Companies Act.
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	(-) 8,74,936/-
7.	Profit/Loss for the year	
i.	Considered in Consolidation	NIL
ii.	Not Considered in Consolidation	Loss of Rs 63,81,265/-

* Shareholding is through a subsidiary, Mahindra Greenyard Private Limited.

For and on behalf of Board of Directors

Ashok Sharma
Managing Director &
Chief Executive Officer

Manohar Bhide
Director

Jyoti Walunj
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai

Date: 02 May, 2017

DIRECTORS' REPORT

To the Members,

Your Directors present their Third Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

THE COMPANY

Your Company was incorporated on 9th July, 2014 to inter alia carry on the business of whole-sale of fruits and vegetables. The Company is a subsidiary of Mahindra Agri Solutions Limited (*formerly known as Mahindra Shubhlabh Services Limited*) which in turn is a subsidiary of Mahindra & Mahindra Limited. The name of your Company was changed to Mahindra Greenyard Private Limited w.e.f. 13th January 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS **(Rs. In Lakhs)**

Particulars	**For the Year ended 31st March, 2017**	For the Year ended 31st March, 2016
Gross Income	**3,775.54**	4,658.24
Profit/(Loss) Before Interest and Depreciation	**(360.68)**	(187.98)
Finance Charges	**–**	–
Gross Profit/(Loss)	**(360.68)**	(187.98)
Provision for Depreciation	**6.57**	0.95
Net Profit/(Loss) Before Tax	**(367.25)**	(188.93)
Provision for Tax	**–**	–
Net Profit/(Loss) After Tax	**(367.25)**	(188.93)
Balance of Profit/(Loss) brought forward	**(226.54)**	(37.61)
Surplus/(Deficit) carried to Balance Sheet	**(593.79)**	(226.54)
Net Worth	**487.21**	854.46

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are the Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

OPERATIONS

In the financial year 2016-17 your Company continued to consolidate its operations of Fruits marketing and distribution in North and West regions of the country and also initiated operations in Eastern & Southern region. Primary focus remained on sourcing and marketing of imported fruits into the Indian market.

Developing "Saboro" as a premium fruit brand in the businesses was ensured through superior quality and packaging. The brand continued to get good visibility and recognition in the trade.

The Company has also taken cognizance of building the right resources for future growth and is constantly working towards their development.

In the forthcoming financial year the Company will take steps in expanding its sourcing from China and USA for Apples and other origins for Imported Fruits. Simultaneously, the Company will consolidate its operations in the markets where it has expanded and strengthen its distribution beyond wholesalers firmly into semi wholesalers and MT retailers to enhance operating margins.

It will also build its own presence in the two biggest wholesale markets in India, viz at Azadpur in Delhi and Vashi in Mumbai for better visibility and increased trade connect. It will also finalize plans for leased or own infrastructure to increase operational efficiencies.

In its objectives to serve the growing F&V demand in the country, the Company will embark in setting up a Pilot Distribution Centre (DC) near Vashi in Mumbai with a view to develop strategies to expand from a pilot initiative to a full-fledged Distribution Centre for Fruits and Vegetables based on its learnings from the Pilot DC.

DIVIDEND

In view of the losses incurred, your Directors do not recommend any dividend for the year ended 31st March, 2017.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY/ASSOCIATE COMPANY

The Company had incorporated a subsidiary named Merakisan Private Limited (MKPL) on 13th July, 2016.

On 28th September, 2016, MKPL allotted Equity Shares to Mr. Prashanth Patil on preferential basis pursuant to the Subscription and Shareholders Agreement entered between the Company, Mr. Prashanth Patil and MKPL dated 5th August, 2016. Consequent to the said allotment of Equity Shares, the Shareholding of the Company in MKPL was reduced to 33% and thereby ceased to be the subsidiary of the Company w.e.f. 28th September, 2016.

A Report on the perfomance and financial position of the Associate Company and its contribution to the overall perfomance of the Company, is provided in Form AOC-1 which is attached to the Financial Statements and forms part of this Annual Report.

SHARE CAPITAL

The Authorised Share Capital of the Company was increased from existing Rs. 600 lakhs to Rs. 1700 lakhs vide resolution passed by members at an Extraordinary General Meeting of the Company held on 9th February, 2017. As on 31st March, 2017, the paid up share capital of the Company is Rs. 555 lakhs divided into 55,50,000 Equity Shares of Rs. 10/- each. On 26th April, 2017, 48,80,000 Equity Shares of Rs. 10/- each were allotted to the existing Shareholders of the Company on Rights basis pursuant to which the paid up share capital of the Company was increased to Rs. 1043 lakhs divided into 1,04,30,000 Equity shares of Rs. 10/- each.

BOARD OF DIRECTORS

Sr. No.	Name of Director & DIN	Designation	Category	
1.	Mr. Ashok Sharma (DIN: 02766679)	Chairman	Non Executive	Non Independent
2.	Mr. Vikram Puri (DIN: 00234881)	Director	Non Executive	Non Independent
3.	Mr. Nikhil Sohoni (DIN: 06852639)	Director	Non Executive	Non Independent
4.	Mr. Hein Carlos Deprez (DIN: 06910718)	Director	Non Executive	Non Independent
5.	Ms. Marleen Vaesen (DIN: 07442120)	Director	Non Executive	Non Independent

Ms. Marleen Vaesen was appointed as an Additional Director with effect from 26th April, 2016. The members of the Company had at the Annual General Meeting held on 25th July, 2016, approved the said appointment.

In accordance with Section 152(6) of the Companies Act, 2013 Mr. Hein Carlos Deprez (DIN: 06910718) and Mr. Vikram Puri (DIN: 00234881) retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The Board recommends their re-appointment.

BOARD MEETINGS

The Board of Directors met four times during the year i.e. on 26th April, 2016, 20th July, 2016, 20th October, 2016 and 25th January, 2017. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Ashok Sharma	4
Mr. Vikram Puri	3
Mr. Nikhil Sohoni	3
Mr. Hein Deprez	3
Ms. Marleen Vaesen*	2

* Appointed with effect from 26th April, 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company was held on 25th July, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2017 and of the loss of the Company for the financial year ended of that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis; and

(e) that proper systems have been identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

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

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Avdhesh Rathi resigned as the Chief Financial Officer of the Company with effect from 26th April, 2016 and subsequently Mr. Anil Saboo was appointed as the Chief Financial Officer of the Company with effect from 27th April, 2016. Mr. Rajesh Somani, resigned as the Company Secretary of the Company with effect from 14th July, 2016. Subsequently, Mr. Feroze Baria was appointed as the Company Secretary of the Company with effect from 20th October, 2016.

Mr. Sudipta Mukhopadhyay, Chief Executive Officer of the Company resigned with effect from 11th February, 2017. Mr. Sachin Kamra was appointed as the Manager of the Company with effect from 26th April, 2017.

AUDITORS

M/s. B.K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as Auditors for a period of 5 years i.e. from the conclusion of the first Annual General Meeting until the conclusion of the sixth Annual General Meeting ("AGM"). In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing AGM of the Company.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B.K. Khare & Co; Chartered Accountants, to the effect that their re-appointment would be in conformity with the conditions and criteria specified in the said sections.

The Members are requested to ratify the appointment of Auditors and fix their remuneration.

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

REPORTING OF FRAUDS BY AUDITORS

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

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 is given as Annexure I to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

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

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of the Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of the Companies Act, 2013 are furnished in form AOC – 2 as Annexure II and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms a part of this Annual Report.

INTERNAL CONTROLS

Your Company has implemented a proper system of internal controls with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

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

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.

3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 26th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

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

(A) Conservation of energy:

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

Though the activities of the Company are not power intensive, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

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

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

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

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

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 1458.58 Lakhs (Previous Year Rs. 1892.13 Lakhs).

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 26th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC.2

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

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

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:

Sr. No.	Nature of contracts/ transactions/ arrangements	Name of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or transactions including the value, if any. (Rs. in Lacs)	Date of approval by the Board, if any	Amount paid as advances, if any
1.	Purchase of Fresh Fruits	Greenyard Fresh NL B.V. (formerly known as Univeg BV) and its fellow subsidiaries.	JV Partner	On-going	At prevailing market price Rs. 438.92	Not Applicable	NIL

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 26th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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:-**	U01403MH2014PTC255946
ii)	**Registration Date**	09/07/2014
iii)	**Name of the Company**	MAHINDRA GREENYARD PRIVATE LIMITED (Formerly known as Mahindra UNIVEG Private Limited)
iv)	**Category/Sub-Category of the Company**	Company limited by shares (Indian Non-Government Company)
v)	**Address of the Registered office and contact details**	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 2490 5633 Fax: +91 22 2490 0833.
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main product/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	WHOLESALE OF FRUITS & VEGETABLES	46301	99.50%

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 Agri Solutions Limited (*Formerly known as Mahindra Shubhlabh Services Limited*) Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018.	U01400MH2000PLC125781	Holding Company	60%	2(46)
2	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3	Merakisan Private Limited Mahindra Towers, P. K Kurne Chowk, Worli, Mumbai - 400 018	U51909MH2016PTC283578	Associate Company	47.19%	2(6)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	33,29,999	33,29,999	60%	–	33,29,999	33,29,999	60%	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	1*	1*	0%	–	1*	1*	0%	–
Sub-total (A)(1):-	**–**	**33,30,000**	**33,30,000**	**60%**	**–**	**33,30,000**	**33,30,000**	**60%**	**–**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	22,20,000	22,20,000	40%	–	22,20,000	22,20,000	40%	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	22,20,000	22,20,000	40%	–	22,20,000	22,20,000	40%	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**–**	**55,50,000**	**55,50,000**	**100%**	**–**	**55,50,000**	**55,50,000**	**100%**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**55,50,000**	**55,50,000**	**100%**	**–**	**55,50,000**	**55,50,000**	**100%**	**–**

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited (*formerly known as Mahindra Shubhlabh Services Limited*).

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% of change in shareholding during the year
1.	Mahindra Agri Solutions Limited (*Formerly known as Mahindra Shubhlabh Services Limited*)	33,29,999	60%	–	33,29,999	60%	–	0%
2.	Mr. Ashok Sharma (*Nominee of Mahindra Agri Solutions Limited*)	1*	0%	–	1*	0%	–	0%
3.	Greenyard Fresh NL B.V. (*formerly known as Univeg BV*)	22,20,000	40%	–	22,20,000	40%	–	0%
	Total	**55,50,000**	**100%**	–	**55,50,000**	**100%**	–	**0%**

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Mahindra Agri Solutions Limited** (*Formerly known as Mahindra Shubhlabh Services Limited*)				
	At the beginning of the year	33,29,999	60%	33,29,999	60%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	33,29,999	60%	33,29,999	60%
2	**Mr. Ashok Sharma**				
	At the beginning of the year	1*	0%	1*	0%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	1*	0%	1*	0%
3	**Greenyard Fresh NL B.V.** (*formerly known as Univeg BV*)				
	At the beginning of the year	22,20,000	40%	22,20,000	40%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	22,20,000	40%	22,20,000	40%

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as a nominee of Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited).

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NIL	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
1	**Mr. Ashok Sharma**	1*	0%	1*	0%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	No Change			
	At the end of the year	1*	0%	1*	0%

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited (*Formerly known as Mahindra Shubhlabh Services Limited*).

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net change				
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration						Total Amount
	Gross Salary						
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961						–
2.	Stock Option	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–

Sr. No.	Particulars of Remuneration						Total Amount
4.	Commission	–	–	–	–	–	–
	– As % of Profit						
	– Others, specify...						
5.	Others, Contribution to PF	–	–	–	–	–	–
	Total (A)						
	Ceiling as per the Act	–	–	–	–	–	–

B. Remuneration of other Directors: NIL

Particulars of Remuneration	Name of Directors					TOTAL
	Mr. Ashok Sharma (Director)	Mr. Hein Deprez (Director)	Mr. Vikram Puri (Director)	Mr. Nikhil Sohoni (Director)	Ms. Marleen Vaesen (Director)	
1. Independent Directors						
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (1)						
2. Other Non-Executive Directors	–	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (2)						
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
Ceiling as per the Act						

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: (Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Sudipta Mukhopadhyay (Chief Executive Officer) upto 11th February, 2017	Mr. Anil Saboo (Chief Financial Officer) w.e.f 27th April, 2016	Company Secretary	Total (in lakhs)
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	48.65	29.60	–	78.25
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of Profit	–	–	–	–
	– Others, specify...	–	–	–	–

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Sudipta Mukhopadhyay (Chief Executive Officer) upto 11th February, 2017	Mr. Anil Saboo (Chief Financial Officer) w.e.f 27th April, 2016	Company Secretary	Total (in lakhs)
5.	Others: Contribution to PF		–		
	Others	–		2.43	2.43
	Total	**48.65**	**29.60**	**2.43**	**80.68**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 26th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHINDRA GREENYARD PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Greenyard Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the related statements of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in 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.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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

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

5. 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.

6. We conducted our audit of the standalone Ind AS financial statements 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.

7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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. 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.

8. 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

9. 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 of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income) and its cash flows for the year ended on that date.

Other Matters

10. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by us. The report on the comparative financial information and the opening balance sheet dated June 6, 2016 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

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

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e. on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations.

ii. The Company has not entered into long-term contracts including derivative contracts.

iii. No amount is required to be transferred to Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in the specified bank notes during the period from 8th November to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Mumbai

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone Ind AS financial statements of Mahindra Greenyard Private Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The Fixed Assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.

   (iii) The Company does not have immovable property in its name.

2. Inventories have been physically verified by management at reasonable intervals during the year and no material discrepancies were noticed in the same.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.

5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits to which directives of the Reserve Bank of India or the provisions of Sections 73-76 of the Act apply. According to the information and explanations given to us and to the best of our knowledge and belief, no order has been passed by the Company Law Board or the National Company Law Tribunal or the RBI or any other court or tribunal which is to be complied with by the Company.

6. In our opinion and according to information and explanation given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the provisions of para 3(vi) of the Order are not applicable to the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no amounts of the nature referred to clause 7(a) which have been deposited with the authority on account of any dispute.

8. The Company has not obtained any loans or borrowings from any financial institution or bank or Government. Hence the provisions of para 3(viii) of the Order are not applicable to the Company.

9. The Company has not raised any moneys by way of initial public offer or further public offer during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company. According to the information and explanations given to us and to the best of our knowledge and belief, the money raised by way of term loans have been applied for the purposes for which these were raised.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act.

14. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year and hence the provisions of para 3(xiv) of the Order are not applicable to the Company.

15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

16. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Mumbai

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALIONE IND AS FINANCIAL STATEMENTS OF MAHINDRA GREENYARD PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra Greenyard Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for 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 operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Mumbai

BALANCE SHEET AS AT 31ST MARCH 2017

Rs. in lacs

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I ASSETS				
1 NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	3	**7.45**	6.15	–
(b) Other Intangible Assets	4	**3.53**	–	–
(c) Intangible Assets Under Development	4	**–**	3.90	–
(d) Financial Assets				
(i) Other Financial Assets	7	**5.00**	5.00	2.00
(e) Other Non-current Assets	9	**34.15**	29.91	12.78
SUB-TOTAL		**50.13**	44.96	14.78
2 CURRENT ASSETS				
(a) Inventories	10	**259.46**	606.74	364.27
(b) Financial Assets				
(i) Investments	5	**120.00**	–	–
(ii) Trade Receivables	6	**423.92**	985.96	455.47
(iii) Cash and Cash Equivalents	11	**112.38**	244.82	1,123.61
(iv) Other Financial Assets	7	**9.27**	8.92	3.31
(c) Current Tax Assets (Net)	8	**1.77**	3.75	4.58
(d) Other Current Assets	9	**80.28**	11.35	14.96
SUB-TOTAL		**1,007.09**	1,861.56	1,966.20
TOTAL ASSETS		**1,057.22**	1,906.51	1,980.98
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	12	**555.00**	555.00	555.00
(b) Other Equity	SOCE - B	**(67.79)**	299.46	488.39
SUB-TOTAL		**487.21**	854.46	1,043.39
LIABILITIES				
2 NON-CURRENT LIABILITIES				
(a) Provisions	15	**6.56**	12.50	10.60
SUB-TOTAL		**6.56**	12.50	10.60
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Trade Payables	13	**531.20**	975.50	866.65
(ii) Other Financial Liabilities	14	**21.47**	55.40	53.67
(b) Provisions	15	**0.34**	0.88	0.89
(c) Other Current Liabilities	16	**10.45**	7.77	5.78
SUB-TOTAL		**563.46**	1,039.55	926.99
TOTAL		**1,057.22**	1,906.51	1,980.98

The accompanying notes 1 to 27 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 26th April, 2017

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Chairman

Marleen Vaesen
Director

Vikram Puri
Director

Nikhil Sohoni
Director

Anil Saboo
Chief Financial Officer

Feroze Baria
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Rs. in lacs

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
I. Revenue from operations	17	**3,757.66**	4,620.46
II. Other Income	18	**17.88**	37.77
III. Total Revenue (I + II)		**3,775.54**	4,658.24
IV. EXPENSES			
(a) Purchases of Stock-in-trade	19(a)	**3,154.54**	4,459.79
(b) Changes in stock of stock-in-trade	19(b)	**335.28**	(229.06)
(c) Employee benefit expense	20	**227.02**	228.43
(d) Depreciation and amortisation expense	3, 4	**6.57**	0.95
(e) Other expenses	21	**424.02**	386.23
Total Expenses (IV)		**4,147.44**	4,846.34
V. Profit/(loss) before tax (III - IV)		**(371.91)**	(188.10)
VI. Tax Expense			
(1) Current tax		**–**	–
Total tax expense		**–**	–
VII. Profit/(loss) after tax for the period (V - VI)		**(371.91)**	(188.10)
VIII. Other comprehensive income			
(i) Items that will not be recycled to profit or loss			
(b) Remeasurements of the defined benefit liabilities/(asset)		**4.66**	(0.83)
Total comprehensive income for the period		**4.66**	(0.83)
IX. Earnings per equity share:	22		
(1) Basic		**(6.70)**	(3.39)
(2) Diluted		**(6.70)**	(3.39)

The accompanying notes 1 to 27 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 26th April, 2017

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Chairman

Marleen Vaesen
Director

Vikram Puri
Director

Nikhil Sohoni
Director

Anil Saboo
Chief Financial Officer

Feroze Baria
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

Rs. in lacs

	Particulars	Note No.	Year ended 31st March 2017	Year ended 31st March 2016
A	**Cash flows from operating activities**			
	Profit before tax for the year	PL	**(367.25)**	(188.93)
	Adjustments for:			
	Investment income recognised in profit or loss		**(17.88)**	(37.77)
	Depreciation and amortisation of non-current assets	3 & 4	**6.57**	0.95
	Loss on disposal of property, plant and equipment		**0.16**	–
			(378.40)	(225.75)
	Movements in working capital:			
	(Increase)/Decrease in trade and other receivables		**562.04**	(530.50)
	(Increase)/Decrease in inventories		**347.28**	(242.48)
	(Increase)/Decrease in other assets		**(71.54)**	(20.87)
	Increase/(Decrease) in trade and other payables		**(482.04)**	114.46
	Net cash generated by operating activities		**(22.64)**	(905.14)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		**(7.67)**	(10.99)
	Interest Received		**17.88**	37.34
	Net cash outflow on acquisition of associates		**(120.00)**	–
	Net cash (used in)/generated by investing activities		**(109.79)**	26.35
C	**Cash flows from financing activities**			
	Net cash used in financing activities		**–**	–
	Net increase in cash and cash equivalents		**(132.44)**	(878.79)
	Cash and cash equivalents at the beginning of the year		**244.82**	1,123.61
	Cash and cash equivalents at the end of the year		**112.38**	244.82

The accompanying notes 1 to 27 are an integral part of the Financial Statements

In terms of our report attached.
For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 26th April, 2017

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Chairman

Marleen Vaesen
Director

Vikram Puri
Director

Nikhil Sohoni
Director

Anil Saboo
Chief Financial Officer

Feroze Baria
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

A. Equity share capital

Particulars	No of Shares	Rupees in Lacs
Balance as at 1st April 2015	5,550,000	555.00
Changes in equity share capital during the year	–	–
Balance as at 31st March 2016	5,550,000	555.00
Changes in equity share capital during the year	–	–
Balance as at 31st March 2017	**5,550,000**	**555.00**

Terms/Rights attached to Equity Shares

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

Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the company.

	As at 31/03/2017		As at 31/03/2016	
	Shares No	**Amount Rs. in lacs**	Shares No	Amount Rs. in lacs
Holding Company (60%)				
Mahindra Agri Solutions Limited Equity	**3,330,000**	**333.00**	3,330,000	333.00
Greenyard Fresh NL BV - Equity	**2,220,000**	**222.00**	2,220,000	222.00

B. Other Equity

Rs. in lacs

	Reserves & Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1st April 2015			
Balance as at date	526.00	(37.61)	488.39
Profit/(Loss) for the period	–	(188.10)	(188.10)
Other Comprehensive Income/(Loss)	–	(0.83)	(0.83)
Total Comprehensive Income for the year	526.00	(226.54)	299.46
Balance as at 31st March 2016	526.00	(226.54)	299.46
Profit/(Loss) for the period	–	(371.91)	(371.91)
Other Comprehensive Income/(Loss)	–	4.66	4.66
Total Comprehensive Income for the year	526.00	(593.79)	(67.79)
Balance as at 31st March 2017	**526.00**	**(593.79)**	**(67.79)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Corporate Information

Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited) is a Joint Venture company formed by Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited) and Greenyard Fresh NL BV with 60:40 sharing basis and incorporated on 9th July, 2014 under the provisions of the Companies Act, 1956 (CIN: U01403MH2014PTC55946). The Company deals in sourcing, storing and distribution of fresh fruits in domestic market.

1. Significant accounting policies

1.1 Statement of compliance

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

Upto the year ended 31 March 2016, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 1.14 for the details of first-time adoption exemptions availed by the Company.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis.

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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.5 Employee benefits

1.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.6 Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

1.7 Property, plant and equipment

Furniture & Fixtures, equipment and Vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Depreciation is recognised so as to write off the cost of assets 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 derecognised 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 recognised in profit or loss.

1.8 Intangible assets

1.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.8.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 10 years

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.10 Provisions

Provisions are recognised 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 recognised 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 the effect of the time value of money is material).

1.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity 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 recognised immediately in profit or loss.

1.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.12.1 Impairment of financial assets

This being the second full year of operations, there is no trend to depict expected credit losses. The company deals in fresh fruits which is a seasonal business & the commodity is perishable in nature. The Company has used the practical expedient as permitted by IND AS 109 and has maintained a policy of providing for debtors outstanding for a period exceeding 180 days. This policy will be regularly reviewed in line with the type of business that the company is in.

1.12.2 Derecognition of financial assets

The Company derecognises 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

1.12.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

1.13 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

1.13.1 Financial liabilities subsequently measured at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1.13.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

1.13.3 Derecognition of financial liabilities

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

1.14 First-time adoption – mandatory exceptions and optional exemptions

1.14.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

1.14.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

1.14.3 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

1.14.4 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

1.14.5 Determining whether an arrangement contains a lease

The Group has applied Appendix C of IND AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Reconciliations

A) Reconciliation of Equity

Rs. in Lacs

Particulars	As at 01/04/2015	As at 30/06/2015	As at 30/09/2015	As at 31/12/2015	As at 31/03/2016
Equity as reported under Indian GAAP	1,043.39	1,043.64	952.44	869.62	854.00
Ind AS Adjustments :	–	–	–	–	–
Add - Actuarial Loss of Gratuity debited in P&L	–	–	–	–	0.83
Less - Other Comprehensive Income					
Remeasurements of the defined benefit liabilities/(asset)	–	–	–	–	(0.83)
Sub-total	–	–	–	–	–
Equity as reported under IND AS	**1,043.39**	**1,043.64**	**952.44**	**869.62**	**854.00**

B) Reconciliation of Profit

Rs. in Lacs

Particulars	Quarter Ended 30/06/2015	Quarter Ended 30/09/2015	Quarter Ended 31/12/2015	Quarter Ended 31/03/2016
Profit/(Loss) as per Indian GAAP	0.15	(91.24)	(82.15)	(15.69)
Ind AS Adjustments:				
(i) Decrease in purchase (ripening charges to consider as rent)	8.58	9.00	9.00	9.00
(ii) Increase in rent due to shifting of ripening charges from purchase	(8.58)	(9.00)	(9.00)	(9.00)
Sub-total	–	–	–	–
Profit or loss under Ind AS	0.15	(91.24)	(82.15)	(15.69)
Other comprehensive income				(0.83)
Total comprehensive income under Ind ASs	**0.15**	**(91.24)**	**(82.15)**	**(14.86)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 3 - Property, Plant and Equipment

Rs. in Lacs

Description of Assets	Plant and Equipment	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount					
Balance as at 1st April 2016	1.42	0.08	5.28	0.31	7.09
Additions during the year	4.91	0.39	2.36	–	7.67
Disposals during the year	–	–	–	0.24	0.24
Balance as at 31st March 2017	**6.34**	**0.48**	**7.64**	**0.07**	**14.52**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2016	0.03	0.01	0.87	0.04	0.95
Depreciation expense for the year	3.87	0.03	2.24	0.06	6.20
Eliminated on disposal of assets	–	–	–	0.08	0.08
Balance as at 31st March 2017	**3.89**	**0.04**	**3.11**	**0.02**	**7.07**
III. Net carrying amount (I-II)	**2.44**	**0.44**	**4.52**	**0.05**	**7.45**

Rs. in Lacs

Description of Assets	Plant and Equipment	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount					
Balance as at 1st April 2015	–	–	–	–	–
Additions during the year	1.42	0.08	5.28	0.31	7.09
Balance as at 31st March 2016	1.42	0.08	5.28	0.31	7.09
II. Accumulated depreciation and impairment					
Balance as at 1st April 2015	–	–	–	–	–
Depreciation expense for the year	0.03	0.01	0.87	0.04	0.95
Balance as at 31st March 2016	0.03	0.01	0.87	0.04	0.95
III. Net carrying amount (I-II)	1.40	0.07	4.40	0.27	6.15

Note No. 4 - Other Intangible Assets

Rs. in Lacs

Description of Assets	Computer Software	Assets under Development	Total
Intangible Assets			
Cost			
Balance as at 1st April 2016	–	3.90	3.90
Transfer from CWIP	3.90	–	3.90
Capitalised	–	(3.90)	(3.90)
Balance as at 31st March, 2017	**3.90**	**–**	**3.90**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2016	–	–	–
Depreciation expenses for the year	0.37	–	0.37
Balance as at 31st March, 2017	**0.37**	**–**	**0.37**
III. Net carrying amount (I-II)	**3.53**	**–**	**3.53**

Rs. in Lacs

Description of Assets	Computer Software	Assets under Development	Total
Intangible Assets			
Cost			
Balance as at 1st April 2015	–	–	–
Additions from separate acquisitions	–	3.90	3.90
Balance as at 31st March, 2016	–	3.90	3.90
II. Accumulated depreciation and impairment			
Balance as at 1st April 2015	–	–	–
Balance as at 31st March, 2016	–	–	–
III. Net carrying amount (I-II)	–	3.90	3.90

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 5 - Investments

Rs. in Lacs

Particular	As at 31st March 2017 QTY Nos.	As at 31st March 2017 Amounts Current	As at 31st March 2017 Amounts Non Current	As at 31st March 2016 QTY Nos.	As at 31st March 2016 Amounts Current	As at 31st March 2016 Amounts Non Current	As at 1st April 2015 QTY Nos.	As at 1st April 2015 Amounts Current	As at 1st April 2015 Amounts Non Current
A. COST									
I. Unquoted Investments (all fully paid)									
Investments in Equity Instruments									
- Mera Kisan	**500,000**	**50.00**	**–**	–	–	–	–	–	–
Investments in OCPS									
- Mera Kisan	**400,000**	**40.00**	**–**	–	–	–	–	–	–
Share Application in OCPS									
- Mera Kisan	**–**	**30.00**	**–**	–	–	–	–	–	–
TOTAL INVESTMENTS	**900,000**	**120.00**	**–**	–	–	–	–	–	–

Note No. 6 - Trade receivables

Rs. in Lacs

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Trade receivables						
(a) Secured, considered good	**–**	**–**	–	–	–	–
(b) Unsecured, considered good	**423.92**	**–**	985.96	–	455.47	–
(c) Doubtful	**109.61**	**–**	21.45	–	–	–
Less: Allowance for Credit Losses	**109.61**	**–**	21.45	–	–	–
TOTAL TRADE RECEIVABLES	**423.92**	**–**	985.96	–	455.47	–
Of the above, trade receivables from:						
- Related Parties	**2.85**	**–**	1.87	–	–	–
- Others	**421.07**	**–**	984.09	–	455.47	–
Total	**423.92**	**–**	985.96	–	455.47	–

Note No. 7 - Other financial assets

Rs. in Lacs

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Financial assets at FVTPL						
a) Security Deposit	**–**	**5.00**	–	5.00	–	2.00
b) Other Financial assets						
Accrued Interest	**0.61**	**–**	0.43	–	3.31	–
Insurance Claim Receivable	**3.62**	**–**	4.69	–	–	–
Others	**5.04**	**–**	3.80	–	–	–
TOTAL OTHER FINANCIAL ASSETS	**9.27**	**5.00**	8.92	5.00	3.31	2.00

Note No. 8 - Current Tax and Deferred Tax

Rs. in Lacs

Particulars	**Year ended 31st March 2017**	Year ended 31st March 2016	As at 1st April 2015
Tax Deducted at Source	**1.77**	3.75	4.58
TOTAL	**1.77**	3.75	4.58

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 9 - Other assets

Rs. in Lacs

Particulars	As at 31st March 2017 Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
(a) Advances other than capital advances						
(i) Security Deposits	–	5.00	–	5.00	–	5.00
(ii) Balances with government authorities	–	29.15	–	24.91	–	7.78
(iii) Other advances						
Staff Advance	0.47	–	3.20	–	0.96	–
Advance to supplier	73.48	–	5.50	–	9.22	–
Prepaid Expenses	6.32	–	2.66	–	4.78	–
TOTAL OTHER ASSETS	**80.28**	**34.15**	11.35	29.91	14.96	12.78

Note No. 10 - Inventories

Rs. in Lacs

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Stock-in-trade of goods acquired for trading	**248.40**	583.68	354.62
Packing Material Stock	**11.06**	23.06	9.65
TOTAL INVENTORIES (at lower of cost and net realisable value)	**259.46**	606.74	364.27
Included above, goods-in-transit:			
Stock-in-trade of goods acquired for trading	**119.51**	177.19	–
Total goods-in-transit	**119.51**	177.19	–

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 3489.82 lacs (P.Y. Rs. 4230.73 lacs).

Out of the total inventories, 31 March 2017: Rs. 259.46 lacs (P.Y. : Rs. 606.74 Lacs), the carrying amount of inventories carried at fair value less costs to sell 31 March 2017: Rs. 259.46 lacs (P.Y. : Rs. 606.01 Lacs).

Note No. 11 - Cash and Bank Balances

Rs. in Lacs

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
(a) Balances with banks	**51.40**	130.27	130.27
(b) Cash on hand	**3.25**	4.39	3.53
Total Cash and cash equivalent	**54.65**	134.66	133.80
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	**57.74**	110.16	989.81
Total Other Bank balances	**57.74**	110.16	989.81
TOTAL CASH & BANK BALANCES	**112.38**	244.82	1,123.61

Rs. in Lacs

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08/11/2016	4.25	4.34	8.59
Transactions between 9th November 2016 and 30th December 2016			
Add: Withdrawl from bank accounts	–	–	–
Add: Receipts from permitted transactions	108.95	29.07	138.02
Add: Receipts for non permitted transactions	–	–	–
Less: paid for permitted transactions	–	0.23	0.23
Less: deposited for bank accounts	113.20	29.83	143.03
Closing cash in hand as on 30/12/2016	0.00	3.35	3.35

Note No. 12 - Equity Share Capital

Particulars	As at 31st March 2017 No. of shares	As at 31st March 2016 No. of shares	As at 1st April 2015 No. of shares
Authorised:			
Equity shares of Rs. 10 each with voting rights	**17,000,000**	6,000,000	6,000,000
Issued, Subscribed and Fully Paid:			
Equity shares of Rs. 10 each with voting rights	**5,550,000**	5,550,000	5,550,000
Total	**5,550,000**	5,550,000	5,550,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Year Ended 31st March 2017			
No. of Shares	**5,550,000**	**–**	**5,550,000**
Amount in Lacs	**555.00**	**–**	**555.00**
Year Ended 31st March 2016			
No. of Shares	5,550,000	–	5,550,000
Amount in Lacs	555.00	–	555.00
Year Ended 1st April 2015			
No. of Shares	5,550,000	–	5,550,000
Amount in Lacs	555.00	–	555.00

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31st March 2017** Number of shares held	% holding in that class of shares	As at 31st March 2016 Number of shares held	% holding in that class of shares	As at 1st April 2015 Number of shares held	% holding in that class of shares
Equity shares with voting rights						
Mahindra Agri Solution Limited	**3,330,000**	**60%**	3,330,000	60%	3,330,000	60%
Greenyard Fresh NL BV	**2,220,000**	**40%**	2,220,000	40%	2,220,000	40%

Note No. 13 - Trade Payables

Rs. in Lacs

Particulars	**As at 31st March 2017** Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
Trade payable - Micro and small enterprises	**0.29**	**–**	0.89	–	–	–
Trade payable - Other than micro and small enterprises	**530.91**	**–**	974.61	–	866.65	–
TOTAL TRADE PAYABLES	**531.20**	**–**	975.50	–	866.65	–

13 (a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 14 - Other financial liabilities

Rs. in Lacs

Particulars	**As at 31st March 2017** Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
a) Other Financial liabilities						
Others	**21.47**	**–**	55.40	–	53.67	–
TOTAL OTHER FINANCIAL LIABILITIES	**21.47**	**–**	55.40	–	53.67	–

Note No. 15 - Provisions

Rs. in Lacs

Particulars	**As at 31st March 2017** Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
Provision for employee benefits						
Leave Encashment	**0.34**	**2.30**	0.88	7.51	0.89	6.16
Gratuity	**–**	**4.26**	–	4.99	–	4.44
TOTAL PROVISIONS	**0.34**	**6.56**	0.88	12.50	0.89	10.60

Note No. 16 - Other Liabilities

Rs. in Lacs

Particulars	**As at 31st March 2017** Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
a. Advances received from customers	**0.21**	**–**	0.21	–	0.15	–
b. Statutory dues						
- Taxes payable (other than income taxes)	**9.76**	**–**	6.91	–	5.63	–
- Employee Recoveries and Employer Contributions	**0.47**	**–**	0.65	–	–	–
TOTAL OTHER LIABILITIES	**10.45**	**–**	7.77	–	5.78	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 17 - Revenue from Operations

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue from sale of products	**3,757.66**	4,620.46
TOTAL REVENUE FROM OPERATIONS	**3,757.66**	4,620.46

Note No. 18 - Other Income

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest Income from Fixed Deposits	**17.70**	37.52
Other Income	**0.17**	0.25
TOTAL OTHER INCOME	**17.88**	37.77

Note No. 19(a) - Purchase of Stock-in-trade

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Purchase of Stock - in - trade	**3,154.54**	4,459.79
TOTAL PURCHASE STOCK-IN-TRADE	**3,154.54**	4,459.79

Note No. 19(b) - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Inventories at the end of the year:		
Stock-in-trade	**248.40**	583.68
	248.40	583.68
Inventories at the beginning of the year:		
Stock-in-trade	**583.68**	354.62
	583.68	354.62
NET (INCREASE)/DECREASE	**335.28**	(229.06)

Note No. 20 - Employee Benefits Expense

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
(a) Salaries and wages, including bonus	**214.10**	217.28
(b) Contribution to provident and other funds	**9.16**	8.33
(c) Staff welfare expenses	**3.76**	2.82
TOTAL EMPLOYEE BENEFIT EXPENSE	**227.02**	228.43

Note No. 21 - Other Expenses

Rs. in Lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
(a) Stores consumed	**58.62**	76.11
(b) Rent paid	**64.74**	62.18
(c) Rates and taxes	**0.89**	1.21
(d) Insurance	**7.12**	8.85
(e) Repairs and maintenance - Others	**0.81**	1.59
(f) Sales promotion expenses	**0.23**	4.02
(g) Travelling and Conveyance Expenses	**33.26**	37.87
(h) Hire and Service Charges	**57.52**	49.98
(i) Commission, discounts and rebates	**48.09**	–
(j) Provision for doubtful trade and other receivables, loans	**88.16**	21.45
(k) Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**(6.60)**	0.52
(l) Auditors remuneration and out-of-pocket expenses	**3.58**	4.01
(i) As Auditors	**2.66**	2.86
(ii) For Taxation matters	**0.92**	1.15
(iii) For reimbursement of expenses	**–**	–
(m) Other expenses	**67.59**	118.43
(i) Legal and other professional costs	**29.62**	105.33
(ii) Others	**37.97**	13.10
TOTAL OTHER EXPENSES	**424.02**	386.23

Note No. 22 - Earnings per Share

Particulars	For the year ended 31st March 2017 Rs. per Share	For the year ended 31st March 2016 Rs. per Share
Basic Earnings per share		
From continuing operations	**(6.70)**	(3.39)
Diluted Earnings per share		
From continuing operations	**(6.70)**	(3.39)

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs.

	For the year ended 31st March 2017	For the year ended 31st March 2016
Profit/(loss) for the year attributable to owners of the Company	**(37,190,888)**	(18,809,962)
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(37,190,888)**	(18,809,962)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(37,190,888)**	(18,809,962)
Weighted average number of equity shares	**5,550,000**	5,550,000
Earnings per share from continuing operations - Basic & Diluted	**(6.70)**	(3.39)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 23 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-17	31-Mar-16	1-Apr-15
Equity	**487.21**	854.46	1,043.39
Less: Cash and cash equivalents	**112.38**	244.82	1,123.61
	374.83	609.64	(80.22)

Categories of financial assets and financial liabilities

Rs. in lacs			**As at 31st March 2017**	
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial Assets	**5.00**			**5.00**
Current Assets				
Investments	**120.00**			**120.00**
Trade Receivables	**423.92**			**423.92**
Other Bank Balances	**112.38**			**112.38**
Other Financial Assets	**9.27**			**9.27**
Current Liabilities				
Trade Payables	**531.20**			**531.20**
Other Financial Liabilities	**21.47**			**21.47**

Rs. in lacs			As at 31st March 2016	
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	5.00			5.00
Current Assets				
Investments	–			–
Trade Receivables	985.96			985.96
Other Bank Balances	244.82			244.82
Other Financial Assets	8.92			8.92
Current Liabilities				
Trade Payables	975.50			975.50
Other Financial Liabilities	55.40			55.40

Rs. in lacs			As at 1st April 2015	
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	2.00			2.00
Current Assets				
Investments	–			–
Trade Receivables	455.47			455.47
Other Bank Balances	1,123.61			1,123.61
Other Financial Assets	3.31			3.31
Current Liabilities				
Trade Payables	866.65			866.65
Other Financial Liabilities	53.67			53.67

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropriate, credit guarantee insurance cover is purchased.

Apart from 20 Customers, the company does not have significant credit risk exposure to any other single counterparty. Concentration of credit risk related to said 20 customer is 50% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

			As at 31st March 2017	
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0.0%**	**1.2%**	**82.7%**	**20.5%**
Gross carrying amount	**–**	**407.10**	**126.44**	**533.53**
Loss allowance provision	**–**	**5.00**	**104.62**	**109.61**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March 2016			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	0.3%	18.6%	2.1%
Gross carrying amount	–	905.83	101.57	1,007.40
Loss allowance provision	–	2.56	18.89	21.45

	As at 1st April 2015			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	–	–	–	–
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for Trade Receivables

		Rs. in Lacs
Particulars	**31-Mar-17**	31-Mar-16
Balance as at beginning of the year	**21.45**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**47.38**	21.45
- Other receivables	**40.79**	–
Impairment losses recognised in the year based on 12 month expected credit losses		
- On receivables originated in the year	**–**	–
- Other receivables	**–**	–
Balance at end of the year	**109.61**	21.45

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

				Rs. in Lacs
Particulars	Currency	**31-Mar-17**	31-Mar-16	1-Apr-15
Trade Payables	USD	**42.12**	–	–
	EUR	**21.76**	32.52	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

				Rs. in Lacs
Particulars	Currency	**31-Mar-17**	31-Mar-16	1-Apr-15
Trade Payables	USD	**42.12**	–	–
	EUR	**21.76**	32.52	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

				In Lacs
	Currency	**Change in rate**	**Effect on profit before tax**	**Effect on pre-tax equity**
31-Mar-17	**USD**	**+10%**	**-4.21**	**-4.21**
	USD	**-10%**	**4.21**	**4.21**
	EUR	**+10%**	**-2.18**	**-2.18**
	EUR	**-10%**	**2.18**	**2.18**
31-Mar-16	USD	+10%	0.00	0.00
	USD	-10%	0.00	0.00
	EUR	+10%	-3.25	-3.25
	EUR	-10%	3.25	3.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 24 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rs. in Lacs

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-17	31-Mar-16	1-Apr-15	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets							
Investments							
1) Equity investments	**120.00**	–	–	Level 3			

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements.

Rs. in lacs

	Fair value hierarchy as at 31 March 2017			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at Amortised Cost				
– trade and other receivables		**423.92**		**423.92**
– deposits and similar assets		**14.27**		**14.27**
– others		**116.20**		**116.20**
Total	**–**	**554.39**	**–**	**554.39**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		**552.67**		**552.67**
– other liabilities		**10.45**		**10.45**
Total	**–**	**563.12**	**–**	**563.12**

	Fair value hierarchy as at 31 March 2016			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		985.96		985.96
– deposits and similar assets		13.92		13.92
– others		45.01		45.01
Total	–	1,044.90	–	1,044.90
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		1,030.91		1,030.91
– other liabilities		7.77		7.77
Total	–	1,038.67	–	1,038.67

	Fair value hierarchy as at 31 March 2015			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		455.47		455.47
– deposits and similar assets		5.31		5.31
– others		32.32		32.32
Total	–	493.10	–	493.10
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		920.32		920.32
– other liabilities		5.78		5.78
Total	–	926.10	–	926.10

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 9,16,380/- (P.Y. - Rs. 8,33,251/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31-Mar-17	**31-Mar-16**	**1-Apr-15**
Discount rate(s)	**7.35%**	8.00%	7.90%
Expected rate(s) of salary increase	**9.50%**	9.50%	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

	Unfunded Plans Gratuity	
Particulars	**2017**	2016
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	**352,602**	199,977
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**39,825**	34,677
Components of defined benefit costs recognised in profit or loss	**392,427**	234,654
Ib. Included in other Comprehensive Income		
Return on plan assets (excluding amount included in net interest expense)	**–**	–
Actuarial gains and loss arising form changes in financial assumptions	**39,123**	91,868
Actuarial gains and loss arising form changes in demographic assumptions	**–**	(39,922)
Actuarial gains and loss arising form experience adjustments	**(504,719)**	30,684
Others (describe)	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**(465,596)**	82,630
Total	**(73,169)**	317,284
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	**426,065**	499,234
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**–**	–
4. Current portion of the above	**3,559**	2,851
5. Non current portion of the above	**422,506**	496,383

	Unfunded Plans Gratuity	
Particulars	**2017**	2016
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**499,234**	443,664
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**352,602**	199,977
- Past Service Cost		
- Interest Expense (Income)	**39,825**	34,677
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	(39,922)
ii. Financial Assumptions	**39,123**	91,868
iii. Experience Adjustments	**(504,719)**	30,684
5. Benefit payments	**–**	(261,714)
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**426,065**	499,234
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**–**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets		
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return		
- Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	**–**	261,714
6. Benefit payments	**–**	(261,714)
7. Fair value of plan assets at the end of the year	**–**	–
IV. Actuarial assumptions		
1. Discount rate	**7.35%**	8.00%
2. Expected rate of return on plan assets	**0.00%**	0.00%
3. Attrition rate	**9.50%**	9.50%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
Principal assumption	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate			
2017	**1.00%**	**3.68**	**4.97**
2016	1.00%		
Salary growth rate			
2017	**1.00%**	**4.95**	**3.68**
2016	1.00%		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	**2017**	2016
Within 1 year	**0.04**	0.03
1 - 2 year	**0.13**	0.03
2 - 3 year	**0.08**	0.17
3 - 4 year	**0.21**	0.18
4 - 5 year	**0.23**	0.26
5 - 10 years	**14.69**	18.91

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 26 - Related Party Transactions

Name of the Parent Company	Mahindra Agri Solutions Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions
	Mahindra Logistics Limited
Name of the Associate	Mera Kisan
Name of the Joint Venture	Greenyard Fresh NL BV
Name of KMP of the Company	Mr Sudipta Mukhopadhyay (Chief Executive Officer till 11/02/17)
	Mr Anil Saboo (Chief Financial Officer from 26/04/16)
	Mr Avdhesh Rathi (Chief Financial Officer till 26/04/16)

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lacs

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties							
Purchase of goods	**31-Mar-17**	**141.13**	**–**	**–**	**–**	**438.92**	**–**
	31-Mar-16	25.94	–	–	–	1,648.55	–
Sale of goods	**31-Mar-17**	**4.52**	**0.84**	**–**	**–**	**–**	**–**
	31-Mar-16	–	1.46	–	–	–	–
Receiving of services	**31-Mar-17**	**–**	**64.10**	**56.20**	**–**	**21.76**	**81.33**
	31-Mar-16	–	47.42	63.23	–	32.52	73.42
Settlement of liabilities by the Company on behalf of related parties	**31-Mar-17**	**–**	**–**	**–**	**27.69**	**–**	**–**
	31-Mar-16	–	–	–	–	–	–
Other transactions	**31-Mar-17**	**(2.06)**	**–**	**–**	**–**	**–**	**–**
	31-Mar-16	(5.05)	–	–	–	0.61	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Trade payables	**31-Mar-17**	**75.67**	**77.08**	**9.09**	**–**	**44.14**	**–**
	31-Mar-16	0.16	39.88	9.25	–	730.44	–
Trade Receivable	**31-Mar-17**	**–**	**0.68**	**–**	**0.02**	**–**	**–**
	31-Mar-16	–	0.57	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 27 - Additional Information to the consolidated Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31-Mar-17 Rs. in lacs	31-Mar-16 Rs. in lacs
(i) Principal amount remaining unpaid to MSME suppliers as on	**0.29**	0.89
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**0.04**	0.02
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**0.65**	0.39
(v) The amount of interest accrued and remaining unpaid as on	**0.65**	0.39

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

	For the year ended 31st March 2017	For the year ended 31st March 2016
Value of imports calculated on CIF basis :	**Rs. in lacs**	Rs. in lacs
Raw materials	**1,005.90**	1,857.14

	For the year ended 31st March 2017	For the year ended 31st March 2016
Expenditure in foreign currency on account of :	**Rs. in lacs**	Rs. in lacs
Professional Fees	**21.76**	29.16
Fixed Assets	**–**	0.61
Travelling Expenses	**7.65**	8.13

The financial statements of Mahindra Greenyard Private Limited were approved by the Board of Directors and authorised for issue on 26th April, 2017.

The accompanying notes 1 to 27 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 26th April, 2017

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Chairman

Marleen Vaesen
Director

Vikram Puri
Director

Nikhil Sohoni
Director

Anil Saboo
Chief Financial Officer

Feroze Baria
Company Secretary

Form AOC-1

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

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

Part "A": Subsidiaries: None

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	**Merakisan Private Limited**
1. Latest audited Balance Sheet Date	31st March, 2017
2. Shares of Associate/Joint Ventures held by the company on the year end	
Number	5,00,000 Equity Shares of Rs. 10 each and 4,00,000 Optionally Convertible Preference Shares of Rs. 10/- each
Amount of Investment in Associates/Joint Venture	Rs. 90 lacs
Extend of Holding%	47.19%
3. Description of how there is significant influence	Significant influence is through shareholding in Equity/Optionally Convertible Preference share Capital of the Company
4. Reason why the associate/joint venture is not consolidated	Exemption for consolidation has been availed as per provisions of Rule 6, of Companies (Accounts) Rules, 2014 Companies Act.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(-) 8,74,936/-
6. Profit/Loss for the year	
i. Considered in Consolidation	NIL
ii. Not Considered in Consolidation	Loss of Rs. 63,81,265/-

For and On behalf of Board
For Mahindra Greenyard Private Limited

Ashok Sharma
Chairman

Vikram Puri
Director

Anil Saboo
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai, 26th April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixteenth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

1) Financial Highlights and state of the Company's Affairs:

(Rs. in Lakh)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**300.38**	58.98
Profit before Depreciation, Finance Costs and Taxation	**(874.22)**	(174.92)
Less: Depreciation & Amortization	**36.38**	2.013
Profit before Finance Costs and Taxation	**(910.60)**	(176.93)
Less: Finance Costs	**–**	–
Profit before Tax	**(910.60)**	(176.93)
Less: Taxation	**–**	–
Profit for the Year	**(910.60)**	(176.93)
Balance of Profit for earlier years	**(309.78)**	(132.85)
Less: Transfer to/(from) Debenture Redemption Reserve	**–**	–
Less: Depreciation on transition to schedule II of Companies Act, 2013	**–**	–
Profit available for Appropriation	**(1,220.37)**	(309.78)
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit carried forward	**(1,220.37)**	(309.78)
Net worth	**285.63**	268.22

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are the Company's first Ind AS financial statements prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the financial year ended 31st March, 2017 till the date of this Report, which would affect the financial position of the Company.

2) Operations

During the year, the Company has carried out the operations in existing cities viz. Mumbai and Hyderabad. The Company has also launched the operations in Bangalore and the Company is expected to launch the services in select other cities in the current financial year.

3) Dividend

Your Directors do not recommend any dividend for the year under review.

4) Share Capital

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 15 crore to Rs. 25 crore.

During the year under review, your Company allotted 90,00,000 equity shares of Rs. 10/- each on Rights basis for cash at par to Mahindra & Mahindra Limited and 2,80,000 Equity shares for cash at par on preferential basis. Consequent to the above, the issued, subscribed and paid up capital of your Company stood increased to Rs. 15,06,00,000 as at the end of the year under review.

5) Holding Company

Mahindra and Mahindra Limited is the Holding company of your Company.

6) Board of Directors

Names of Directors	Directors' Identification Number	Category
Dr. Anish Shah	02719429	Non – Executive Non – Independent
Mr. Bharat Moossaddee	02166403	Non – Executive Non – Independent
Mr. Rajeshwar Tripathi	06734734	Non – Executive Non – Independent
*Ms. Charulata Ravi Kumar	02269674	Independent Director
@ Mr. Naveen Kshatriya	00046813	Independent Director
# Mr. P. N. Shah	00056173	Non – Executive Non – Independent

* Ms. Charulata Ravi Kumar was re-designated as an Independent Director w. e. f. 26th May, 2017, subject to the approval of the Shareholders.

@ Mr. Naveen Kshatriya was appointed as an additional 'Director and designated as an Independent Director on 26th May, 2017, subject to approval of the Shareholders.

Mr. P. N. Shah was appointed as an additional Director on 26th May, 2017

Dr. Anish Shah retires by rotation at the forthcoming Annual General Meeting ('AGM') and is eligible for re-appointment.

The Company has received notices pursuant to Section 160 of the Act, together with the prescribed deposits of Rs. 1 lakh, proposing the names of Mr. Naveen Kshatriya and Mr. P. N. Shah for appointment as an Independent Director and Director respectively at the 17th AGM of the Company.

Your Directors recommend for your consideration, the appointment of the above Directors at the 17th AGM.

7) Number of Board Meetings

During the year under review, four meetings of the Board of Directors were held on 16th May, 2016, 8th August, 2016, 25th November, 2016 and 13th January, 2017.

Attendance of directors

	Dr. Anish Shah (Chairman, Non-executive, non-independent)	Mr. Bharat Moossaddee (Non-executive, non-independent)	Mr. Rajeshwar Tripathi (Non-executive, non-independent)	Ms. Charulata Ravi Kumar (Non-executive, Independent)
No. of Board Meetings	4	4	3	3 (re-designated) w. e. f. 26th May, 2017)

8) Appointments of Key Managerial Personnel (KMP)

The following are the Key Managerial Personnel of the Company appointed pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: -

Mrs. Kausalya Nandakumar, Chief Executive Officer.

Mr. Pradeep Jape (Membership No. 104034), Chief Financial Officer.

Ms. Sanjana Doshi (ACS 39642), Company Secretary.

There was no change in the Key Managerial Personnel during the year under review.

9) Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Act, your Directors, based on the representation received, and after due enquiry, confirm that:

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

(ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10) Committees of the Board

Audit Committee

The Audit Committee was constituted at the Board Meeting held on 26th May, 2017

The Composition of the Audit Committee is as follows:

Committee Member	Designation
Mr. Bharat Moossaddee	Chairman
Ms. Charulata Ravi Kumar	Member
Mr. Naveen Kshatriya	Member

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted at the Board meeting held on 26th May, 2017.

The composition of the Nomination and Remuneration Committee is as follows:

Committee Member	Designation
Mr. Rajeshwar Tripathi	Chairman
Dr. Anish Shah	Member
Ms. Charulata Ravi Kumar	Member
Mr. Naveen Kshatriya	Member

11) Auditors

Statutory Auditors

At the 16th AGM of the Company held on 8th August, 2016, M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration Number - 105102W), were appointed as the Statutory Auditors of the Company for a period of 5 (five) years to hold the office from the conclusion of the 16th AGM till the conclusion of the 21st AGM subject to ratifications by the Shareholders at each AGM.

Accordingly, the appointment of M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration Number - 105102W), will be ratified by the Members to hold the office from the conclusion of the 17th AGM till the conclusion of the next AGM.

As required by the provisions of section 139 of the Companies Act, 2013, the Company had received a written certificate from the Auditors to the effect that their appointment, if ratified, would be in conformity with the limits specified in Section 141 of the Act and also confirming that they satisfy the criteria provided in that Section.

There were no qualifications, reservations or adverse remarks made by the Auditors in their Report.

Reporting of frauds by Statutory Auditors:

During the year under review, the Statutory Auditors have not reported to the Board any instances of frauds committed in the Company by its officers or employees.

12) Risk Management Policy

Your Company had formulated a policy for the Management of Risks including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding risks and enabling the Company to manage the same, if confronted with.

13) Internal Financial Controls

Your Company has adopted an Internal Financial Control System, commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Board. Corrective actions, if required, are being taken up to ensure that the internal financial control system remains robust and as an effective tool.

14) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

15) Stock Options

Relevant details, as required by The Companies (Share Capital and Debentures) Rules 2014 and other applicable provisions of the Companies Act, 2013, are furnished in Annexure II and forms part of this Report.

16) Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

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

17) Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

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

Your Company has not granted loans, or provided securities, or made investments under Section 186 of the Act during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the financial statements of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Parent company, Mahindra & Mahindra Limited.

18) Particulars of Transactions with Related Parties

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. The particulars of the material Related Party Transactions referred to under section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC – 2 as Annexure III and the same forms part of this Report.

19) Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form MGT 9 is attached herewith as Annexure IV and forms part of this report.

20) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

21) General

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

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

22) Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

DR. ANISH SHAH
Chairman

Mumbai, 2nd May 2017

ANNEXURE I

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy: **Though the activities of the Company are not energy – intensive, necessary measures are taken to contain and bring about savings in power consumption through improved operational methods and better housekeeping.**

(ii) The steps taken by the company for utilizing alternate sources of energy : **Not Applicable**

(iii) The capital investment on energy conservation equipments : **Not Applicable**

B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption : **Not Applicable**

(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) : -

a) the details of technology imported : **Not Applicable**

b) the year of import : **Not Applicable**

c) whether the technology been fully absorbed : **Not Applicable**

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review was as follows:

	For the year ended	
	31st March, 2017	31st March, 2016
Foreign Exchange earnings –	**Nil**	Nil
Foreign Exchange outgo –	**Nil**	Nil

For and on behalf of the Board

DR. ANISH SHAH
Chairman

Mumbai, 2nd May 2017

ANNEXURE II

Details of the Employees Stock Option Scheme:

(a)	Options granted	7,09,829 (granted during the year)
(b)	Options vested	–
(c)	Options exercised	–
(d)	The total number of shares arising as a result of exercise of option	–
(e)	Options lapsed	–
(f)	The exercise price	Exercise Price determined under OBSL ESOP – 2016 Scheme: Rs. 10.00 per Equity Share based on the Valuation Report of Rishi Sekhri And Associates.
(g)	Variation of terms of options	Variations were made in terms of vesting schedule and eligibility criteria on 26th May, 2017.
(h)	Money realized by exercise of options	–
(i)	Total number of options in force	–
(j)	Employee wise details of options granted to:	7,09,829
	(i) Key managerial personnel	Mrs. Kausalya Nandakumar – 2,80,000 Mr. Pradeep Jape – 42,630 Total: - 3,22,630
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	–
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Mrs. Kausalya Nandakumar – 2,80,000

For and on behalf of the Board

DR. ANISH SHAH
Chairman

Mumbai, 2nd May 2017

ANNEXURE III

Particulars of Transactions with Related Parties for year ended 31st March, 2017

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 transaction under third proviso thereto

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL

2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited –holding company
b)	Nature of contracts/arrangements/transaction	Reimbursement of Expenses
c)	Duration of the contracts/arrangements/transaction	1st April, 2016 to 31st March, 2017
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 126.89 lakh
e)	Date of approval by the Board	8th August, 2016
f)	Amount paid as advances, if any	Nil

Pursuant to notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R.590 (E).

For and on behalf of the Board

DR. ANISH SHAH
Chairman

Mumbai, 2nd May 2017

ANNEXURE IV

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017

[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.	Corporate Identification Number (CIN)	U60231MH2000PLC128757
ii.	Registration Date	18/09/2000
iii.	Name of the Company	Orizonte Business Solutions Limited (Formerly Known as 'Mega One Stop Farm Services Limited')
iv.	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Contact: BADE.KIRAN @mahindra.com
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited, 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel – (West), Mumbai – 400 013

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Other Land Transportation Services	52219	100%

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 & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100%	2(47)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	57,80,000	5,78,00,000	100	–	1,47,80,000	1,47,80,000	98.14	(1.86)
e) Banks / FI	–	–	–	–	–		–	–	–
f) Any Other....	–	–	–	–	–		–	–	–
Sub-total (A)(1):	–	57,80,000	5,78,00,000	100		1,47,80,000	1,47,80,000	98.14	(1.86)
(2) Foreign									
a) NRIs– Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		57,80,000	57,80,000	100		1,47,80,000	1,47,80,000	98.14	(1.86)
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Company	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	2,80,000	2,80,000	1.86	1.86
c) Others (specify)									
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	57,80,000	57,80,000	100	–	1,50,60,000	1,50,60,000	100	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mahindra & Mahindra Limited	57,79,994	100%	–	1,47,79,994	98.14%	–	-1.86%
2.	Mahindra & Mahindra Limited Jt. With Mr. K. J. Davasia*	1		–	1	–	–	–
3.	Mahindra & Mahindra Limited Jt. With Mr. Vikram Puri*	1		–	1	–	–	–
4.	Mahindra & Mahindra Limited Jt. With Mr. Kairas Vakharia*	1		–	1	–	–	–
5.	Mahindra & Mahindra Limited Jt. With Mr. V .S Parthasarathy*	1		–	1	–	–	–
6.	Mahindra & Mahindra Limited Jt. With Mr. Kamlesh Tripathi*	1		–	1	–	–	–
7.	Mahindra & Mahindra Limited Jt. With Mr. Suhas S. Borgaonkar*	1		–	1	–	–	–
	Total	57,80,000	100		1,47,80,000	98.14	–	-1.86%

* Shares held by Mahindra & Mahindra Limited jointly with Nominees to comply with the statutory provisions of Companies Act, with regard to minimum number of members.

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra and Mahindra Limited	57,80,000	100	1,47,80,000*	98.14
	Total	57,80,000	100	1,47,80,000	**98.14**

* Due to allotment of 90 lakh shares of Rs. 10 each, aggregating Rs. 9 crore issued during the year on rights basis

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the company	Cumulative shareholding during the year: No. of shares	Cumulative shareholding during the year: % of total shares of the company
1	Dr. Pawan Goenka	–	–	30,000	0.2
2	Mr. Pravin N. Shah*	–	–	30,000	0.2
3	Mr. Jaspreet Bindra	–	–	30,000	0.2
4	Mr. Pirojshaw Sarkari	–	–	30,000	0.2
5	Mr. Kannan Chakravarthy	–	–	30,000	0.2
6	Mr. Rahul Shandilya	–	–	20,000	0.13
7	Mr. Vijay Nakra	–	–	20,000	0.13
8	Dr. Anish Shah	–	–	30,000	0.2
9	Mr. Bharat Moossaddee	–	–	30,000	0.2
10	Mr. Rajeshwar Tripathi	–	–	30,000	0.2
	Total	–	–	**2,80,000**	**1.86**

* Appointed as a Director on 26th May, 2017.

(v) Shareholding of Directors:

Sr. No.	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Anish Shah	–	–	30,000	0.2
2.	Mr. Bharat Moossaddee	–	–	30,000	0.2
3.	Mr. Rajeshwar Tripathi	–	–	30,000	0.2
	Total			**90,000**	**0.6**

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	–	–	–	Nil
Change in Indebtedness during the financial year	–	–	–	–
• Addition				
• Reduction				
Net Change	–	–	–	Nil
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	–	–	–	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
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 SAR's	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Names of Directors	Total Amount (Rs.)
1	Independent Directors	Ms. Charulata Ravi Kumar	
	• Fee for attending board meetings	1,20,000	1,20,000
	• Commission	–	–
	• Others, please specify	–	–
	Total	1,20,000	1,20,000
	Total Managerial Remuneration	–	–
	Overall Ceiling as per the Act	–	–

C. Remuneration to key managerial personnel other than MD/Manager/WTD

					(Rs. in Lakh)
Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		CEO	**Company Secretary**	**CFO**	**Total**
		Mrs. Kausalya Sreenivasan			
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.35	0.26	–	38.61
	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	–	–	–	–
	Total	38.35	0.26	–	38.61

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

Note: NA -Not Applicable

For and on behalf of the Board

DR. ANISH SHAH
Chairman

Mumbai, 2nd May 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Orizonte Business Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of Orizonte Business Solutions Limited ("the Company"), which comprise the balance sheet as at 31st March, 2017, and the statements of profit and loss (including other comprehensive income), cash flow and 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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

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

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

5. We conducted our audit of the Ind AS financial statements 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.

6. 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.

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

Opinion

8. 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 of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters :

1. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS included in these Ind AS are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006 as amended, audited by us and on which we expressed an unmodified opinion in our report dated May 19, 2016 and May 31, 2015, as adjusted for the differences in accounting principles between adopted by the Company on to Ind AS and which have also been audited by us.

2. The transition date opening balance sheet as at 1st April, 2015 included in these Ind AS financials statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006 as amended, audited by us. Our report for the year ended 31st March, 2016 and 31st March, 2015 dated May 19, 2016 and May 31, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

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

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and 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 Indian Accounting Standards specified under Section 133 of the Act;

    e. on the basis of written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

    f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

        iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

        iv. The Company did not have any Holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. – Refer Note [ ].

For **B. K. Khare & Co.**

Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
(Membership No. 111212)

Place: Mumbai
Date: 2nd May, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Orizonte Business Solutions Limited for the year ended 31st March, 2017.

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (ii) The fixed assets were physically verified by the management during the year and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.
   (iii) There are no immovable properties owned by the company.
2. The Company is in the business of providing digital services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.
3. There are no parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore the provisions of Clause 3(iv) of the Order are not applicable to the company.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.
6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (i) According to the records of the Company and information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.
   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.
   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.
8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has not paid/provided any managerial remuneration covered by the provisions of Section 197. Therefore provisions of clause 3(xi) are not applicable to the Company.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has made a preferential allotment of 2.8 lakh equity shares at Rs. 10 per share amounting to Rs. 28 lakhs during the year under audit. The Company has complied with the requirements of Section 42 of the Companies Act, 2013. The amounts raised have been used for the purpose for which funds were raised.
15. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**

Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
(Membership No. 111212)

Place: Mumbai
Date: 2nd May, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ORIZONTE BUSINESS SOLUTIONS LIMITED

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

We have audited the internal financial controls over financial reporting of Orizonte Business Solutions Limited ("the Company") as of 31st March, 2017 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's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**

Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
(Membership No. 111212)

Place: Mumbai
Date: 2nd May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 Rupees	As at 31st March, 2016 Rupees	As at 1st April, 2015 Rupees
A ASSETS				
1 **Non-current assets**				
(a) Property, Plant and Equipment	3	**21.32**	0.01	–
(b) Other Intangible Assets		**124.62**	117.78	–
(c) Financial Assets				
(i) Investments	4	**–**	–	–
(d) Deferred tax assets (net)	5	**–**	–	–
(e) Other non-current assets	6	**82.94**	14.89	–
Total Non - Current Assets		**228.88**	132.68	–
2 **Current assets**				
(a) Financial Assets				
(i) Investments	7	**241.29**	–	–
(ii) Trade receivables	8	**114.03**	–	–
(iii) Cash and cash equivalents	9	**39.77**	347.44	0.01
(iv) Other financial assets	10	**–**	3.64	–
(b) Other current assets	11	**39.56**	0.58	–
Total Current Assets		**434.65**	351.66	0.01
Non-Current Assets classified as held for sale		**–**	–	–
Total Assets (1+2)		**663.52**	484.35	0.01
B EQUITY AND LIABILITIES				
1 **Equity**				
(a) Equity Share capital	12	**1,506.00**	578.00	78.00
(b) Other Equity	13	**(1,220.37)**	(309.78)	(132.85)
Total equity		**285.63**	268.22	(54.85)
LIABILITIES				
2 **Non-current liabilities**				
(a) Provisions	14	**36.03**	–	–
Total Non - Current Liabilities		**36.03**	–	–
3 **Current liabilities**				
(a) Financial Liabilities				
(i) Trade payables	15	**322.88**	214.91	54.86
(b) Other current liabilities	16	**15.90**	1.22	–
(c) Provisions	17	**3.09**	–	–
Total Current Liabilities		**341.87**	216.13	54.86
Total Equity and Liabilities (1+2+3)		**663.52**	484.35	0.01

The accompanying notes 1 to 35 are an integral part of Financial Statements.

In terms of our report attached

For B. K. Khare
Chartered Accountants
(FRN: 105102W)

Shirish Rahalkar
Mem. No. 111212

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar — *Directors*

Dr. Anish Shah — *Chairman*

Pradeep Jape — *CFO*

Sanjana Doshi — *Company Secretary*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	Note No.	**For the year ended 31st March, 2017 Rupees**	For the year ended 31st March, 2016 Rupees
	Continuining Operations			
I	Revenue from operations	18	**287.45**	0.11
II	Other Income	19	**12.93**	58.87
III	**Total Revenue (I + II)**		**300.38**	58.98
IV	**EXPENSES**			
	(a) Employee benefit expense	20	**199.18**	34.02
	(b) Depreciation and amortisation expense	3	**36.38**	2.01
	(c) Other expenses	21	**975.42**	199.88
	Total Expenses		**1,210.97**	235.91
V	**Profit before tax (III - IV)**		**(910.60)**	(176.93)
VI	**Tax Expense**			
	(1) Current tax	22	**–**	–
	(2) Deferred tax	22	**–**	–
	Total tax expense		**–**	–
VII	**Profit for the period (V - VI)**		**(910.60)**	(176.93)
VIII	**Other comprehensive income**		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**(910.60)**	(176.93)
X	**Earnings per equity share**			
	(1) Basic	23	**(8.48)**	(10.42)
	(2) Diluted	23	**(8.48)**	(10.42)

The accompanying notes 1 to 35 are an integral part of Financial Statements.

In terms of our report attached

For B. K. Khare
Chartered Accountants
(FRN: 105102W)

Shirish Rahalkar
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Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board of Directors

Bharat Moossaddee **Rajeshwar Tripathi** **Charulata Ravikumar**	*Directors*
Dr. Anish Shah	*Chairman*
Pradeep Jape	*CFO*
Sanjana Doshi	*Company Secretary*

CASH FLOW STATEMENT – INDIRECT METHOD

Particulars	Year Ended 31st March, 2017 Rupees	Year Ended 31st March, 2016 Rupees
Cash flows from operating activities		
Profit before tax for the year	**(910.60)**	(176.93)
Adjustments for:		
Interest income	**(12.93)**	(4.15)
(Gain)/ Loss on sale of investments (Net)	**2.04**	–
Marked to market (gain)/loss on current investment	**3.81**	–
Depreciation and amortisation of non-current assets	**36.38**	2.01
Movements in working capital:		
Increase in trade and other receivables	**(215.29)**	
(Increase)/decrease in other assets	**–**	(18.51)
Decrease in trade and other payables	**161.77**	161.24
Cash generated from operations	**(934.82)**	(36.34)
Income taxes paid	**(2.12)**	(0.60)
Net cash generated by operating activities	**(936.94)**	(36.94)
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	**(24.93)**	–
Acquition of Intangible Assets	**(39.60)**	(119.78)
Purchase of Investment	**(982.62)**	–
Sale of Investment	**735.48**	–
Interest received	**12.93**	4.15
Net cash (used in)/generated by investing activities	**(298.74)**	(115.63)
Cash flows from financing activities		
Issue of Equity Shares	**928.00**	500.00
Net cash used in financing activities	**928.00**	500.00
Net decrease in cash and cash equivalents	**(307.68)**	347.43
Cash and cash equivalents at the beginning of the year	**347.44**	0.01
Cash and cash equivalents at the end of the year	**39.77**	347.44

In terms of our report attached

For B. K. Khare
Chartered Accountants
(FRN: 105102W)

Shirish Rahalkar
Mem. No. 111212

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar — *Directors*

Dr. Anish Shah — *Chairman*

Pradeep Jape — *CFO*

Sanjana Doshi — *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Orizonte Business Solutions Ltd. *(formerly known as Mega One Stop Farm Services Ltd.)* is in the business of providing the digital services. The company provides the online platform to connect the cargo owner and transporter. The company operates under the brand name SmartShift.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakh.

Upto the year ended 31 March 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements where the transition date is 01st April, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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 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 categorised 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.

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes.

2.4 First-time adoption of Ind AS – mandatory exceptions and optional exemptions

Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

(i) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

(ii) Deemed cost for property, plant and equipment

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

(iii) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

(iv) Determining whether an arrangement contains a lease

Company has taken exemption to assess if an arrangement contains a lease based on facts and circumstances as on transition date i.e. 01st April, 2015.

2.5 Revenue recognition

Sale of services

Income from services rendered are recognised when the services rendered.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Employee benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.7. Taxation

Current tax

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 or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8. Property, plant and equipment

All tangible fixed assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Office equipment's – computers – 3 Years

2.9. Impairment of assets

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Provisions

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

The amount recognised as a provision is the best estimate of the entity 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 the effect of the time value of money is material).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11. Financial Instruments

Financial assets and financial liabilities are recognised when a group entity 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 recognised immediately in profit or loss.

2.12. Financial Assets

Financial assets at fair value through profit or loss (FVTPL)

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.

Company has elected to recognize the investment is equity shares at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset not designated as at FVTPL

2.13. Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised 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 amortised cost

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

2.14. Segment Reporting

The Company's business activity falls within a single business segment viz. 'Transportation Services'. All other activities of the Company revolve around its main business. Hence there is no separate reportable primary segment.

2.15. Cash Flow statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 whereby profit/(loss) before extraordinary 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 flows are segregated on the basis of Operating, Investing & Financing activities of the company.

2.16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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.

Note 3 – Property, Plant and Equipment

Rs. Lakhs

Description of Assets	Furniture & Fixture	Computers	Total
I. Cost			
Balance as at 1st April, 2015	0.16	–	0.16
Additions during the year	–	–	–
Balance as at 31st March, 2016	0.16	–	0.16
Additions during the year	–	24.93	24.93
Balance as at 31st March, 2017	0.16	24.93	25.09
II. Accumulated depreciation and impairment for the year			
Balance as at 1st April, 2015	(0.14)	–	(0.14)
Depreciation for the year	(0.01)	–	(0.01)
Balance as at 31st March, 2016	(0.15)	–	(0.15)
Depreciation for the year	(0.01)	(3.60)	(3.61)
Balance as at 31st March, 2017	(0.16)	(3.60)	(3.76)
Carrying amount (I-II)			
Balance as on 31st March, 2017	(0.00)	21.33	21.32
Balance as on 31st March, 2016	0.01	–	0.01
Balance as at 1st April, 2015	0.02	–	0.02

Note:

(i) The Company uses staraight line method for accounting of fixed assets.
(ii) Computers has been depreciated over 3 years of useful life.

Note 3 – Other Intangible Assets

Rs. Lakhs

Description of Assets	Computers Software	Total
I. Cost		
Balance as at 1st April, 2015	–	–
Additions during the year	119.78	119.78
Balance as at 31st March, 2016	119.78	119.78
Additions during the year	39.60	39.60
Balance as at 31st March, 2017	159.38	159.38
II. Accumulated depreciation and impairment for the year		
Balance as at 1st April, 2015	–	–
Depreciation for the year	(2.00)	(2.00)
Balance as at 31st March, 2016	(2.00)	(2.00)
Depreciation for the year	(32.76)	(32.76)
Balance as at 31st March, 2017	(34.76)	(34.76)
Carrying amount (I-II)		
Balance as on 31st March, 2017	124.62	124.62
Balance as on 31st March, 2016	117.78	117.78
Balance as at 1st April, 2015	–	–

Note:

(i) Software has been amortised over 5 years of useful life under straight line method

Note 4 – Non-current Investment

Particulars	Face value Rs. per unit	**As at 31st March, 2017** Number	Current	Non-Current	As at 31st March, 2016 Number	Current	Non-Current	As at 1st April, 2015 Number	Current	Non-Current
Unquoted Investments (fully paid up)										
Investments in Equity Instruments at FVTOCI										
AK Surya Power Magic Private Limited	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–

Note 5 – Deferred Tax Assets (net)

Rs. Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
Vehicle	–	–	–
Financial asset at Fair value through profit and loss (FVTPL)	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Employee Benefits	–	–	–
Provision for doubtful debts	–	–	–
	–	–	–
Net Tax Asset (Liabilities)	–	–	–

Movement of Deferred tax assets and liabilities

Rs. Lakhs

Particulars	**For the Year ended 31st March 2017** Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
Vehicle	–	–	–
FVTPL financial asset	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Employee Benefits	–	–	–
Provision for doubtful debts	–	–	–
	–	–	–
Net Tax Asset (Liabilities)	–	–	–

Note 6 – Other Non-current Assets

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
(a) Service Tax Receivable	–	82.94	–	14.89	–	–
Total	–	82.94	–	14.89	–	–

Note 7 – Financial assets - Investments

Particular	As at 31st March, 2017 Qty Nos.	As at 31st March, 2017 Rs. Lakhs Current	As at 31st March, 2017 Rs. Lakhs Non-Current	As at 31st March, 2016 Qty Nos.	As at 31st March, 2016 Rs. Lakhs Current	As at 31st March, 2016 Rs. Lakhs Non-Current	As at 1st April, 2015 Qty Nos.	As at 1st April, 2015 Rs. Lakhs Current	As at 1st April, 2015 Rs. Lakhs Non-Current
Investments in Mutual Funds At fair value through profit & Loss account									
Quoted – Growth Scheme									
Birla Sun Life Cash Plus – Growth - Regular Plan	7,945.05	20.70	–	–	–	–	–	–	–
HDFC Liquid Fund – Regular Plan - Growth	643.61	20.59	–	–	–	–	–	–	–
Mahindra Liquid Fund – Regular - Growth	19,019.21	200.00	–	–	–	–	–	–	–
Total Quoted Investments	27,607.86	241.29	–	–	–	–	–	–	–

Note 8 – Trade receivables

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Trade receivables						
(a) Unsecured, considered good	114.03	–	–	–	–	–
Total	114.03	–	–	–	–	–

Note 9 – Cash and cash equivalents

Rs. Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	3.77	2.44	0.01
(b) Fixed deposits with maturity less than 3 months	36.00	345.00	–
Total Cash and cash equivalent	39.77	347.44	0.01

Note 10 – Other financial assets

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
(i) Interest accrued but not received on fixed deposit	–	–	3.64	–	–	–
Total	–	–	3.64	–	–	–

Note 11 – Other current assets

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
(a) Advance tax (Net of tax provisions)	2.12	–	0.06	–	–	–
(b) Prepayments	37.44	–	0.52	–	–	–
Total	39.56	–	0.58	–	–	–

Note 12 – Equity Share Capital

Particulars	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Rs. Lakhs	As at 31st March, 2016 No. of shares	As at 31st March, 2016 Rs. Lakhs	As at 1st April, 2015 No. of shares	As at 1st April, 2015 Rs. Lakhs
Authorised:						
Equity shares of Rs. 10 each	25,000,000	2,500.00	15,000,000	1,500.00	10,000,000	1,000.00
Issued, Subscribed Capital:						
Equity shares of Rs. 10 each, fully paid up	15,060,000	1,506.00	5,780,000	578.00	780,000	78.00
Total	15,060,000	1,506.00	5,780,000	578.00	780,000	78.00

Notes:

(i) The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The equity shares of the company rank pari-passu in all respects including voting rights and entitlement to dividend.

Note 12.1 – Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	2017 No. of Shares	2017 Rs. Lakhs	2016 No. of Shares	2016 Rs. Lakhs	2015 No. of Shares	2015 Rs. Lakhs
Issued and subscribed:						
Balance as at the beginning of the year	5,780,000.00	578.00	780,000.00	78.00	780,000.00	78.00
Add:						
Shares issued during the year	9,280,000.00	928.00	5,000,000.00	500.00	–	–
Balance at the end of the year	**15,060,000.00**	**1,506.00**	5,780,000.00	578.00	780,000.00	78.00

Note 12.2 – Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares / Name of shareholder	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares	As at 31st March, 2016 Number of shares held	As at 31st March, 2016 % holding in that class of shares	As at 1st April, 2015 Number of shares held	As at 1st April, 2015 % holding in that class of shares
Equity shares						
Mahindra Holdings Limited Subsidiary of Mahindra & Mahindra Ltd	14,780,000	98%	5,780,000	100%	780,000	100%

Note 13 – Other Equity

Rs. Lakhs

Particulars	General reserve	Reserves & Surplus: Retained earnings	Equity instrument through Other Comprehensive Income	Total
Balance at the beginning of the year 31st March, 2015	–	(132.85)	–	(132.85)
Total Comprehensive income for the year	–	(176.93)	–	(176.93)
Dividends paid on equity shares	–	–	–	–
Dividend distribution tax	–	–	–	–
Balance at the beginning of the year 31st March, 2016	–	(309.78)	–	(309.78)
Total Comprehensive income for the year	–	(910.60)	–	(910.60)
Dividends paid on equity shares	–	–	–	–
Dividend distribution tax	–	–	–	–
Balance at the end of the year 31st March 2017	–	**(1,220.37)**	–	**(1,220.37)**

Note 14 – Provisions

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Provision for employee benefits						
(i) Provision for compensated absences	–	17.44	–	–	–	–
(ii) Provision for gratuity	–	18.59	–	–	–	–
Total	–	**36.03**	–	–	–	–

Note 15 – Trade Payables

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Trade payable – Micro and Small enterprises	–	–	–	–	–	–
Trade payable – Other than micro and small enterprises	322.88	–	214.91	–	54.86	–
Total trade payables	**322.88**	–	214.91	–	54.86	–

Note 16 – Other Liabilities

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Advances received from customers	–	–	0.19	–	–	–
Statutory dues	15.90	–	1.03	–	–	–
Total other liabilities	**15.90**	–	1.22	–	–	–

Note 17 – Provisions

Rs. Lakhs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Provision for employee benefits						
(i) Provision for compensated absences	2.42	–	–	–	–	–
(ii) Provision for gratuity	0.67	–	–	–	–	–
Total other liabilities	**3.09**	–	–	–	–	–

Note 18 – Revenue from Operations

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from Services provided	287.45	0.11
Total Revenue from Operations	**287.45**	**0.11**

Note 19 – Other Income

Rs. Lakhs

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Interest income		
	– on financial assets at Amortized cost		
	(i) fixed deposit with banks	12.93	4.15
(b)	Net profit on sale of current investments	–	–
(c)	Liabilities no longer required written back	–	54.72
(d)	Miscellaneous income	–	–
Total Other Income		**12.93**	**58.87**

Note 20 – Employee Benefits Expense

Rs. Lakhs

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Salaries and wages, including bonus	187.81	31.41
(b)	Contribution to provident and other funds	8.53	1.84
(c)	Staff welfare expenses	2.84	0.76
Total Employee Benefit Expense		**199.18**	**34.02**

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Parent Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme. The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the Parent Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses. Amount charged for the year is Rs. 2.41 lakhs (Year emded 31st March, 2016 Rs. Nil) included in Salaries & wages, including Bonus.

20.1 Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 6.19 Lakhs (Year ended 31 March, 2016 Rs. 1.03 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the schemes.

20.2 Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31st March, 2017	31st March, 2016	1st April, 15
Discount rate(s)	7.60%	0.00%	0.00%
Expected rate(s) of salary increase	10.00%	0.00%	0.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Particulars	Unfunded Plans Gratuity	
	2017	2016
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	278,728	–
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	67,928	–
Components of defined benefit costs reconised in profit or loss	346,656	–
Ib. Included in other Comprehensive Income		
Return on plan assets (excluding amunt included in net interest expense)	–	–
Actuarial gains and loss arising form changes in financial assumptions	–	–
Actuarial gains and loss arising form changes in demographic assumptions	–	–
Actuarial gains and loss arising form experience adjustments	(207,840)	–
Others (describe)	–	–
Componenets of defined benefit costs recognised in other comprehensive income	(207,840)	–
Total	138,816	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	1,926,390	–
2. Fair value of plan assets as at 31st March	–	–
3. Surplus/(Deficit)	–	–
4. Current portion of the above	67,285	–
5. Non current portion of the above	1,829,390	–
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	278,728	–
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	–	–
– Past Service Cost	1,787,574	
– Interest Expense (Income)	67,928	–
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	–	–
ii. Financial Assumptions	–	–
iii. Experience Adjustments	(207,840)	–
5. Benefit payments	–	–
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	1,926,390	–
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	–	–
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	–	–

Particulars	Unfunded Plans Gratuity 2017	2016
3. Expenses Recognised in Profit and Loss Account	346,656	–
– Expected return on plan assets		
4. Recognised in Other Comprehensive Income	(207,840)	
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return		
– Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	1,787,574	–
6. Benefit payments	–	–
7. Fair value of plan assets at the end of the year	1,926,390	–
IV. Actuarial assumptions		
1. Discount rate	7.60%	0.00%
2. Expected rate of return on plan assets	0.00%	0.00%
3. Attrition rate	7.00%	0.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate			
2017	1.00%	2.30	2.68
2016	1.00%		
Salary growth rate			
2017	1.00%	2.77	2.27
2016	1.00%		

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2017	2016
Within 1 year	0.67	–
1 – 2 year	0.92	–
2 – 3 year	1.02	–
3 – 4 year	1.19	–
4 – 5 year	1.25	–
5 – 10 years	60.91	–

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year.

Note 21 – Other Expenses

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Rent including lease rentals	**17.86**	0.39
(b) Insurance	**1.72**	–
(c) Repairs and maintenance	**2.73**	0.38
(d) Advertisement	**12.66**	20.34
(e) Sales promotion expenses	**300.12**	60.62
(f) Travelling and Conveyance Expenses	**16.39**	2.96
(g) Subcontracting, Hire and Service Charges	**358.07**	22.12
(h) Auditors remuneration and out-of-pocket expenses (refer note (i) below)	**1.30**	0.50
(i) Legal and other professional costs	**164.79**	54.00
(j) Postage and Telephone Expenses	**10.42**	10.65
(k) Call center Expenses	**51.31**	10.14
(l) Share Issue Expenses	**10.43**	12.35
(j) Loss on sale of current investments	**2.04**	5.44
(k) Other General Expenses	**25.57**	
Total Other Expenses	**975.42**	199.88

note (i)

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
For - statutory audit	**1.05**	0.50
For taxation matters	**0.25**	–
For other services	**–**	–
Reimbursement of expenses	**–**	–
Total	**1.30**	0.50

Note 22 – Tax expenses

Income Tax Expense

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current Tax:		
Current Income Tax Charge	**–**	–
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**–**	–
Total Tax Expense recognised in profit and loss account	**–**	–

Numerical Reconciliation between average effective tax rate and applicable tax rate:

Particulars	As at 31st March, 2017 Rs. Lakhs	Tax Rate	As at 31st March, 2016 Rs. Lakhs	Tax Rate
Profit Before tax from Continuing Operations	**(910.60)**		(176.93)	
Income Tax using the Company's domestic Tax rate#	**–**	**0.00%**	–	0.00%
Tax Effect of :				
- Non deductible Expenses				
Interest on Delayed payment to the Micro, Small and Medium Enterprises	**–**	**0.00%**	–	0.00%

Particulars	As at 31st March, 2017 Rs. Lakhs	As at 31st March, 2017 Tax Rate	As at 31st March, 2016 Rs. Lakhs	As at 31st March, 2016 Tax Rate
Donation to KC Mahindra Education trust	–	0.00%	–	0.00%
CSR Expenses - own spend disallowed U/s 37(1)	–	0.00%	–	0.00%
Interest on Delayed payment of Dividend distribution Tax	–	0.00%	–	0.00%
Provision for doubtful debts	–	0.00%	–	0.00%
Others	–	0.00%	–	0.00%
- Deductible Expenses				
Donation U/s 80G @ 50%	–	0.00%	–	0.00%
Tax Truing up of previous year assessment completed and order received	–	0.00%	–	0.00%
- Tax - Exempt income	–	0.00%	–	0.00%
Changes in recognised deductible temporary differences	–	0.00%	–	0.00%
Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)	–	0.00%	–	0.00%

Tax rate considered are as per the tax rates applicable for relevant Assessment Year as given by CBDT.

Deferred tax expected to originate in the year to 31.3.2017 has been measured using the effective rate that will apply for the period.

Note 23 – Earning per share disclosures

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	(8.48)	(10.42)
Total basic earnings per share	(8.48)	(10.42)
Diluted Earnings per share		
From continuing operations	(8.48)	(10.42)
Total diluted earnings per share	(8.48)	(10.42)

Note 23.1
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit for the year attributable to owners of the Company	(910.60)	176.92)
Less: Preference dividend and tax thereon	–	–
Profits used in the calculation of basic earnings per share from continuing operations	(910.60)	(176.92)
Weighted average number of equity shares	10,733,907	1,697,808
Earnings per share from continuing operations - Basic	(8.48)	(10.42)

Note 24 – Segment information

The Company's business activities are in the nature of digital service provider in logistic space.

Rs. Lakhs

Geographic information	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from external customers		
India	287.45	0.11
Outside India	–	–
Total revenue per statement of profit or loss	287.45	0.11

All the non-current assets of the Company are located in India.

Revenue from major services

The following is an analysis of the company's revenue from its major services:

Rs. Lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Service Income	287.45	0.11
Total revenue per statement of profit or loss	287.45	0.11

Revenues from transactions with a single external customer which are exceeding 10% or more of a Company's revenues during the year are as follows :

1. Mahindra Logistic Limited - Rs. 133.90 Lakhs

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note 25 – Related Party Transactions

Nature of Relationship

Details of related parties:

Description of relationship	Names of related parties
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Limited
Key Management Personnel	Mrs. Kausalya Nandakumar (CEO)

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year

Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:

Rs. Lakhs

Particulars	Mahindra & Mahindra Limited	Mahindra Integrated Business Solutions Limited	Mahindra Logistics Limited	Total
Rendering of services	–	–	133.90	133.90
	(–)	(–)	(–)	(–)
Receiving of services		57.69	–	57.69
	(–)	(–)	(–)	(–)
Rent Expenses	13.52	–	–	13.52
	(–)	(–)	(–)	(–)
Reimbursements made to parties	126.89	–	–	126.89
	(–)	(–)	(–)	(–)
Balances outstanding at the end of the year				
Trade payable	140.41	9.40	48.47	198.28
	(181.08)	(–)	(–)	(181.08)

Remuneration paid to KPI – Rs. 38.35 lakhs

Note 26 – Financial Instruments and Risk Review

26.1 – Capital Management policies and procedures

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, Return on capital employed ratio on the basis of the carrying amount of equity on a monthly basis and implement capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The company monitors the total capital comprising of Equity. The company is not subject to externally enforced capital regulation. Equity comprises of total shareholders' equity as reported in the financial statements.

Total Capital is as follows:

Rs. Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 31st March, 2015
Equity	**1,506.00**	578.00	78.00
	1,506.00	578.00	78.00

Categories of financial assets and financial liabilities

Rs. Lakhs

Particulars	As at 31st March, 2017				As at 31st March, 2016				As at 1st April, 2015			
	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total
Non current financial Assets												
(i) Non current investment	–	–	–	–	–	–	–	–	–	–	–	–
Current Assets												
(i) Investments	–	241.29	–	241.29	–	–	–	–	–	–	–	–
(ii) Trade receivables	114.03	–		114.03	–	–	–	–	–	–	–	–
(iii) Cash and cash equivalents	39.77	–	–	39.77	347.44	–	–	347.44	–	–	–	–
(iv) Loans	–	–	–	–	–	–	–	–	–	–	–	–
(v) Interest accrued but not received	–	–	–	–	3.64	–	–	3.64	–	–	–	–
Total	**153.79**	**241.29**	–	**395.08**	**351.08**	–	–	**351.08**	–	–	–	–
Current Liabilities												
Trade Payables	322.88	–	–	322.88	214.91	–	–	214.91	54.86	–	–	54.86
Other Non Current financial liabilities												
Other financial liabilities	–	–	–	–	–	–	–	–	–	–	–	–
Total	**322.88**	–	–	**322.88**	**214.91**	–	–	**214.91**	**54.86**	–	–	**54.86**

26.2 – Financial Risk Management Framework

The Company's activities expose it to avariety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

(i) CREDIT RISK

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Company's exposures are continuously monitored.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are agencies with high credit-ratings assigned by international credit-rating agencies.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

The loss allowance for trade receivables using expected credit losses for different ageing periods are as follows:

Particulars	Less than 6 months past due	More than 6 months past due	Total
As at 31st March, 2017			
Gross carrying amount	**114.03**	–	**114.03**
Loss allowance provision	–	–	–
Net	**114.03**	–	**114.03**
As at 31st March, 2016			
Gross carrying amount	–	–	–
Loss allowance provision	–	–	–
Net	–	–	–
As at 31st March, 2015			
Gross carrying amount	–	–	–
Loss allowance provision	–	–	–
Net	–	–	–

Reconciliation of loss allowance for Trade Receivables

Particulars	Rs. Lakhs For the year ended 31st March, 2017
Balance as at beginning of the year	–
Additons during the year	–
Balance at end of the year	–

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks, including:

(i) Forward covers to hedge the import payments,

(ii) Fixed Deposits with Bank and

(iii) Mutual funds investment

There have been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

All transactions done by company are in local currency, hence not exposed to currency risks

(iii) LIQUIDITY RISK

(a) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities 31-Mar-17		
Interest bearing financial liability	–	–
Non-interest bearing financial liabilities	**322.88**	–
Total	**322.88**	–
31-Mar-16		
Interest bearing financial liability	–	–
Non-interest bearing financial liabilities	214.91	–
Total	214.91	–
31-Mar-15		
Interest bearing financial liability	–	–
Non-interest bearing financial liabilities	54.86	–
Total	**54.86**	–

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
31-Mar-17		
Non-interest bearing		
(i) current Investments	**241.29**	–
(ii) Trade receivables	**114.03**	–
(iii) Cash and cash equivalents	**3.77**	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	**36.00**	–
(ii) Interest accrued but not received	–	–
(iii) Loans	–	–
Total	**395.09**	–
31-Mar-16		
Non-interest bearing		
(i) Investments	–	–
(ii) Trade receivables	–	–
(iii) Cash and cash equivalents	2.44	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	345.00	–
(ii) Interest accrued but not received	3.64	–
(iii) Loans	–	–
Total	**351.08**	–
31-Mar-15		
Non-interest bearing		
(i) Investments	–	–
(ii) Trade receivables	–	–
(iii) Cash and cash equivalents	0.01	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	–	–
(ii) Interest accrued but not received	–	–
(iii) Loans	–	–
Total	**0.01**	–

Offsetting of balances

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31st March, 2017					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	**241.29**	–	**241.29**	–	**241.29**
Trade receivables	**114.03**	–	**114.03**	–	**114.03**
Cash and cash equivalents	**39.77**	–	**39.77**	–	**39.77**
Loans	–	–	–	–	–
Other financial assets	–	–	–	–	–
Total	**395.08**	–	**395.08**	–	**395.08**
Financial liability					
Trade payables	**322.88**	–	**322.88**	–	**322.88**
Other financial liabilities	–	–	–	–	–
Total	**322.88**	–	**322.88**	–	**322.88**
As at 31st March, 2016					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	–	–	–	–	–
Trade receivables	–	–	–	–	–
Cash and cash equivalents	347.44	–	347.44	–	347.44
Loans	–	–	–	–	–
Other financial assets	3.64	–	3.64	–	3.64
Total	**351.08**	–	**351.08**	–	**351.08**
Financial liability					
Trade payables	214.91	–	214.91	–	214.91
Other financial liabilities	–	–	–	–	–
Total	**214.91**	–	**214.91**	–	**214.91**
As at 31st March, 2015					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	–	–	–	–	–
Trade receivables	–	–	–	–	–
Cash and cash equivalents	0.01	–	0.01	–	0.01
Loans	–	–	–	–	–
Other financial assets	–	–	–	–	–
Total	**0.01**	–	**0.01**	–	**0.01**
Financial liability					
Trade payables	54.86	–	54.86	–	54.86
Other financial liabilities	–	–	–	–	–
Total	**54.86**	–	**54.86**	–	**54.86**

Note 27 – Fair Value Measurement

Financial assets/financial liabilities	Fair value as at 31st March, 2017	Fair value as at 31st March, 2016	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Foreign currency forward contracts	–	–				
(ii) Equity investments	–	–				

Financial instruments not measured using fair value i.e.measured using amortized cost

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March, 2017				
Current Financial assets carried at amortised cost				
– loans to related parties	–	–	–	–
– trade and other receivables	–	**114.03**	–	**114.03**
– Loans receivables	–	–	–	–
– Other	–	–	–	–
Total		**114.03**		**114.03**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	–	–	–
Current financial liabilities carried at amortised cost	–	–	–	–
Trade Payables	–	**322.88**	–	**322.88**
Total		**322.88**		**322.88**
Financial assets				
As at 31st March, 2016				
Current Financial assets carried at amortised cost	–	–	–	–
– loans to related parties	–	–	–	–
– trade and other receivables	–	–	–	–
– Loans receivables	–	–	–	–
– Others	–	3.64	–	3.64
Total	–	**3.64**	–	**3.64**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	–	–	–
Current financial liabilities carried at amortised cost				
Trade Payables	–	214.91	–	214.91
Total	–	**214.91**	–	**214.91**
Financial assets				
As at 31st March, 2015				
Current Financial assets carried at amortised cost				
– trade and other receivables	–	–	–	–
– Others	–	–	–	–
Total	–	–	–	–
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	–	–	–
Current financial liabilities carried at amortised cost				
Trade Payables	–	54.86	–	54.86
Total	–	**54.86**	–	**54.86**

Financial instruments measured using fair value

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2017				
Current Financial assets				
Investments in Mutual Funds	241.29	–	–	241.29
Non current financial assets				
Investment in equity instruments	–	–	–	–
Total	**241.29**	–	–	**241.29**
Financial assets				
As at 31st March 2016				
Current Financial assets				
Investments in Mutual Funds	–	–	–	–
Total		–	–	–
Financial assets				
As at 31st March 2015				
Current Financial assets				
Investments in Mutual Funds	–	–	–	–
Total	–	–	–	–

Note 28 – Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

Particulars	31st March, 2017	31st March, 2016
(i) Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	–	–
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note 29 – Specified Bank Notes held & transacted

Company does not have any holdings or dealings in Specified bank notes.

Particulars	SBN's	Other denomination	Total
Closing cash in hand as on 08.11.2016	–	–	–
Add: Permitted receipts	–	–	–
Less: Permitted payments	–	–	–
Less: Amount deposited in banks	–	–	–
Closing cash in hand as on 30.12.2016	–	–	–

Note 30 – First-time adoption of Ind-AS reconciliations

These financial statements, for the year ended 31st March 2017, are the first financial statements prepared in accordance with Ind-AS. The company prepared its financial statements for periods upto and including the year ended 31st March, 2016, in accordance with statutory reporting requirement in India immediately before adopting Ind-AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31st March, 2017, together with the comparative period data as at and for the year ended 31st March, 2016. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2015 and the financial statements as at and for the year ended 31st March, 2016.

First Time Ind AS Adoption reconciliations

(i) Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015:

Rs. Lakhs

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	–	–
Ind AS: Adjustments increase (decrease):		
Dividends not recognised as liability until approved in shareholders meeting	–	–
Tax on dividend declared by board of directors	–	–
Deferred income tax	–	–
Fair valuation of mutual fund investment	–	–
Equity as reported under IND AS	–	–

(ii) Reconciliation of total comprehensive income for the year ended 31st March, 2016:

Rs. Lakhs

Particulars	Year ended 31st March, 2016
Profit or Loss as per previous GAAP	–
Ind AS: Adjustments increase (decrease):	
Fair valuation of mutual fund	–
Deferred tax liability on mutual fund fair valuation	–
Total comprehensive income under Ind ASs	–

Note: Total comprehensive income was not reported under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

Rs. Lakhs

Particulars	Year ended 31st March 2016		
	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	–	–	–
Net cash flows from investing activities			
Net cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	–	–	–
Cash and cash equivalents at beginning of period	–	–	–
Cash and cash equivalents at end of period	–	–	–

Analysis of cash and cash equivalents as at 31st March, 2016 and 31st March, 2015 for the purpose of Statement of Cash flows under Ind AS

Rs. Lakhs

Particulars	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	–	–
Other adjustments (specify)	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	–	–

In terms of our report attached

For B. K. Khare
Chartered Accountants
(FRN: 105102W)

Shirish Rahalkar
Mem. No. 111212

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar } *Directors*

Dr. Anish Shah *Chairman*

Pradeep Jape *CFO*

Sanjana Doshi *Company Secretary*

DIRECTORS' REPORT

Your Directors are pleased to present the 35th Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016*
Revenue from Operations	**20,141.83**	20,295.73
Other Income	**186.63**	224.49
Total Income	**20,328.46**	20,520.22
Profit Before Interest, Depreciation & Tax	**1,425.57**	1,338.21
Finance cost	**152.89**	45.95
Depreciation	**304.78**	265.54
Profit Before Tax	**967.90**	1,026.72
Tax expense	**(22.57)**	152.25
Profit After Tax	**990.47**	874.47
Other comprehensive income/ (loss) for the year	**(2.21)**	39.43
Profit for the year attributable to owners of the Company	**988.26**	913.90
Add : Balance Brought Forward	**(84.82)**	(998.72)
Surplus/(Deficit) Carried to the Balance Sheet	**903.43**	(84.82)

* Figures have been regrouped as per Indian Accounting Standards (IND AS).

Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 201.42 crore as compared to Rs. 202.96 crore for the previous year.

The Company made a Profit Before Tax of Rs. 9.68 Crore for the year 2016-17 as compared to Rs. 10.27 Crore in the previous year. The Profit After Tax was at Rs. 9.90 crore vs. Rs. 8.74 crore in the previous year reflecting growth of 13.3% over the previous year.

The performance of the year 2016-17 was benefitted due to implementation of core strategies, acceleration of business in project markets, coupled with improved operational efficiencies.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March, 2017.

Corporate Governance & Management Discussion and Analysis Report

Your Company believes in sound practices of good Corporate Governance. Transparency, Accountability, and Responsibility are the fundamental guiding principles for all decisions, transactions, and policy matters of the Company. A Report on Corporate Governance, along with a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

Further, the Management Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Annexure I to this Report.

Stock Options

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees Stock Option Scheme of the Company. The Stock Option Scheme, 2014 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes in the said scheme during the year under review.

During the year under review 14,089 nos. Stock Options got vested under the Employees Stock Option Scheme -2014, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 14,089 Equity Shares.

The Nomination and Remuneration Committee of the Board of Directors further granted 1,33,432 Stock Options during the year under review, comprising about 0.04% of the current paid up capital.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31st March, 2017 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure II to this Report.

Voting rights on the shares issued to employees under the ESOS are either exercised by them directly or through their appointed proxy.

Share Capital

During the year, with the allotment of 14,089 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,58,472 equity shares of Rs 10/- each to 2,76,72,561 equity shares of Rs 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,67,25,610 divided into 2,76,72,561 equity shares of Rs. 10 each as on 31st March, 2017.

Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents 54.73 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M. The Company does not have any subsidiary company.

Contracts and arrangements with Related Parties

During the financial year, all contracts/arrangements/transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as the transactions which cannot be foreseen and accordingly, the required disclosures are made to the Committee on quarterly basis in terms of approval of the Committee.

The Company's major related party transactions are generally with its holding and associate companies. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sales transactions through tenders or otherwise. All related party transactions are negotiated on an arms-length basis, and are intended to promote the Company's interests.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_Policy_on_Related Party_Transactions.pdf. The related party transactions have been set out in the Note No. 29 to the financial statement.

Risk Management

The Company has constituted a Risk Management Committee comprising Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga. Mr. Nikhilesh Panchal is the Chairman of this Committee. The Company has adopted the Risk Management Policy. The Committee is entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed.

There is an adequate mechanism in place about risks and uncertainties that can impact its ability to achieve its strategic objectives, risk assessment, risk mitigation and minimization procedures and its periodical review.

Industrial relations

Employees at all levels have contributed to the performance of your Company. Your directors place on record the cooperation of employees during the year under report. The Directors also place on record the unstinted cooperation extended by the staff members during the period under review.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources/Industrial Relations during the year.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and your Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards. This has demonstrated with no single incidence of accident for last 924 days.

The Safety Committee constituted for the same, regularly reviews the adherence of safety norms. Some of the programs undertaken by the Company include behaviour based safety training, Knowledge based fire extinguisher training, fire fighting training and safety awareness, etc.

Various health checkup programs for employees were regularly undertaken by the Company during the year.

Requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

Directors and Key Managerial Personnel

a) **Key Managerial Personnel (KMP)**

In accordance with the provisions of Section 203 of the Act, the following persons have been designated as KMP of the Company as at 31st March, 2017:

Name of the KMP	Designation
Mr. Ashok Sharma	Managing Director
Mr. Sanjeev Mohoni	Chief Executive Officer (CEO)
Ms. Sunetra Ganesan	Chief Financial Officer (CFO)
Mr. Ratnakar Nawghare	Company Secretary (CS)

Ms. Sunetra Ganesan was appointed as CFO in place of Mr. Mayur Bumb, who separated from the Company on 9th December, 2016.

b) **Directors**

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Non independent Director Mr. S Durgashankar would retire and, being eligible, has offered himself for reappointment.

The three years' term of Mr. Ashok Sharma as Managing Director would be expiring on 30th September, 2017 and would require to be renewed for a further period of 3 years with effect from 1st October, 2017. The approval from shareholders for renewal of his term is being sought at the ensuing Annual General Meeting.

The Company has received Notice in writing from a Member proposing Mr. Ashok Sharma for re-appointment as Managing Director at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company under Section 149(7) of the Act confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

The information required pursuant to Section 197(12) read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of a director to the median remuneration of the employees of the Company for the financial year is given in the Annexure III to this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive director. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board level committees are given in detail in the Report on Corporate Governance, which forms part of this Annual Report.

The Company had on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, followed a process of evaluation by the Board for its own performance and that of its Committees and individual Directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company. During the year the Independent Directors of the Company met on 27th April, 2016.

The following policies of the Company are attached herewith marked as Annexure IV and Annexure V:

a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management.

b) Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

Significant and material orders passed by the Regulators or Courts or Tribunals

During the year under review, the Director Horticulture – Maharashtra had issued the order dated 30th July, 2016 deregistering the Company in the State of Maharashtra and also restricting to participate in any subsidy related business in the State on account of failure of samples in testing.

The Company had raised many issues and flaws in respect of non adherence to sample testing procedure, preservation of samples and non-adherence to PMKSY Guidelines etc. Based on the merits, the samples were subsequently retested and passed at the recognised laboratory. The Company is expecting the positive outcome in the matter soon.

Material changes and commitments affecting the financial position of the Company

The Company has received Order dated 1st April, 2017 from the Director Horticulture and Farm Forestry, Madhya Pradesh, staying his earlier Order dated 28th March, 2017 inter alia, de-registering the Company in the State of Madhya Pradesh from participating in State Sponsored Horticulture Subsidy Scheme in the country for a period of 1 year.

Directors' Responsibility Statement

Pursuant to section 134 (5) (e) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_CSR_Policy.pdf

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified few focus areas of engagement which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Disaster Response: Managing and responding to disaster.

During the year under review, your Company initiated few projects such as girl child education, supply of drinking water pipe line, providing solar water systems and supply of benches to a school in the rural area, River excavation work under Jalaukt Shiwar Yojana, medical check-up camps, tree plantation etc. These projects were mainly implemented directly through employee participation.

During the year under review, the Company has spent Rs. 14.95 lacs, which is over 2% of the average net profits of last three financial years, on CSR activities.

The Annual Report on CSR activities is annexed herewith marked as Annexure VI.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder

During the year under review, there were no complaints reported/resolved pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

Vigil Mechanism/Whistle Blower policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a vigil mechanism policy. Whistle Blower or Complainant, as the case may be under the said Policy, shall be entitled to direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. This policy is explained in the Report on Corporate Governance and also posted on the website of Company.

Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office under second term of five years until the conclusion of the Annual General Meeting to be held in the year 2021 as per the Resolution passed by the Shareholders on July 29, 2016 subject to the ratification by members in every Annual General Meeting. The Auditors are eligible for reappointment under Section 139(1) of the Companies Act, 2013 and have furnished a certificate to this effect. The Directors recommend for ratification of their reappointment as Auditors of the Company.

Cost Auditors

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 148(6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 pertaining to the financial year 2015-16 before the due date of filing.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2017-18. M/s Shilpa & Company have confirmed that their appointment is within the limits of Section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under Sections 141(3) and 148(5) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2017-18. The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Rules therein, the Secretarial Audit Report for the financial year ended on 31st March, 2017 issued by Mr. Sachin Bhagwat, Practising Company Secretary is attached as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Public Deposits & Loans/Advances

During the year, the Company did not accept any fixed deposit. There were unclaimed/unpaid deposits and unclaimed/unpaid interest warrants outstanding as on March 31, 2017 amounting to Rs. 0.91 lacs. Your Company has neither made any loans or advances nor did any guarantees or securities which are required to be disclosed in the Annual Accounts of the Company.

Uses & Application of Funds raised under Rights Issue

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No - 35.1 to the Financial Statement. The Uses and Application of funds under Rights Issue are monitored regularly by the Audit Committee.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under sub-section(3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VIII to this Report.

DISCLOSURES:

Audit Committee

The Audit Committee comprises Independent Directors namely M/s. Vinayak Patil (Chairman), S Durgashankar and Anand Daga as other members.

All the recommendations made by the Audit Committee were accepted by the Board.

CSR Committee

The CSR Committee comprises M/s Ashok Sharma (Chairman), S Durgashankar and Vinayak Patil as other members.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Directors namely M/s. Anand Daga (Chairman), S Durgashankar and Vinayak Patil as other members.

Meetings of the Board

Five meetings of the Board of Directors were held during the year. For further details, please refer the Report on Corporate Governance of this Annual Report.

Extract of Annual Return

Pursuant to Sub-section 3(a) of Section 134 and Sub-section 3 of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extracts of Annual Return of the Company as at 31st March, 2017 is annexed herewith as Annexure IX to this Report.

Statement of deviation (s) or variation (s)

During the year under review, there were no deviations of funds reported to the Audit Committee in respect of the funds raised in the year 2012, under Rights Issue.

General

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

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. There were no frauds reported by auditors (including Secretarial and Cost auditor) to the Audit Committee or Board and also not reported to the Central Government.

Particulars of Employees

Particulars of employees as required under Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report and marked as Annexure III (B) and (C). In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Acknowledgements

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and continued support received from customers, vendors, suppliers, bankers, business associates and shareholders.

For and on behalf of the Board

Vinayak Patil	**Ashok Sharma**
Director	Managing Director

Place : Nashik
Dated : 27th April, 2017

ANNEXURE I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile

EPC Industrié Limited is one of the pioneer companies in the industry, manufacturing Drip and Sprinkler Irrigation systems. Your Company's products are known in the market for their superior quality. In line with its larger objective of 'Delivering FarmTech Prosperity' and to sustain growth in the MIS market, your Company has introduced unique ways of delivering value to our farmers in addition to developing & manufacturing high quality MI systems.

Besides Micro Irrigation Systems, the Company also undertakes activities in the following:

- Greenhouse/Polyhouses, Hi-tech Polyhouses
- Range of Pumps required for agriculture and domestic use.
- Landscape products
- Automation products

Overview

Water scarcity, food security and other water-related environmental and ecological problems have been increasing rapidly in many areas of the world. "The real crisis in water is a 'creeping crisis'— it comes on slowly but it demands a response right now." Sustainable development—that is, development that meets the needs of the present without compromising the ability of future generations to meet their own needs—is a concept that has gained popularity. Increasingly, researchers and policymakers are advocating sustainable development as the best approach to today's and future water problems. The water resource management, sustainability implies preservation of water resources and meeting water demands.

Flood irrigation is commonly and traditionally followed in almost the whole of India. Use of this system often results into wastage of water in conveyance, distribution and evaporation. Therefore, only about 30-40% of applied water is being utilized by the crop and the rest is drained out or evaporated.

Agriculture industry is adversely affected by a significant decrease in the ground water levels; hence, there is a need to locate efficient ways of supplying water to meet agricultural needs and conserve water for future use.

In view of the water availability for future, various demand management strategies and programmes were introduced to improve water use efficiency. Micro Irrigation (MI) was one of them. Under Micro Irrigation, the water supply is regulated and only desired quantity of water is provided to the plant. The initial objective of micro irrigation was primarily to save water and increase the water use efficiency. However, over the period micro irrigation has proved that it delivers many other economic and social benefits to the society. While increasing the productivity of crops significantly, it also reduces soil erosion, weed problems, cost of cultivation, labour, energy use, wastage of fertilizer/nutrient loss etc.

Industry Structure and Developments

Water scarcity and governmental support is the most important driving factor of the MIS industry. Besides this, area available for crop production, growing population in the country and GDP in the agriculture sector also contribute to the growing demand for MIS. The other major contributor to this market is growing pollution levels due to which the water level has declined and in the near future this trend is expected to continue.

Government of India has recognized the need for efficient and effective use of water, by improving its role in the agriculture segment and has given considerable importance to the micro irrigation industry. This has been demonstrated by increasing funds provision every year for micro irrigation. The Government of Karnataka has mandated Drip Irrigation system for Sugarcane crop while Maharashtra Government is extensively promoting Drip Irrigation Systems through Sugarcane factories.

Your Company is presently a major supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services and widespread network have contributed to our growth.

Opportunities and Outlook

Micro irrigation is the fastest growing market segment in terms of both revenue and area, with 10-15% CAGR in terms of revenue. The growth of this market is fuelled by the government initiatives for adoption of micro irrigation systems in order to conserve water for future use. The growth of micro irrigation systems is particularly higher in Asia Pacific and Africa due to the increased problems of water scarcity and farmer awareness towards increasing the crop yield with the help of micro irrigation systems.

Out of the total 69 million hectares of cultivated area in India, only 7 to 8 million hectares is under drip and sprinkler irrigation. This represents strong potential for the growth of micro irrigation systems in India.

Crop protection expense is the second highest expense after fertilizers in overall farming expenses. These expenses can be considerably reduced with fertigation technique incorporated with micro irrigation systems and has proved to be winning importance for the expansion of micro irrigation systems.

Operations and Financial Performance

During the year 2016-17, your Company achieved Sales Turnover of Rs. 201.42 crores as compared to Rs. 202.96 crores in the preceding year. The major factors contributing to this performance were: Focus on project markets, product mix and increase in operational efficiencies.

These initiatives enabled your Company to achieve this performance despite some challenges owing to the demonetisation resulting in slow demand and de-registration of the Company in the State of Maharashtra as MI supplier during the year under review.

Persistent efforts in product & process improvement and quality not only contributed to improved efficiencies, but also enabled farmers to improve productivity further. This has been amply demonstrated in the success stories of farmers using the Company's products.

In order to facilitate farmers in achieving "FarmTech Prosperity", the Company's Agri Helpline provides online support besides providing agronomical services to farmers to improve farm productivity. These value added services will certainly open up more business opportunities and generate revenues in the years to come.

During the year under review, the Company's initiatives towards various techniques such as 1S 2S, TMW, Total Productive Maintenance (TPM), Total Quality Management (TQM) Continuous Improvement Team (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan, Quality Parameters on all machines etc. continued to receive paramount importance. These measures have resulted in improvement in production efficiencies and reduction in rejections.

During the year under review, the Company has initiated opening of a satellite plant at Vadodara. This would be operational in the first quarter of F'18. This will help Company to reach newer markets, expand market share and reduce delivery time.

The Company is also preparing itself for Goods and Services Tax (GST) rollout in the year F'18, including revamping of IT and accounting systems, familiarisation with GST network, training to implement GST in a hassle-free manner and to make supply chains more efficient.

Risks, Concerns and Threats

The major risks and threats to the Micro Irrigation industry are uneven distribution of rainfall, competition from unorganized sector, government policies and a constant fluctuation in polymer prices.

Seasonality is also another major concern for all irrigation companies as major business originates from non-monsoon months. However, this concern gets addressed through the Company's well spread operations in different states where monsoon months vary.

Long lead time in release of state subsidies requires more working capital for MI Industry. However, with the implementation of Pradhan Mantri Krishi Sinchai Yojana by the Central Government, it is expected to bring uniformity in release of subsidies. Many States are exploring implementation of releasing subsidies online.

The demand of MI systems in agriculture will not diminsh, it will indeed increase exponentially. Even though surface irrigation will still dominate as the primary irrigation method with the current trends, the area under micro-irrigation will continue to expand.

Internal Control Systems

The Company has a well established and comprehensive internal control structure to ensure that all assets are safeguarded and protected against loss from unauthorized use.

During the year under review, the Company implemented Enterprise Resource Planning System integrating many functional modules under System Application and Product (SAP). This would help to derive improvement in productivity, increase efficiencies, decrease costs and streamline processes. All transactions are correctly recorded and reported that the operations are conducted in an efficient manner. It also provides reasonable assurance regarding reliability of financial reporting. The constituent key risks of the internal control systems are – review of business plan, identification of key risks and opportunities, well defined organisation structure, limits of financial authority and continuous identification of areas which require strengthening of internal controls.

The internal audits are conducted periodically, covering major areas of business and the Company continuously upgrades systems in line with the best accounting practices. The reports of Internal Auditors are reviewed by the Audit Committee of the Board. The Audit Committee discusses significant findings, recommendations of internal and external auditors with reference to significant risk areas and adequacy of internal controls and corrective measures are initiated.

Based on management's assessment and testing of controls, it is concluded that the Company has proper internal financial controls which are considered adequate and are operating effectively.

Human Resources

The Company takes great pride in the commitment, competence and dynamism shown by its employees in all spheres of business. The Company continues to take initiatives to align its policies with the holding company and to meet the growing needs of the business. The Company also continues to attract and nurture fresh talent from leading agricultural colleges.

Human resource initiatives such as increasing productivity of sales force through building crop specific capability, mark to market studies for remuneration of employees, investment in assessing and identifying development areas for sales force, capability road map planning for employees, introduction of employee friendly policies are yielding better employee engagement score which is critical for business performance.

Based on the market studies and various pockets of market potential, various important measures like rationalisation of manpower, right allocation and effective utilisation of manpower have been implemented, resulting in improvement in productivity per person.

The measures for safety, training, welfare and development of employees receive highest priority.

The Company periodically conducts Samwaad – Employee Engagement Survey and Vicharmanthan. These diagnostic tools act as a powerful medium to understand employees' expectations, feedbacks, suggestions and ideas for overall improvement in the working of the Company. Your Company has actively worked upon the suggestions given by employees and has implemented various such suggestions for the betterment of the Company.

As we look ahead, we are confident that our strong, positive people philosophy and practices will make us a preferred destination for talent in the industry.

As on 31st March, 2017, the total number of employees of your Company was 353.

Cautionary Note

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

ANNEXURE II TO DIRECTORS' REPORT

Disclosures with respect to Employees Stock Option Scheme of the Company pursuant to the provisions of the Companies Act, 2013.

Particulars	**Employees Stock Option Scheme, 2014**	
(a) Options granted	2,17,084	
(b) Options vested	28,197	
(c) Options exercised	28,197	
(d) The total number of shares arising as a result of exercise of option	2,17,084	
(e) Options lapsed	19,820	
(f) Exercise price	Rs. 10	
(g) Variation of terms of options	Nil	
(h) Money realised by exercise of options	Rs. 2,81,970	
(i) Total number of options in force	1,69,067	
(j) Employee wise details of options granted to		
(i) Key Managerial Personnel	1) Sanjeev Mohoni – 45,000 2) Mayur Bumb – 11,059* 3) Ratnakar Nawghare – 7,029 * Resigned	
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Year of Grant 2014	1) Kiran Soman – 16,862 2) Deepak Bajaj – 6,498* 3) Kedarnath Keskar – 4,688 4) Makarand Mallikar – 4,675 5) Ranveer Singh Malhotra – 4,644 6) Hemant Sahu – 4,130* 7) Arvind Gulghane – 4,024 * Resigned.
	2015	1) G. Ragupathi – 3,228
	2016	1) Padamkumar Gandhi – 7,896 <u>M & M Deputies</u> 1) Abhijit Page – 28,658 2) Milind Khapre – 22,320 3) Tejas Joshi – 9,972
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	

Particulars	Employees Stock Option Scheme, 2014
(k) Basic and Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 ‘Earnings Per Share’	Basic Earnings per Share - Rs. 3.58 & Diluted Earnings per Share - Rs. 3.56
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the fair value method, in respect of stock options granted under the Employees Stock Option Scheme, 2014.

(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Options Grants Date	Exercise Price	Fair Value
	28th October, 2014 and 31st October, 2015 22nd November, 2016	Rs. 10	Rs. 170.97 Rs. 131.75
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the Stock Options granted on 28th October, 2014, 31st October, 2015 and 22nd November, 2016 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:		
(i) risk-free interest rate	8.06% and 6.33% respectively		
(ii) expected life	3.50 years and 5.50 years respectively		
(iii) expected volatility,	55.00% and 49.00% respectively		
(iv) expected dividends and	Nil, as the Company has not declared any dividend.		
(v) the price of the underlying share in market at the time of option grant.	Rs. 177.75, Rs. 158.3 and Rs. 135.4 respectively.		

ANNEXURE III TO DIRECTORS' REPORT

A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	6.54%
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	MD – Nil% CEO – 6% CFO – 7% CS – 7%
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year was increased by 8%. The calculation of % increase in median remuneration is done based on comparable employees.
4	The number of permanent employees on the rolls of the company.	There were **353** permanent employees as on 31st March, 2017.
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is **7.24%** whereas the average percentage change in Non – Managerial employees is **7.28%** in 2016-17.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms that the remuneration is as per the remuneration policy of the Company.

ANNEXURE IV TO DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means EPC Industrié Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

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

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?

2) For critical positions, what is the succession pipeline?

3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

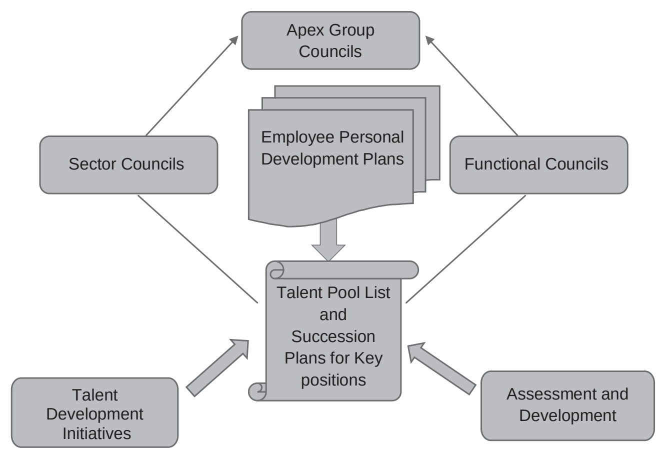
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

b) **Exposure** i.e. coaching and mentoring – 20% weightage

c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

ANNEXURE V TO DIRECTORS' REPORT

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in EPC Industrié Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Whole Time Director or Executive Director or CEO:

The remuneration to Whole Time Director or Executive Director or CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance or alternatively, the NRC may recommend to pay the consolidated remuneration.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the Audit Committee from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised by the Whole Time Director or such other person as may be authorised by the Board from time to time.

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

ANNEXURE VI TO DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

1	Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in the Annual Report
2	Average net profit of the Company for last three financial years	Rs. 7,10,94,557
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	Rs. 14,21,891
4	Details of CSR spent during the financial year	Rs. 14,94,653
5	Total amount to be spent for the financial year	Rs. 14,94,653
6	Amount unspent, if any	Rs. Nil
7	Manner in which the amount spent during the financial year	Details given below

These projects were implemented under the monitoring of CSR Committee. The details of CSR spent during the financial year under the aforesaid CSR activities are mentioned below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programms (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programms Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Supply of drinking water pipe line	Rural Dev.	Dhaur Tal Dindori. District Nashik, Maharashtra	3,02,825	3,02,825	3,02,825	Through NGO
2	Installation of Solar Water Heater	Education	District Nashik, Maharashtra	85,000	85,000	85,000	Through NGO
3	Supply of Benches	Education	District Nashik, Maharashtra	86,828	86,828	86,828	Through NGO
4	River Widening	Rural Dev.	District Nashik, Maharashtra	2,22,500	2,22,500	2,22,500	Direct
5	Medical Camp for Women	Health	District Nashik, Maharashtra	85,500	85,500	85,500	Through NGO
6	Nanhi Kali	Education	District Nashik, Maharashtra	7,12,000	7,12,000	7,12,000	KC Mahindra Education Trust*
	Total			14,94,653	14,94,653	14,94,653	

* The K. C. Mahindra Education Trust was founded by the late Mr. K. C. Mahindra in the year 1953, with an objective of promoting literacy and higher learning in the country.

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Vinayak Patil
Director

Ashok Sharma
Managing Director
& Chairman of CSR Committee

Place : Nashik
Dated : 27th April, 2017

ANNEXURE VII TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

For the financial year ended 31 March, 2017

[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,
EPC Industrié Limited
Plot No. H-109, M.I.D.C. Ambad
Nashik 422010.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EPC Industrié Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 31 March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 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;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(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 (Not applicable to the Company during the audit period);

(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;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period).

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no law was applicable specifically to the Company.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.

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

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune
Date : 16th May, 2016

Sachin Bhagwat
ACS: 10189
CP: 6029

ANNEXURE VIII TO DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2017

A. Conservation of Energy

Your Company has always been giving priority to the conservation of energy and technology upgradation. To conserve energy and reduce energy cost, various initiatives were taken during the year.

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

- New designed extruders and downstream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.

(b) the steps taken by the company for utilising alternate sources of energy:

The Company has explored the potential of using the alternate sources of energy through pilot projects which may be considered for implementation in future and your Company would continue to explore alternative sources of energy in future.

(c) the capital investment on energy conservation equipments:

Nil

B. Technology Absorption

(i) the efforts made towards technology absorption

Technology is the key enabler and core facilitator to achieve goals of your Company. Since inception, your Company has been at the forefront of leveraging technology to provide better products and services to its customers. The Company's efforts are always focused on making in-house developments, improvement in products and processes, reduction in costs.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has responded by being a true strategic partner with business. Many first mover implementations/developments have provided business, long lasting advantages to the Company.

Apart from product development, product improvement and effective cost management, technology has played a major role in ensuring high level of customer satisfaction and providing competitive advantage.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

(a) the details of technology imported -NA

(b) the year of import -NA

(c) whether the technology been fully absorbed - NA

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

(iv) Expenditure of Research and Development:

		(Rs. In Thousands)	
		2016-17	2015-16
(a)	Capital Expenditure	**Nil**	Nil
(b)	Recurring Expenditure	**1076**	244
(c)	Total	**1076**	244
(d)	Total R&D expenditure as a % of total turnover	**0.01**	0.01

C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

Particulars with regard to foreign exchange earned and outgo are given in the Note No. 35 to the Financial Statements.

For and on behalf of the Board

Vinayak Patil
Director

Ashok Sharma
Managing Director

Place : Nashik
Dated : 21st April, 2017

ANNEXURE IX TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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:-		L25200MH1981PLC025731
ii)	Registration Date:-		28/11/1981
iii)	Name of the Company:-		EPC Industrié Limited
iv)	Category/Sub-Category of the Company:-		Public Limited
v)	Address of the Registered office and contact details:-		Plot No. H-109, MIDC Ambad, Nashik - 422 010 Ph No: 0253-2381081/6642000
vi)	Whether listed company: Yes/No		Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:-		Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda Hyderabad, Telangana-500 032

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	Micro Irrigation Systems - Drip & Sprinklers	842400	93.5

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 and Mahindra Limited	L65990MH1945PLC004558	Holding	54.73	2(46)

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

i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
a) Individual/HUF	1,51,44,433	0	1,51,44,433	54.76	1,51,44,433	0	1,51,44,433	54.73	0.03
b) Central Govt.	0	0	0	0	0	0	0	0	
c) State Govt(s)									
d) Bodies Corporate	0	0	0	0	0	0	0	0	0.00
e) Banks/FI	0	0	0	0	0	0	0	0	
f) Any other	0	0	0	0	0	0	0	0	
Sub-Total (A)(1):-	**1,51,44,433**	**0**	**1,51,44,433**	**54.76**	**1,51,44,433**	**0**	**1,51,44,433**	**54.73**	**0.03**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	
b) Other-Individuals	0	0	0	0	0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	
d) Banks/FI	0	0	0	0	0	0	0	0	
e) Any other	0	0	0	0	0	0	0	0	
Sub-Total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**1,51,44,433**	**0**	**1,51,44,433**	**54.76**	**1,51,44,433**	**0**	**1,51,44,433**	**54.73**	**0.03**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2,90,569	0	2,90,569	1.05	5,53,569	0	5,53,569	2.00	0.95
b) Banks/FI	0	200	200	0.00	0	200	200	0	0
c) Central Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	12,77,600	0	12,77,600	4.62	0	0	5,101	0.02	(4.60)
Sub-Total (B)(1):-	**15,68,169**	**200**	**15,68,369**	**5.67**	**5,58,670**	**200**	**5,58,870**	**2.02**	**(3.65)**
2. Non-Institutions									
a) Bodies corp.	27,02,982	4,460	27,07,442	9.79	26,82,993	4,460	26,87,453	9.72	(0.07)
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									0
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	3,59,90,94	6,02,160	42,01,254	15.19	43,80,352	5,90,030	49,53,222	17.90	2.71
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	36,81,255	0	36,81,255	13.31	39,81,903	0	39,81,903	14.39	1.08
c) Others (specify) NRI	2,50,419	1,05,300	3,55,719	1.29	2,41,380	1,05,300	3,46,680	1.25	(0.04)
Sub-Total (B)(2):-	**1,02,33,750**	**7,11,920**	**1,09,45,670**	**39.57**	**1,12,86,628**	**6,99,790**	**1,19,69,258**	**43.28**	**3.71**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**2,69,46,352**	**7,11,920**	**2,76,58,472**	**100.00**	**2,69,89,731**	**6,99,990**	**2,76,72,561**	**100.00**	**0**
C. Shares held by custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**2,69,46,352**	**7,12,120**	**2,76,58,472**	**100.00**	**2,69,89,731**	**6,99,990**	**2,76,72,561**	**100**	**0**

ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Mahindra and Mahindra Ltd.	1,51,44,433	54.76	Nil	1,51,44,433	54.73	Nil	0.03 Due to allotment of 14089 shares under ESOP Scheme-2014

iii) Change in Promoters Shareholding (please specify, if there is no change) Nil

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	No change*			
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No change*			
	At the end of the year	No change*			

* The shareholding of Promoters has not changed in absolute terms.

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
1	RELIANCE CAPITAL LIMITED	1275000	4.61	1/4/2016		Transfer	1275000	4.61
				29/04/2016	-35000	Transfer	1240000	4.48
				06/05/2016	-41000	Transfer	1199000	4.34
				03/06/2016	-76000	Transfer	1123000	4.06
				10/06/2016	-123000	Transfer	1000000	3.62
				16/09/2016	-53000	Transfer	947000	3.42
				23/09/2016	-129100	Transfer	817900	2.96
				30/09/2016	-300900	Transfer	517000	1.87
				07/10/2016	-517000	Transfer	0	0.00
				31/03/2017			**0**	**0.00**
2	SCIL VENTURES LIMITED	653200	2.36	01/04/2016			653200	2.36
				02/12/2016	-5503	Transfer	647697	2.34
				31/03/2017			**647697**	**2.34**

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
3	RAJASHEKAR SWAMINATHAN IYER	446800	1.62	1/4/2016	0	Nil	446800	1.62
				07/10/2016	-446800	Transfer	0	0.00
				31/3/2017			**0**	**0**
4	RAJASHEKAR IYER	0	0.00	31/03/2016			0	0.00
				07/10/2016	446800	Transfer	446800	1.62
				28/10/2016	-1000	Transfer	445800	1.61
				31/03/2017			**445800**	**1.61**
5	AADI FINANCIAL ADVISORS LLP	416667	1.51	1/4/2016			416667	1.51
				28/10/2016	-20000	Transfer	396667	1.43
				04/11/2016	-50000	Transfer	346667	1.25
				30/12/2016	-50000	Transfer	296667	1.07
				31/03/2017			**296667**	**1.07**
6	PACE STOCK BROKING SERVICES PVT LTD	10	0.00	1/4/2016			10	0.00
				16/09/2016	200	Transfer	210	0.00
				07/10/2016	356000	Transfer	356210	1.29
				16/12/2016	-200	Transfer	356010	1.29
				31/03/2017			**356000**	**1.29**
7	MUKUL MAHAVIR PRASAD AGRAWAL	320269	1.16	1/4/2016	0	Nil	320269	1.16
				31/3/2017			**320269**	**1.16**
8	SBI MAGNUM COMMA FUND	290569	1.05	1/4/2016		Transfer	290569	1.05
				28/10/2016	150000	Transfer	440569	1.59
				31/3/2017			**553569**	**2.00**
9	PARAM CAPITAL RESEARCH PVT. LTD.	280000	1.01	1/4/2016	0	Nil	280000	1.01
				31/3/2017			**280000**	**1.01**
10	VALLABH BHANSHALI	208333	0.75	1/4/2016	0	Transfer	208333	0.75
				28/10/2016	-361	Transfer	207972	0.75
				4/11/2016	-9639	Transfer	198333	0.72
				31/3/2017			**198333**	**0.72**

At the end of the year (or on the date of separation, if separated during the year)

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
	Directors							
1	Mr. ASHOK SHARMA	Nil	NA	NA	Nil	NA	Nil	NA
2	Mr. S DURGASHANKAR	Nil	NA	NA	Nil	NA	Nil	NA
3	Mr. NIKHILESH PANCHAL	Nil	NA	NA	Nil	NA	Nil	NA
4	Ms. SANGEETA PRASAD	Nil	NA	NA	Nil	NA	Nil	NA
5	Mr. ANAND DAGA	Nil	NA	NA	Nil	NA	Nil	NA
6	Mr. VINAYAK PATIL	Nil	NA	NA	Nil	NA	Nil	NA
	Key Managerial Personnel							
1	Mr. SANJEEV MOHONI	Nil	NA	NA	Nil	NA	Nil	NA
2	Mr. MAYUR BUMB	2213	0.01	1/4/2016	Nil	NA	2213	0.01
				9/12/2016	Nil	NA	2213	0.01
3	Ms. SUNETRA GANESAN	NIL	NA	31/1/2017	Nil	NA	Nil	NA
				31/3/2017	Nil	NA	Nil	NA
4	Mr. RATNAKAR NAWGHARE	5356	0.02	1/4/2016	0	0	0	0.02
				22/11/2016	1406	ESOS Allotment	6762	0.02
			0.00	31/3/2017	0		6762	0.02

At the end of the year (or on the date of separation, if separated during the year)

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	44,24,941	0	44,24,941
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	**44,24,941**	0	**44,24,941**
Change in indebtedness during the financial year				
i) Addition	0	0	0	0
ii) Reduction	0	17,40,505	0	17,40,505
Net Change	0	**17,40,505**	0	**17,40,505**
Indebtedness at the end of the Financial year				
i) Principal Amount	0	26,84,436	0	26,84,436
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	**26,84,436**	0	**26,84,436**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Ashok Sharma - MD	**Total Amount in Rs.**
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	24,00,000	24,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	0	0
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	0	0
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission – as % of profit	0	0
	– others, specify	0	0
5	Others, please specify	0	0
	Total (A)	**24,00,000**	**24,00,000**
	Ceiling as per the Act*	0	0

* The Remuneration paid to Managing Director is within the prescribed ceiling under the Companies Act, 2013.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mr. Vinayak Patil	Mr. Nikhilesh Panchal	Mr. Anand Daga	**Total Amount**
1	Independent Directors				
	* Fees for attending board/committee meetings	4,25,250	1,83,750	4,02,150	10,11,150
	* Commission accrued (FY 16-17)	3,19,167	3,19,167	3,19,167	9,57,501
	* Others, please specify	0	0	0	0
		0	0	0	0
	Total (1)	**7,44,417**	**5,02,917**	**7,21,317**	**19,68,651**
2	Other Non-Executive Directors				
	* Fees for attending board committee meetings	0	0	0	0
	* Commission	0	0	0	0
	* Others, please specify	0	0	0	0
	Total (2)	0	0	0	0
	Total (B)=(1+2)	**7,44,417**	**5,02,917**	**7,21,317**	**19,68,651**
	Total Managerial Remuneration				**43,68,651**
	Overall Ceiling as per the Act **				

** Within the prescribed ceiling under the Companies Act, 2013.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				(Rs. in Lacs)
		Chief Executive Officer Mr Sanjeev Mohoni	**Chief Financial Officer Mr Mayur Bumb up to 09/12/2016**	**Chief Financial Officer Ms Suentra Ganesan w.e.f. 31/01/2017**	**Company Secretary Mr Ratnakar Nawghare**	**Total**
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	1,22,90,403	31,20,287	6,56,079	23,74,019	1,84,40,788
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	–	3,29,530	–	2,06,940	5,36,470
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	–	–	–	–	–
	Total	**1,22,90,403**	**34,49,817**	**6,56,079**	**25,80,959**	**1,89,77,258**
2	Stock Options Outstanding (Nos.)	45,000	–	–	4,217	–
3	Sweat Equity	–	–	–	–	–

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				(Rs. in Lacs)
		Chief Executive Officer Mr Sanjeev Mohoni	Chief Financial Officer Mr Mayur Bumb up to 09/12/2016	Chief Financial Officer Ms Suentra Ganesan w.e.f. 31/01/2017	Company Secretary Mr Ratnakar Nawghare	Total
4	Commission – as % of profit	–	–	–	–	–
	– others, specify	–	–	–	–	–
5	Others, please specify	–	–	–	–	–
	Total	**1,22,90,403**	**34,49,817**	**6,56,079**	**25,80,959**	**1,89,77,258**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

REPORT ON CORPORATE GOVERNANCE

(1) PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of the listing agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

(2) BOARD OF DIRECTORS

(a) Composition and Category of Directors:

The composition of the Board of Directors is in conformity with the Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Currently, the Board comprises of six Directors, out of which one is Executive Director and five are Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 3,85,853/- (including out of pocket expenses).

The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

(b) Number and dates of Board meetings held and Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, five Board Meetings were held on the following dates – 27th April, 2016, 27th May, 2016, 29th July, 2016, 27th October, 2016 and 31st January, 2017. The gap between two Meetings did not exceed four months. These meetings were well attended. The 34th Annual General Meeting of the Company was held on 29th July, 2016.

The attendance of the Directors at these meetings is as under:

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	5	Yes
Mr. Vinayak Patil	5	Yes
Mr. S. Durgashankar	3	Yes
Mr. Nikhilesh Panchal	4	Yes
Mr. Anand Daga	5	Yes
Ms. Sangeeta Prasad	2	Yes

(c) Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/annual results, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

(d) Code of Conduct

Your Company had adopted Code of Ethics ("Code") recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has been posted on the Company's website http://www.epcmahindra.com. This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's culture. The Code further provides the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Managing Director is enclosed at the end of this Report.

(e) Number of other Board of Directors or Committees.

Currently, the Board comprises of six Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in applicable Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the Companies in which he is a Director.

Sr. No.	Directors	Category	Total Number of Directorships of public companies#, Committee Chairmanships and Memberships, as on 31st March, 2017.		
			Directorships$	Committee Chairmanships+	Committee Memberships+
	EXECUTIVE				
1.	Mr. Ashok Sharma Managing Director	Related to Promoter	2	–	1
	NON-EXECUTIVE				
2.	Mr. Vinayak Patil	Independent	1	2	–
3.	Mr. S. Durgashankar	Related to Promoter	6	–	3
4.	Mr. Nikhilesh Panchal	Independent	6	2	3
5.	Mr. Anand Daga	Independent	1	–	1
6.	Ms. Sangeeta Prasad	Related to Promoter	9	–	1

\# Excludes private limited companies/foreign companies and companies u/s.8 of the Companies Act, 2013.

$ Includes Directorship in EPC Industrié Limited.

\+ Committees considered are Audit Committee and Stakeholders Relationship Committee including that of EPC Industrié Limited.

(f) Directors seeking appointment/re-appointment

1) Mr. S Durgashankar

Mr. S Durgashankar is seeking appointment/ reappointment.

Brief resume of Mr. S Durgashankar is presented below:

Mr. Durgashankar, a Chartered Accountant, is currently President – Group M&A, Corporate Accounts & Group Secretarial and Member of the Group Executive Board at Mahindra & Mahindra Limited (M&M). He is also incharge of the operations of Mahindra Integrated Business Solutions, the Service Centre arm of M&M. During his work experience of over 3 decades, he has handled a wide spectrum of Corporate Finance assignments at senior levels. At M&M, he was instrumental in setting up the Mergers and Acquisition (M&A) division and has a rich M&A experience, having facilitated many domestic & international M&A transactions for the Mahindra Group.

Mr. S. Durgashankar is on the Board of following Companies:

i) Mahindra Integrated Business Solutions Private Limited

ii) Mahindra Namaste Limited

iii) Mahindra EMarkets Limited

iv) Mahindra Vehicle Manufacturers Limited

v) Mahindra HZPC Private Limited

vi) Swaraj Engines Limited

vii) Mahindra Mitsubishi Agricultural Machinery Co. Limited

Mr. S Durgashankar is the chairman/member of the following committees of the Company and of other companies.

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/ Member)
1.	EPC Industrié Limited	Audit Committee Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member
2.	Swaraj Engines Limited	Audit Committee	Member
3.	Mahindra Vehicle Manufacturers Limited	Audit Committee Committee of Strategic Investments	Member

Mr. S Durgashankar does not hold any shares in the Company.

2) Mr. Ashok Sharma

Mr. Ashok Sharma is seeking appointment/ reappointment.

The Members of the Company in their meeting held on 31st July, 2014 approved appointment of Mr. Ashok Sharma as Executive Director and CEO for a period of three years. He was subsequently elevated as Managing Director by the Board of Directors of the Company, on 21st March, 2016 for the remaining period of his appointment till 30th September, 2017, on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four Lacs only) per annum for the remaining period of his appointment. The term of office of Mr. Ashok Sharma is to be extended for a further period of three years effective 1st October, 2017 on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty four lacs only) per annum.

Brief Resume of Mr. Ashok Sharma is presented below:

Mr. Ashok Sharma has a Bachelor's Degree in Mechanical Engineering from Victoria Jubilee Technical Institute, Mumbai and has done his Masters in Management Studies from the Jamnalal Bajaj Institute, Mumbai.

He joined the Farm Equipment Sector of Mahindra and Mahindra Ltd. in 1998 as General Manager Sales and since then has made significant contributions in the areas of Quality, Strategy, Innovation Sales, Channel, Marketing and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses.

He is currently the President of the rapidly growing portfolio of Agri Businesses, as well the entire Automotive and Farm Equipment businesses of the Mahindra Group in Africa and South Asian markets of Sri Lanka, Nepal, Bangladesh and Bhutan. He is also the MD & CEO of Mahindra Agri Solutions Ltd. He also heads the Business Excellence and Innovation functions for entire Automotive and Farm Equipment businesses of the Mahindra Group.

Mr. Ashok Sharma is an advisor to the Union of Japanese & Scientist & Engineers (JUSE), is Chairman of CII Club of India, and serves on the Technical advisory committee of TUV. He also serves as a member, CII Africa Committee and CII Western Regional Council.

Mr. Sharma is also on the Board of the following companies:

i) Mahindra Agri Solutions Limited

ii) Mahindra HZPC Private Limited

iii) Mahindra Greenyard Private Limited

iv) Merakisan Private Limited

v) Origin Fruit Direct Holding B.V.

Mr. Sharma is the member of the Stakeholders Relationship Committee, and Risk Management Committee and Chairman of the Corporate Social Responsibility Committee (CSR) of the Company and member of the CSR Committee of Mahindra Agri Solutions Limited.

(g) Disclosure on relationships between Directors inter-se

The Directors have made disclosure that there are no relationships between directors inter-se.

(h) Number of Shares and Convertible instruments held by Non-executive Directors.

The Non-executive Directors have made disclosure that they are not holding any Shares of the Company.

(i) Web link where details of familiarization programmes imparted to independent directors is disclosed.

During the year under review, the Company has taken steps to familiarize its directors including Independent Directors by periodic presentations about the Company operations, business model, business strategy and risks involved, industry in which the Company operates and their roles and responsibilities. The details of such programme is posted on the Company website: http://www.epcmahindra.com/corporategovernance.aspx.

(3) Risk Management

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is discussed in the meetings of the Board of Directors. The Company has adopted Risk Management Policy and the Risk Management Committee monitors the same. The details of the Risk Management Committee and its broad terms of reference are given in this report.

(4) Audit Committee

(a) Brief description of terms of reference

The Board of Directors of the Company has an Audit Committee which comprises Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

a) Review of the Company's financial reporting process and its financial statements.

b) Review of accounting and financial policies and practices.

c) Review of the internal control and internal audit system.

d) Discussing with statutory Auditors to ascertain any area of concern.

e) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

f) review and monitor the auditor's independence and performance, and effectiveness of audit process;

g) examination of the financial statement and the auditors' report thereon;

h) approval or any subsequent modification of transactions of the company with related parties;

i) scrutiny of inter-corporate loans and investments;

j) valuation of undertakings or assets of the company, wherever necessary;

k) evaluation of internal financial controls and risk management systems;

l) Monitoring the end use of funds raised through public offers and related matters

m) Review of the financial statements before their submission to the Board

n) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements and the observations of the auditors.

o) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.

p) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.

q) Review the uses/application of funds raised by the Company either by public/rights issue of shares or any other securities.

Generally all items under Regulation 18(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement are covered in the terms of reference and Role of the Audit Committee. The Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(b) Composition, Name of members and Chairperson

The Board of Directors of the Company has an Audit Committee which comprises three Non Executive Directors and majority of whom are Independent Directors namely, Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

(c) Meetings and Attendance during the year

The meetings of the Audit Committee are also attended by the Managing Director, Statutory Auditors, Chief Executive Officer, Chief Financial Officer, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 34th Annual General Meeting of the Company held on 29th July, 2016.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates – 27th April, 2016, 27th May, 2016, 29th July, 2016, 27th October, 2016 and 31st January, 2017. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	5
Mr. S. Durgashankar	4
Mr. Anand Daga	5

(5) Nomination and Remuneration Committee

(a) Brief description of terms of reference

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013.

The Terms of Reference of the Nomination and Remuneration Committee is to:

i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.

ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii) Review performance of the Managing Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and takes appropriate decisions in terms of the said scheme.

The Company has adopted the policy on directors and Key Managerial Personnel and other employees, appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has further determined the criteria for evaluation of Independent Directors performance and the performance of Chairman, Board and committees.

(b) Composition, Name of members and Chairperson

The Committee comprises three Non-Executive Directors majority of whom are Independent Directors namely Mr. Anand Daga – Chairman, Mr. S. Durgashankar and Mr. Vinayak Patil.

(c) Meetings and Attendance during the year

The Committee met on 27th May, 2016, 29th July, 2016, 22nd November, 2016 and 31st January, 2017 and the meeting was generally attended by all the members of the Committee. The attendance of the meeting is as under.

Members	Number of Meetings attended
Mr. Anand Daga	4
Mr. S. Durgashankar	3
Mr. Vinayak Patil	4

(d) Independent Directors and performance evaluation

In accordance with the provisions of the Companies Act, 2013, the Company has appointed three Independent Directors in the Annual General Meeting held on 31st July, 2014 for a period of 5 years. The terms of their appointment are available on the website of the Company.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a directors possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

The Independent Directors had a meeting on 27th April, 2016 without the attendance of non-independent directors and members of management to review performance of non-independent directors and the Board as a whole and performance of chairman of the Board of Directors and for assessment of quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the board of directors to effectively and reasonably perform their duties.

The Company had organized programmes at regular intervals to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. Quarterly updates on relevant statutory changes on important laws are regularly circulated to Directors. Plant visits are organized for the Directors to enable them to understand the operations of the Company.

(6) Risk Management Committee

The Company has Risk Management Committee in accordance with the Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga are the other members of the Committee. During the year one meeting was held on 27th April, 2016.

The broad roles and responsibilities of the Committee would be:

a) Assessment of the Company's risk profile and key areas of risk in particular.

b) Recommending to the Board and adopting risk assessment and rating procedures.

c) Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

d) Assessing and recommending to the Board acceptable levels of risk.

e) Review and monitoring of Risk management and risk mitigations measures.

(7) Remuneration of Directors

(a) Pecuniary relationship or transactions of the non-executive directors.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Non-executive Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the Non-executive independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

(b) Criteria of making payments to non-executive directors.

The Non-executive independent Directors are paid sitting fees of Rs. 30,000 for attending the meetings of the Board of Directors and Rs. 20,000 for attending Committee meetings of the Board and reimbursement of expenses incurred for attending the Meetings of the Board of Directors of the Company and its Committees thereof. The sitting fees paid to Non-Executive Directors for the year ended 31st March, 2017 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings and Committee Meetings held during the year ended 31st March, 2017 (Rs. in Lacs)	No. Of Equity Shares held as on 31st March, 2017
Mr. Ashok Sharma	Nil	Nil
Mr. Vinayak Patil	4.25	Nil
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	1.84	Nil
Mr. Anand Daga	4.02	Nil
Ms. Sangeeta Prasad	Nil	Nil

Further the Independent Directors shall be entitled to receive a commission of Rs. 5 lacs each or 1% of annual Net Profit of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act or Rules framed thereunder whichever is lower from time to time commencing from the FY – 2015-16 in lieu of their services to the Company. The Shareholders in the Annual General Meeting dated 31st July, 2015 had accorded their consent for the same. Accordingly, the commission of Rs. 10,94,365/- was paid equally to Independent Directors in FY 2016-17.

(c) Disclosures with respect to Remuneration:

(i) Elements of remuneration package

During the year under review, the consolidated remuneration of Rs. 24,00,000/- per annum was paid to Mr. Ashok Sharma.

(ii) Details of fixed component and performance linked incentives along with the performance criteria.

There are no fixed or variable components of the remuneration payable to Mr. Ashok Sharma and Mr. Ashok Sharma is also receiving remuneration from Mahindra and Mahindra Limited and Mahindra Agri Solutions Limited.

The Company has introduced the Board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

(iii) Service contracts, notice period, severance fees

The appointment letter is issued to Directors as per the policy of the Company and the appointment can be terminated by either party by giving three months notice in writing as per the Company's policy. There is no separate provision for payment of severance fees.

(iv) Stock option details

During the year under review, the Company has not issued any stock options to any Directors.

(8) Stakeholders Relationship Committee

The Company has Stakeholders Grievances Committee under the provisions of The Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Vinayak Patil, Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company.

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company.

During the year under review, there were five complaints received from the Shareholder. There were no investor complaints remaining unresolved and pending as at 31st March, 2017.

(9) General Body Meetings

(a) Location and time, where last three annual general meetings held and Special Resolution passed

Year ended	Date	Time	Special Resolution passed
31st March, 2014	Thursday 31st July, 2014	2.30 p.m.	1. Grant of Stock Options under EPC Industrié Limited Employee Stock Option Scheme - 2014. 2. Re-appointment of Mr. Ashok Sharma as the Whole time Director.
31st March, 2015	Friday 31st July, 2015	2.30 p.m.	1. Alteration of Articles of Association pursuant to the provisions of Section 14 and other relevant provisions, if any, of the Companies Act, 2013. 2. Commission to Independent Non-Executive Directors of the Company.
31st March, 2016	Friday 29th July, 2016	2.30 p.m.	1. Re-designation of Mr. Ashok Sharma as a Managing Director and revision in remuneration. 2. Keeping Register of Members, other Registers and statutory documents at a place other than the registered office of the Company.

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik- 422 010.

(b) Postal Ballot

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing any special resolution through postal ballot, at the ensuing Annual General Meeting.

(10) Means of Communication

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website http://www.epcmahindra.com.

No presentations were made to institutional investors/ analysts.

(11) General Shareholder Information

(a) 35th Annual General Meeting

Date: 28th July, 2017

Time : 2.30 p.m.

Venue: Plot No. H-109, MIDC Ambad, Nashik- 422 010

(b) Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for:

Quarter ending

30th June, 2017 – Second week of August, 2017

Half-year ending

30th September, 2017 – Second week of November, 2017

Quarter ending

31st December, 2017 – Second week of February, 2018

Year ending

31st March, 2018 – End May, 2018

Note: The above dates are indicative.

(c) Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31st March, 2017.

(d) Listing of Equity Shares on Stock Exchange

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchange.

(e) Stock Code

1. Bombay Stock Exchange Limited (BSE): 523754
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

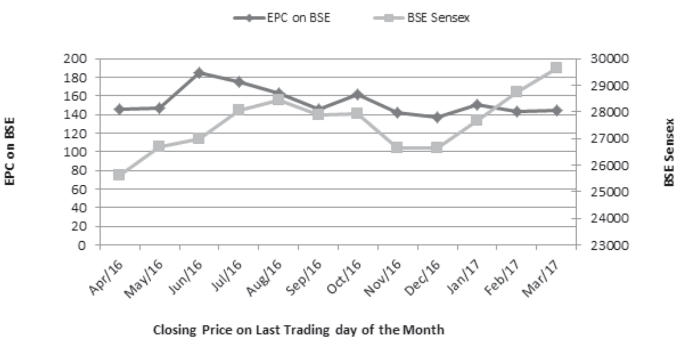
(f) Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:

Month	High Price	Low Price
April, 2016	154.50	120.20
May, 2016	152.00	140.00
June, 2016	188.50	145.70
July, 2016	190.00	165.35
August, 2016	179.00	152.95

Month	High Price	Low Price
September, 2016	178.00	135.10
October, 2016	186.80	144.45
November, 2016	164.90	131.50
December, 2016	143.95	122.00
January, 2017	154.90	135.60
February, 2017	164.00	139.80
March, 2017	155.95	131.55

(g) Stock Performance

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



(h) Suspension of Securities

Your Company's Shares are not suspended during the year under review.

(i) Registrar and Transfer Agent

Karvy Computershare Private Limited,

24/B, Raja Bahadur Compound,

Ambalal Doshi Marg

Behind BSE Building, Fort

Mumbai - 400 001

Telephone number: 022-66235412/66235454

Investor Service Toll Free No: 1-800-3454-001

Email: einward.ris@karvy.com

(j) Share Transfer System

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors had authorised Mr. Ashok Sharma, Managing Director to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

(k) Distribution of Shareholding as on 31st March, 2017:

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	13,758	86.58	20,75,396	7.50
501 – 1,000	1,051	6.62	8,61,774	3.11
1,001 – 5,000	845	5.32	18,77,584	6.79
5,001 – 10,000	106	0.67	8,05,614	2.91
10,001 – 1,00,000	117	0.74	35,71,898	12.91
1,00,001 & above	11	0.07	1,84,80,295	66.78
TOTAL	**15,888**	**100.00**	**2,76,72,561**	**100.00**

Shareholding Pattern as on 31st March, 2017

Category	No. of shares held	%
Promoters	1,51,44,433	54.73
Banks	200	0.00
Private Corporate Bodies	26,87,453	9.72
Indian Public	89,52,385	32.35
NBFC	5,101	0.02
Mutual Funds	5,53,569	2.00
NRIs/OCBs/Others	3,29,420	1.20
GRAND TOTAL	**2,76,72,561**	**100.00**

(l) Dematerialisation of Shares and liquidity

97.47% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March, 2017. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity

Nil

(n) Commodity price risk or foreign exchange risk and hedging activities

The nature of business of the Company does not involve any risks/require hedging activities.

(o) Plant Locations

Your Company's manufacturing facility is located at Plot No. H - 109, MIDC Ambad, Nashik- 422 010.

(p) Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited,

Unit: **EPC Industrié Limited**

Karvy Selenium, Tower B,

Plot number 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad, Telangana-500 032

Contact details:-

Telephone number: +91 40 67162222

Investor Service Toll Free No: 1-800-3454-001

Fax number: +91 40 2342 0814

Email: einward.ris@karvy.com

for all matters relating to transfer/dematerialisation of shares and any other query relating to Equity Shares of your Company.

Your Company has also designated rvnawghare @epcind.com as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited

Plot No. H-109, MIDC Ambad, Nashik- 422 010.

Telephone Nos.: +91-253-2381081/82

Fax: +91-253-2382975

email: rvnawghare@epcind.com

Your Company can also be visited at its website: www.epcmahindra.com

(q) Dates of Book Closure

Dates of Book Closure for Annual General Meeting will be 25th July, 2017 to 28th July, 2017 (both days inclusive)

(r) Registered Office

Plot No. H-109, MIDC Ambad, Nashik- 422 010

(s) Corporate Identity Number:

L25200MH1981PLC025731

(12) Other Disclosures

(a) Disclosure on materially significant Related Party transactions

During the financial year 2016-17 there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 29 to the Financial Statements.

All the transactions with related parties were in the ordinary course of business and on arms length basis. In terms of Regulation 23(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company started obtaining prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered with the related parties, during the year. The policy on Related Transaction is incorporated on the Company website: http://www.epcmahindra.com/InvestorInformation.aspx

(b) Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8th January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/EFD/1/2012) ("May Circular 2012") seeking settlement for non-disclosure in respect of the transaction dated 31st March, 2003 and for delay in yearly disclosure as of 31st March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SEBI vide its letter dated 27th November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application on 8th January, 2014 and reply on 10th January, 2014. The SEBI has returned the Consent application, however, the Company has requested SEBI to provide an opportunity for personal hearing to settle the matter. The Inquiry proceedings are kept in abeyance till the outcome of consent application.

SEBI has informed vide its letter advising to attend the personal hearing scheduled on 12th Jan. 2017. The company has sought for the extension of time to which SEBI has agreed.

(c) Details of establishment of vigil mechanism, whistle blower policy etc.

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has implemented a vigil mechanism which includes implementation of the whistleblower policy. No employee has been denied access to the Chairman of the Audit Committee. The Company in conjunction with the Corporate Disclosure and Investigation policy of its ultimate holding Company has informed its employees that any non-compliant behaviour of directors or employees including the non-compliance of its code of conduct to the notice of the management for investigation and necessary action, may be reported by them using the speak-up line number provided therein. The policy is posted on the Company website: http://www.epcmahindra.com/InvestorInformation.aspx

(d) Web link where policy on dealing with Related Party Transactions.

The policy on Related Party Transaction is incorporated on the Company website: http://www.epcmahindra.com/InvestorInformation.aspx

(e) Disclosure on Director's performance evaluation criteria

The Company has introduced the board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

(f) Disclosure of Accounting Treatment in preparation of Financial Statements

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2014 and the Accounting Standards prescribed under the Companies Act, 2013 in preparation of its financial statements.

(g) Code of Conduct for Prevention of Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for prevention of Insider Trading.

The code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code. The Code of Conduct of the Company is also posted on the investor relation page of the Company's website www.epcmahindra.com

(h) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements.

Your Company has complied with the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance. Your Company has adopted the non-mandatory requirements as mentioned below:

1) Modified Opinion in Audit Report

Your Company follows best practices, compliance with Accounting Standards and internal control over financial reporting to ensure unqualified financial statements.

2) Reporting of Internal Auditor

The Internal Auditor of the Company reports to the Audit Committee.

(i) Disclosures with respect to demat suspense account/unclaimed suspense account

There are no shares in the demat suspense account/unclaimed suspense account at the beginning and at the end of the financial year 2016-17.

(j) CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the Chief Executive Officer and the Chief Financial Officer is published in this Report.

Nashik 27th April, 2017

DECLARATION BY THE MANAGING DIRECTOR UNDER SCHEDULE V (D) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS ANNEXED.

To
The Members of EPC Industrié Limited,

I, Ashok Sharma, Managing Director of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31st March, 2017.

Nashik,
27th April, 2017

Ashok Sharma
Managing Director

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
EPC INDUSTRIÉ LIMITED,

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KGV/2016-17/052 dated October 14, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of EPC Industrié Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.117364W)

Ketan Vora
Partner
Membership Number: 100459

Mumbai, May 19, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of EPC Industrié Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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 Ind AS 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 flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting 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 of the Ind AS financial statements 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 the 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, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive loss, 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 Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements in accordance with the generally accepted accounting principles – Refer Note 30 to the Ind AS financial statements.

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.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us – Refer Note 36 to the Ind AS financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 27th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31st March, 2017)

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 **EPC Industrié Limited** ("the Company") as of 31st March, 2017 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'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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (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 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2017, 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 issued by the ICAI.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 27th April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31st March, 2017)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments (fixed assets).

   (b) The Company has a programme of verification of property, plant and equipments (fixed assets) to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmations directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as prepaid asset in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

4. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

6. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

   (c) Details of dues of income-tax, sales-tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount unpaid (Rupees)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35,76,000
		Commissioner of Central Excise	FY 1997-98	8,12,000
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	23,66,859

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.

9. In our opinion and according to the information and explanations given to us, money raised by way of further public offer (rights offer) in the earlier years, have been applied by the Company during the year for the purposes as revised with appropriate approvals, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of public offer of debt instruments or term loans.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 27th April, 2017

CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief, We confirm that:
   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 are fraudulent, illegal or violative of the Company's code of conduct/ethics.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee that:
   1) there has not been any significant change in internal control over financial reporting during the year under reference;
   2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
   3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Sunetra Ganesan
Chief Financial Officer

Sanjeev Mohoni
Chief Executive Officer

Nashik, 27th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rupees

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	2	**24,47,38,658**	26,39,64,160	27,53,02,854
(b) Capital Work-in-Progress		**59,94,352**	–	18,04,761
(c) Other Intangible Assets	3	**96,92,932**	16,65,747	23,34,065
(d) Intangible Assets Under Development		**–**	32,68,000	–
(e) Financial Assets				
(i) Trade Receivables	4	**1,16,43,878**	64,47,490	61,80,400
(ii) Other Financial Assets	5	**37,86,000**	37,86,000	37,86,000
(f) Deferred Tax Assets (Net)	6	**3,66,75,258**	3,34,17,899	1,45,65,142
(g) Other Non-Current assets	7	**8,63,23,858**	7,67,31,195	7,20,12,821
Total Non-Current Assets		**39,88,54,936**	38,92,80,491	37,59,86,043
II CURRENT ASSETS				
(a) Inventories	8	**32,49,65,409**	27,82,92,691	28,28,09,500
(b) Financial Assets				
(i) Investments	9	**4,50,82,019**	–	55,000
(ii) Trade Receivables	4	**91,21,70,392**	75,65,01,916	57,00,86,629
(iii) Cash and Cash Equivalents	10	**6,89,14,196**	16,15,83,449	13,67,94,019
(iv) Bank Balances other than (iii) above	10	**4,90,30,660**	7,41,50,301	13,31,56,347
(v) Other Financial Assets	5	**1,01,97,814**	75,73,813	66,17,266
(c) Other Current Assets	7	**3,26,13,387**	3,08,94,257	2,81,69,301
Total Current Assets		**1,44,29,73,877**	1,30,89,96,427	1,15,76,88,062
III Total Assets (I + II)		**1,84,18,28,813**	1,69,82,76,918	1,53,36,74,105
EQUITY AND LIABILITIES				
IV EQUITY				
(a) Equity Share Capital	11	**27,67,45,110**	27,66,04,220	27,64,63,140
(b) Other Equity		**1,06,50,77,870**	96,14,72,300	86,54,62,836
Total Equity		**1,34,18,22,980**	1,23,80,76,520	1,14,19,25,976
LIABILITIES				
V NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
Borrowings	12	**20,73,030**	26,84,436	42,61,666
(b) Provisions	14	**74,58,198**	79,01,393	51,27,386
Total Non-Current Liabilities		**95,31,228**	1,05,85,829	93,89,052
VI CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Trade Payables	15	**34,87,66,794**	26,01,92,721	24,12,81,053
(ii) Other Financial Liabilities	13	**4,66,06,086**	4,41,73,150	3,96,71,897
(b) Provisions	14	**2,30,11,453**	1,65,06,596	1,98,39,255
(c) Current Tax Liabilities (Net)	6	**1,69,97,287**	2,81,76,828	1,33,900
(d) Other Current Liabilities	16	**5,50,92,985**	10,05,65,274	8,14,32,972
Total Current Liabilities		**49,04,74,605**	44,96,14,569	38,23,59,077
VII Total Liabilities (V+VI)		**50,00,05,833**	46,02,00,398	39,17,48,129
VIII Total Equity and Liabilities (IV+VII)		**1,84,18,28,813**	1,69,82,76,918	1,53,36,74,105
See accompanying notes to the financial statements	**1-38**			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma — Managing Director
S. Durgashankar
Sangeeta Prasad
Anand Dag
Vinayak Patil
Nikhilesh Panchal — Directors
Sanjeev Mohoni — Chief Executive Officer
Sunetra Ganesan — Chief Financial Officer
R. V. Nawghare — Company Secretary

Place : Nashik
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Rupees

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	17	2,01,41,83,256	2,02,95,73,152
II	Other Income	18	1,86,62,536	2,24,49,202
III	**Total Income (I + II)**		2,03,28,45,792	2,05,20,22,354
IV	**EXPENSES**			
	(a) Cost of materials consumed	19(a)	1,11,64,10,458	1,10,56,89,701
	(b) Purchases of Stock-in-trade	19(b)	6,96,32,256	8,83,18,100
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19(c)	(4,21,39,846)	4,04,821
	(d) Excise duty on sale of goods		66,87,758	13,54,585
	(e) Employee benefit expense	20	23,22,54,887	20,91,75,684
	(f) Finance costs	21	1,52,89,384	45,95,223
	(g) Depreciation, amortisation and impairment expense	2, 3	3,04,78,205	2,65,54,349
	(h) Other expenses	22	50,74,42,919	51,32,57,814
	Total Expenses (IV)		1,93,60,56,021	1,94,93,50,277
V	**Profit before tax (III - IV)**		9,67,89,771	10,26,72,077
VI	**Tax Expense**			
	(1) Current tax	6	4,60,46,000	4,22,00,500
	(2) Deferred tax	6	(1,62,31,827)	(1,94,45,658)
	(3) Excess provision for tax relating to prior years		(3,20,70,744)	(75,30,000)
	Total tax expense (VI)		(22,56,571)	1,52,24,842
VII	**Profit after tax for the year from continuing operations (V - VI)**		9,90,46,342	8,74,47,235
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans		(3,38,325)	64,17,991
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1,17,061	(24,74,777)
	Total Other comprehensive (loss)/income for the year		(2,21,264)	39,43,214
IX	**Profit for the year attributable to owners of the Company (VII + VIII)**		9,88,25,078	9,13,90,449
X	**Earnings per equity share**	23		
	(1) Basic		3.58	3.16
	(2) Diluted		3.56	3.15
	See accompanying notes to the financial statements	1-38		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma — Managing Director
S. Durgashankar
Sangeeta Prasad
Anand Dag
Vinayak Patil
Nikhilesh Panchal — Directors
Sanjeev Mohoni — Chief Executive Officer
Sunetra Ganesan — Chief Financial Officer
R. V. Nawghare — Company Secretary

Place : Nashik
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax for the year	**9,67,89,771**	10,26,72,077
Adjustments for:		
Finance costs recognised in profit or loss	**1,52,89,384**	45,95,223
Interest Income recognised in profit or loss	**(1,07,07,628)**	(1,60,33,697)
Profit on sale of current investments	**(7,22,206)**	(7,19,771)
Unrealised Profit arising on investments mandatorily measured at fair value	**(82,019)**	–
Dividend income	**(6,225)**	–
Liabilities no longer required written-off	**(32,82,631)**	(37,21,016)
(Gain)/Loss on disposal of property, plant and equipment	**2,83,343**	(4,521)
Impairment (Gain)/Loss recognised on financial assets	**2,48,19,141**	(5,56,227)
Bad trade and other receivables, loans and advances written off	**42,23,850**	6,98,60,138
Depreciation, amortisation and impairment expense	**3,04,78,205**	2,65,54,349
Expense recognised in respect of equity-settled share-based payments	**47,80,492**	46,19,015
	16,18,63,477	18,72,65,568
Movements in working capital:		
Increase in trade receivables	**(18,99,07,855)**	(25,37,43,484)
(Increase)/decrease in inventories	**(4,66,72,718)**	45,16,809
Decrease in other Non current assets	**1,57,892**	36,75,473
Increase in other current assets	**(49,58,440)**	(72,26,822)
Increase/decreasein trade payables	**8,93,48,200**	2,16,22,345
Increase/(decrease)in provisions	**57,23,337**	58,59,339
Increase/(decrease) in other current liabilities	**(4,99,02,689)**	2,41,77,892
	(19,62,12,273)	(20,11,18,448)
Cash used in operations	**(3,43,48,796)**	(1,38,52,878)
Income taxes paid (net)	**(1,53,95,037)**	(1,44,38,396)
Net cash used in operating activities	**(4,97,43,833)**	(2,82,91,274)
Cash flows from investing activities		
Payments to acquire financial assets	**(2,91,34,941)**	(1,95,29,702)
Proceeds on sale of financial assets	**4,26,572**	5,53,576
Interest received	**1,14,34,437**	1,69,36,212
Purchase of Current Investment	**(24,70,00,000)**	(11,50,00,000)
Sale of Current Investment	**20,27,28,431**	11,57,74,771
Bank balance not considered as cash and cash equivalents matured (net)	**2,51,19,641**	5,90,06,046
Net cash (used in)/generated from investing activities	**(3,64,25,860)**	5,77,40,903
Cash flows from financing activities		
Proceeds from issue of equity instruments	**1,40,890**	1,41,080
Proceeds from borrowings	**–**	(3,35,000)
Repayment of borrowings	**(17,40,505)**	(31,44,207)
Interest paid	**(48,99,945)**	(13,22,072)
Net cash used in financing activities	**(64,99,560)**	(46,60,199)
Net (decrease)/increase in cash and cash equivalents	**(9,26,69,253)**	2,47,89,430
Cash and cash equivalents at the beginning of the year	**16,15,83,449**	13,67,94,019
Cash and cash equivalents at the end of the year	**6,89,14,196**	16,15,83,449

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma — Managing Director

S. Durgashankar
Sangeeta Prasad
Anand Dag
Vinayak Patil
Nikhilesh Panchal — Directors

Sanjeev Mohoni — Chief Executive Officer
Sunetra Ganesan — Chief Financial Officer
R. V. Nawghare — Company Secretary

Place : Nashik
Date : April 27, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

		Rupees
A.	**Equity share capital**	
	As at April 1, 2015	27,64,43,640
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 20)	1,41,080
	As at March 31, 2016	27,65,84,720
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 20)	1,40,890
	As at March 31, 2017	**27,67,25,610**
B.	**Forfeited shares**	
	As at April 1, 2015	19,500
	Changes during the year	–
	As at March 31, 2016	19,500
	Changes during the year	–
	As at March 31, 2017	**19,500**

C. Other Equity

Particulars				**Reserves and Surplus**			
	Capital Reserve	**Securities Premium Reserve**	**Revaluation Reserve**	**General Reserve**	**Share based payments (ESOP)**	**Retained earnings**	**Total**
Balance as at March 31, 2015	40,00,000	91,61,42,215	2,86,90,775	1,38,53,275	25,92,569	(9,75,25,124)	86,77,53,710
Ind AS transition adjustments							
Government Grant Recognition	–	–	–	–	–	(39,16,136)	(39,16,136)
Discounting of Provisions	–	–	–	–	–	16,25,262	16,25,262
Transfer of reserve	–	–	(2,86,90,775)	2,86,90,775	–	–	–
Recognition of share based payments on Fair Value	–	–	–	–	56,081	(56,081)	–
Balance as at April 1, 2015	40,00,000	91,61,42,215	–	4,25,44,050	26,48,650	(9,98,72,079)	86,54,62,836
Profit for the year	–	–	–	–	–	8,74,47,235	8,74,47,235
Issue of Shares towards ESOP	–	24,12,060	–	–	(24,12,060)	–	–
Recognition of Share based payments	–	–	–	–	46,19,015	–	46,19,015
Other Comprehensive Income for the year (net of tax)	–	–	–	–	–	39,43,214	39,43,214
As at March 31, 2016	40,00,000	91,85,54,275	–	4,25,44,050	48,55,605	(84,81,630)	96,14,72,300
Profit for the year	–	–	–	–	–	9,90,46,342	9,90,46,342
Issue of Shares towards ESOP	–	24,08,614	–	–	(24,08,614)	–	–
Recognition of Share based payments	–	–	–	–	47,80,492	–	47,80,492
Other Comprehensive loss for the year (net of tax)	–	–	–	–	–	(2,21,264)	(2,21,264)
As at March 31, 2017	**40,00,000**	**92,09,62,889**	**–**	**4,25,44,050**	**72,27,483**	**9,03,43,448**	**1,06,50,77,870**

Remeasurement loss (net) on defined benefit plans Rs. 2,21,264 (March 31, 2016 gain Rs. 39,43,214) is recognised as part of retained earnings.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma Managing Director

S. Durgashankar
Sangeeta Prasad
Anand Dag
Vinayak Patil
Nikhilesh Panchal
} Directors

Sanjeev Mohoni Chief Executive Officer
Sunetra Ganesan Chief Financial Officer
R. V. Nawghare Company Secretary

Place : Nashik
Date : April 27, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE NO. 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

EPC Industrié Limited is a Public Limited Company listed on the Bombay Stock Exchange Limited. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Scape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

B. Statement of compliance

The financial statements have been prepared in accordance with IND AS's notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note T for the details of first-time adoption exemptions availed by the Company.

C. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

D. Functional and presentation currency

These financial statements are presented in Indian Rupees ('Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee, unless otherwise indicated.

E. Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'and Ind AS 102 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to IND AS 102 is not applicable to the Company.

F. Property, Plant and equipment:

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Depreciation on all property, plant and equipment, is provided on Straight Line Method as per the estimated useful life. Leasehold Assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on additions to assets or on sale/disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale/scrapped as the case may be.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

An item of property, plant and equipment is derecognised 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 recognised in profit or loss.

Estimated useful life of the assets are as follows:

Assets	Useful life
Buildings	
Factory Building	30 Years
Office Building	60 Years
Extrusion Machines	19 Years
Other Machineries	15 Years
Electrical Installations, factory Equipment's, furniture	10 Years
Vehicles - Two Wheelers	10 Years
Moulds and Dies	6 Years
Office Equipment	5 Years
Computers	3 Years
Vehicles - Cars	8 Years

The estimated useful lives, residual values and depreciation method are renewed at the end the of each reporting period, with the effect of any changes in estimated accounted for an prospective basis.

G. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern. if any

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets under development

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

H. Impairment of Assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

I. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

J. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

K. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised with reference to the stage of completion of the contract.

The use of the percentage of completion method reflects the pattern in which the obligations to the customer are fulfilled. The Company has used an input-based approach since the input measures are a reasonable surrogate for output measures. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

L. Other income:

Dividend income from investments is recognised when the shareholders right to receive payment has been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

These income are recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

M. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the statement profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

N. Employee benefits:

a) Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respected of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

b) Post-employment benefits

(i) <u>Defined contribution plans</u>

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) <u>Defined benefit plans</u>

The employees' gratuity fund scheme, managed by Life Insurance Corporation (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(iii) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the 'Company revises its estimate of the number of equity instruments expected to vest. The impact of the 'revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

O. Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of operating leases, lease payments are recognised as expenses and lease receipts are recognised as income on a straight line basis over the lease term. Initial direct costs are recognised immediately as expenses.

P. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except, borrowing costs that are attributable to the acquisition or construction of qualifying assets which are those that necessarily take a substantial period of time to get ready for their intended use or sale, which are capitalised as part of the cost of such assets.

Q. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

R. Taxes on income:

Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as a component of deferred tax asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

S. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

T. First-time adoption of Ind AS:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Government loan at a below-market rate of interest

The Company has elected to continue with the carrying value of its sales tax deferral scheme as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as of the transition date.

Share-based payment transaction

The Company has availed the exemption in respect of share-based payments and accordingly has not applied Ind AS 102 Share-based payments to employee stock options vested before the date of transition to Ind AS.

Government Grants

Ind AS 20 "Government Grants" has been considered retrospectively as required by Ind AS 20, with consequent changes to Property, Plant & equipment and deferred Government Grants. Further, the Company has opted for Ind AS 16 cost as the cost on the date of transition as against deemed cost option opted in earlier quarters. The change has been made with retrospective effect and the previous period amounts have been restated.

U. Financial instruments

Financial assets and financial liabilities are recognised 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 recognised immediately in profit or loss.

V. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised 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.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

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.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet 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 recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

W. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost:

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

X. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

– useful life of property, plant and equipment and intangible assets

– estimation of define benefit obligation (Refer Note 20)

– provision for warranty claims (Refer Note 14)

– income taxes - current and deferred taxes (Refer Note 6)

– impairment of trade receivables (Refer Note 4)

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTE NO. 2 PROPERTY, PLANT AND EQUIPMENT

Rupees

Description of Assets	Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount										
Balance as at March 31, 2016	9,44,21,316	36,48,65,030	1,36,84,353	1,32,86,946	10,19,95,931	41,96,664	94,85,445	1,16,34,009	1,03,59,611	62,39,29,305
Additions	3,63,533	22,73,100	–	1,52,337	–	1,66,198	60,000	9,51,796	41,74,389	81,41,353
Disposals	–	–	–	–	–	–	–	1,68,332	7,12,692	8,81,024
Balance as at March 31, 2017	**9,47,84,849**	**36,71,38,130**	**1,36,84,353**	**1,34,39,283**	**10,19,95,931**	**43,62,862**	**95,45,445**	**1,24,17,473**	**1,38,21,308**	**63,11,89,634**
II. Accumulated depreciation and impairment										
Balance as at March 31, 2016	4,97,55,476	18,13,74,395	1,04,29,216	97,48,276	8,59,66,167	33,07,846	60,04,946	97,80,940	35,97,883	35,99,65,145
Depreciation and impairment expense for the year	35,51,904	1,43,16,846	6,79,900	4,76,527	46,45,879	3,76,125	4,85,193	8,10,312	16,52,933	2,69,95,619
Eliminated on disposal of assets	–	–	–	–	–	71,828	–	88,115	3,49,845	5,09,788
Balance as at March 31, 2017	**5,33,07,380**	**19,56,91,241**	**1,11,09,116**	**1,02,24,803**	**9,06,12,046**	**36,12,143**	**64,90,139**	**1,05,03,137**	**49,00,971**	**38,64,50,976**
III. Net carrying amount (I-II)	**4,14,77,469**	**17,14,46,889**	**25,75,237**	**32,14,480**	**1,13,83,885**	**7,50,719**	**30,55,306**	**19,14,336**	**89,20,337**	**24,47,38,658**

Description of Assets	Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount										
Balance as at April 1, 2015	8,81,55,026	36,19,23,931	1,36,84,353	1,18,44,043	10,05,20,931	39,97,458	90,06,278	1,07,63,559	1,07,55,833	61,06,51,412
Additions	62,66,290	29,41,099	–	14,42,903	14,75,000	2,29,985	4,79,167	9,07,200	8,85,885	1,46,27,529
Disposals	–	–	–	–	–	30,779	–	36,750	12,82,107	13,49,636
Balance as at March 31, 2016	9,44,21,316	36,48,65,030	1,36,84,353	1,32,86,946	10,19,95,931	41,96,664	94,85,445	1,16,34,009	1,03,59,611	62,39,29,305
II. Accumulated depreciation and impairment										
Balance as at April 1, 2015	4,65,27,331	16,87,70,904	97,46,529	93,79,592	8,07,21,423	28,19,300	55,45,695	89,05,941	29,31,843	33,53,48,558
Depreciation expense for the year	32,28,145	1,26,03,491	6,82,687	3,68,684	52,44,744	4,91,949	4,59,251	9,09,912	14,28,306	2,54,17,169
Eliminated on disposal of assets	–	–	–	–	–	3,403	–	34,913	7,62,266	8,00,582
Balance as at March 31, 2016	4,97,55,476	18,13,74,395	1,04,29,216	97,48,276	8,59,66,167	33,07,846	60,04,946	97,80,940	35,97,883	35,99,65,145
III. Net carrying amount (I-II)	**4,46,65,840**	**18,34,90,635**	**32,55,137**	**35,38,670**	**1,60,29,764**	**8,88,818**	**34,80,499**	**18,53,069**	**67,61,728**	**26,39,64,160**

Assets pledged as security and restriction on titles

Building at Nasik and other moveable assets with carrying amount of Rs. 24,47,38,658, March 31, 2016: Rs. 26,39,64,161; April 1, 2015: Rs. 27,53,02,854 have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

NOTE NO. 3 OTHER INTANGIBLE ASSETS

Rupees

Description of Assets		Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2016	1,52,77,149	1,52,77,149
	Additions	1,18,48,450	1,18,48,450
	Disposals	67,73,552	67,73,552
	Balance as at March 31, 2017	**2,03,52,047**	**2,03,52,047**
II.	**Accumulated amortisation and impairment**		
	Balance as at March 31, 2016	1,36,11,402	1,36,11,402
	Amortisation expense for the year	34,82,586	34,82,586
	Eliminated on disposal/Impairment of assets	64,34,873	64,34,873
	Balance as at March 31, 2017	**1,06,59,115**	**1,06,59,115**
III.	**Net carrying amount (I-II)**	**96,92,932**	**96,92,932**

Rupees

Description of Assets		Computer Software	Total
I.	**Gross carrying Amount**		
	Balance as at April 1, 2015	1,48,08,287	1,48,08,287
	Additions	4,68,862	4,68,862
	Disposals	–	–
	Balance as at March 31, 2016	**1,52,77,149**	**1,52,77,149**
II.	**Accumulated amortisation and impairment**		
	Balance as at April 1, 2015	1,24,74,222	1,24,74,222
	Amortisation expense for the year	11,37,180	11,37,180
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2016	**1,36,11,402**	**1,36,11,402**
III.	**Net carrying amount (I-II)**	**16,65,747**	**16,65,747**

NOTE NO. 4 TRADE RECEIVABLES

Rupees

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
Trade receivables outstanding for the period exceeding six months from the date they were due for payment						
Unsecured, considered good	**27,49,59,325**	**1,16,43,878**	18,47,50,599	64,47,490	9,44,09,981	61,80,400
Doubtful	**12,20,53,080**	**9,54,945**	9,77,19,690	9,71,802	10,09,54,324	9,36,199
	39,70,12,405	**1,25,98,823**	28,24,70,289	74,19,292	19,53,64,305	71,16,599
Less: Allowance for doubtful debts (expected credit loss)	**(12,20,53,080)**	**(9,54,945)**	(9,77,19,690)	(9,71,802)	(10,09,54,324)	(9,36,199)
	27,49,59,325	**1,16,43,878**	18,47,50,599	64,47,490	9,44,09,981	61,80,400
Other Trade Receivables						
Unsecured, considered good	**63,77,13,675**	**–**	57,17,51,317	–	47,56,76,648	–
Less: Allowance for doubtful debts (expected credit loss)	**(5,02,608)**	**–**	–	–	–	–
	63,72,11,067	**–**	57,17,51,317	–	47,56,76,648	–
Total	**91,21,70,392**	**1,16,43,878**	75,65,01,916	64,47,490	57,00,86,629	61,80,400

Refer Note 24 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Debts due from a private Company in which a director is a director or member.
(classified as Current)

Rupees

Name	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Richfield Fertilizers Private Limited	**–**	–	77,215
Mahindra HZPC Private Limited	**27,86,959**	104	–

NOTE NO. 5 OTHER FINANCIAL ASSETS

Rupees

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Security deposits	**95,92,037**	**37,86,000**	63,37,345	37,86,000	44,74,283	37,86,000
Insurance and Other claims	**96,118**	**–**	–	–	4,000	–
Interest accrued on deposits, loans and advances	**5,09,659**	**–**	12,36,468	–	21,38,983	–
Total	**1,01,97,814**	**37,86,000**	75,73,813	37,86,000	66,17,266	37,86,000

NOTE NO. 6 CURRENT TAX AND DEFERRED TAX

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax:		
In respect of current year	**4,60,46,000**	4,22,00,500
In respect of prior years	**(2,44,28,327)**	(56,48,124)
Deferred Tax:		
In respect of current year	**(1,62,31,827)**	(1,94,45,658)
In respect of prior years	**(76,42,417)**	(18,81,876)
Total income tax expense recognised in the current year relating to continuing operations	**(22,56,571)**	1,52,24,842

(b) Income tax recognised in other Comprehensive income

Deferred Tax		
Remeasurement of defined benefit obligations	**(1,17,061)**	24,74,777
	(1,17,061)	24,74,777
Income taxes related to items that will not be reclassified to profit or loss	**(1,17,061)**	24,74,777
Total	**(1,17,061)**	24,74,777

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit before tax from continuing operations	**9,67,89,771**	10,26,72,077
Income tax expense calculated at 34.608% (2016: 34.608%)	**3,34,97,004**	3,55,32,752
Effect of income that is exempt from taxation	**(44,91,551)**	–
Effect on expense that is non-deductible in determining taxable profit	**8,08,720**	2,39,81,032
Effect on tax incentives and concessions (other allowable and set off of losses)	**–**	(19,87,258)
Effect of recognition of tax effect of previously unrecognised tax losses	**–**	(3,47,71,684)
	2,98,14,173	2,27,54,842
Adjustments recognised in the current year in relation to the current tax of prior years	**(3,20,70,744)**	(75,30,000)
Income tax expense recognised In profit or loss from continuing operations	**(22,56,571)**	1,52,24,842

The tax rate used for the year ended March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Rupees

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deductible Temporary differences (will never expire)			
Employee Benefits	**–**	–	59,64,319
Provisions	**–**	–	1,80,20,994
Unabsorbed Depreciation	**–**	–	1,07,86,371
Total	**–**	–	3,47,71,684

(e) Deferred tax assets (net)

Deferred tax assets			
Provision for compensated absences	**55,49,070**	34,96,611	59,64,319
Provision for doubtful debts	**4,43,79,360**	3,58,28,540	3,36,88,064
Unabsorbed Depreciation	**–**	–	1,07,86,371
Minimum Alternate Tax Credit	**33,55,489**	1,64,47,018	1,45,65,142
Others	**2,11,68,661**	1,89,63,716	2,21,47,819
	7,44,52,580	7,47,35,885	8,71,51,715
Deferred tax liabilities			
Depreciation and amortisation	**3,75,06,317**	4,06,63,459	3,72,52,418
Warranty Discounting	**2,42,620**	6,54,527	5,62,471
FVTPL Financial Asset	**28,385**	–	–
	3,77,77,322	4,13,17,986	3,78,14,889
Written down of deferred tax asset	**–**	–	(3,47,71,684)
Net Deferred tax assets	**3,66,75,258**	3,34,17,899	1,45,65,142

(f) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2017

Rupees

Particulars	**Opening Balance**	**Recognised in profit and Loss (including for earlier year)**	**Recognised in OCI**	**Utilised**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	4,06,63,459	(31,57,142)	–	–	3,75,06,317
Warranty Discounting	6,54,527	(4,11,907)	–	–	2,42,620
FVTPL financial asset	–	28,385	–	–	28,385
	4,13,17,986	(35,40,664)	–	–	3,77,77,322

Rupees

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax assets					
Employee Benefits	34,96,611	19,35,398	1,17,061	–	55,49,070
Provisions	3,58,28,540	85,50,820	–	–	4,43,79,360
Others	1,89,63,716	22,04,945	–	–	2,11,68,661
	5,82,88,867	1,26,91,163	1,17,061	–	7,10,97,091
Net Deferred Tax Asset (Liabilities)	**1,69,70,881**	**1,62,31,827**	**1,17,061**	**–**	**3,33,19,769**
Minimum Alternate Tax Credit	1,64,47,018	76,42,417	–	(2,07,33,946)	33,55,489
Total	**3,34,17,899**	**2,38,74,244**	**1,17,061**	**(2,07,33,946)**	**3,66,75,258**

(g) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2016

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	3,72,52,418	34,11,041	–	–	4,06,63,459
Discounting of provisions	5,62,471	92,056	–	–	6,54,527
	3,78,14,889	35,03,097	–	–	4,13,17,986
Tax effect of items constituting deferred tax assets					
Employee Benefits	59,64,319	7,069	(24,74,777)	–	34,96,611
Provision for receivables and other assets	3,36,88,064	21,40,476	–	–	3,58,28,540
Other Items	2,21,47,819	(31,84,103)	–	–	1,89,63,716
Unabsorbed Depreciation	1,07,86,371	(1,07,86,371)	–	–	–
	7,25,86,573	(1,18,22,929)	(24,74,777)	–	5,82,88,867
Less: Write down of deferred tax asset/Recognition of previously unrecognised asset	(3,47,71,684)	3,47,71,684	–	–	–
Net Deferred Tax Asset (Liabilities)	**–**	**1,94,45,658**	**(24,74,777)**	**–**	**1,69,70,881**
Minimum Alternate Tax Credit	1,45,65,142	18,81,876	–	–	1,64,47,018
Total	**1,45,65,142**	**2,13,27,534**	**(24,74,777)**	**–**	**3,34,17,899**

NOTE NO. 7 OTHER NON FINANCIAL ASSETS

Rupees

Particulars	As at March 31, 2017 Current	As at March 31, 2017 Non-Current	As at March 31, 2016 Current	As at March 31, 2016 Non-Current	As at April 1, 2015 Current	As at April 1, 2015 Non-Current
(a) Prepayments	**74,60,588**	**4,85,080**	24,17,871	6,64,281	29,86,471	10,68,407
(b) Prepayments Land Lease	**4,32,427**	**3,09,63,464**	4,32,427	3,13,94,709	4,31,245	3,18,28,318
(c) Advance income tax (Net of Provision)	**–**	**2,79,41,938**	–	2,46,10,169	–	1,86,81,221
(d) Balances with government authorities						
(i) CENVAT credit receivable	**5,07,266**	**–**	17,660	–	–	26,25,443
(ii) VAT credit receivable	**22,42,681**	**–**	7,20,465	–	16,90,637	–
(iii) Service Tax credit receivable	**1,96,516**	**–**	4,05,511	–	58,676	–
(iv) Excise Refund Claim	**–**	**1,66,79,302**	–	1,66,79,302	–	1,66,79,302
(v) Octroi Refund Claim	**1,29,78,478**	**–**	1,96,11,343	–	1,45,67,561	–
(e) Others						
(i) Capital advances	**–**	**96,13,815**	–	31,95,029	–	11,30,130
(ii) Advances Recoverable	**–**	**–**	–	–	249	–
(iii) Advance to Creditors						
Considered Goods	**80,30,614**	**1,00,395**	62,10,998	1,87,705	68,91,212	–
Doubtful	**–**	**21,92,460**	–	21,92,460	–	25,92,460
Less : Provision for Doubtful advances	**–**	**(21,92,460)**	–	(21,92,460)	–	(25,92,460)
	80,30,614	**1,00,395**	62,10,998	1,87,705	68,91,212	–

Rupees

Particulars		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(iv)	Advances to employees						
	Considered Goods	**7,64,817**	**–**	10,77,982	–	15,43,250	–
	Doubtful	**25,31,304**	**–**	26,42,804	–	–	
	Less : Provision for Doubtful advances	**(25,31,304)**	**–**	(26,42,804)	–	–	–
		7,64,817	**–**	10,77,982	–	15,43,250	–
(v)	Balance with LIC (Gratuity)	**–**	**5,39,864**	–	–	–	–
Total		**3,26,13,387**	**8,63,23,858**	3,08,94,257	7,67,31,195	2,81,69,301	7,20,12,821

Leasehold Land at Nasik with carrying amount of Rs. 3,13,95,891 (March 31, 2016: Rs. 3,18,27,136; April 1, 2015: Rs. 3,22,59,563) has been pledged as security for bank facilities under a mortgage.

NOTE NO. 8 INVENTORIES

[Lower of cost and net realisable value]

Rupees

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Raw materials and components	**15,89,25,149**	15,43,92,277	15,85,04,265
(b)	Work-in-progress	**93,13,397**	60,29,067	50,07,858
(c)	Finished and semi-finished goods	**12,89,75,237**	9,58,20,906	9,30,19,951
(d)	Stock-in-trade of goods acquired for trading	**2,77,51,626**	2,20,50,441	2,62,77,426
Total		**32,49,65,409**	27,82,92,691	28,28,09,500

Rupees

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Included above, goods-in-transit:				
(i)	Raw materials and Components	**50,95,275**	1,58,22,141	28,84,665
(ii)	Stock-in-trade of goods acquired for trading	**3,68,794**	–	19,10,285
Total		**54,64,069**	1,58,22,141	47,94,950

Entire inventories is pledged as security for Credit facilities from banks.

Mode of valuation of inventories is stated in Note 1(l).

NOTE NO. 9 INVESTMENTS

Rupees

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	**Amounts Current**	Quantity	Amounts Current	Quantity	Amounts Current
Unquoted						
Investments Carried at FVTPL (A)						
Units of Mutual fund						
– UTI Money Market Fund	**5,520**	**1,00,28,465**	–	–	–	–
– Birla Sunlife Floating Rate Fund	**23,148**	**50,05,449**	–	–	–	–
– DSP Black Rock Liquidity Fund	**4,326**	**1,00,28,201**	–	–	–	–
– Franklin India TMA - Super IP	**4,126**	**1,00,09,867**	–	–	–	–
– L & T Liquid Fund	**4,499**	**1,00,10,037**	–	–	–	–
Total		**4,50,82,019**		–		–
Investment carried at amortised cost (B)						
Investments in Government Securities						
National Saving Certificate	**–**	**–**	–	–	1	55,000
[Pledged with sales tax authority Aggregate face value of Rs. 55000]						
Total		**–**		–		55,000
Total (A + B)		**4,50,82,019**		–		55,000

Categorywise details	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015 (Rupees)
Financial assets at FVTPL	**4,50,82,019**	–	–
Financial assets at amortised cost	**–**	–	55,000

Note No. 10 Cash and Bank Balances

Categorywise details	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
(a) Balances with banks - Current Accounts	**2,79,34,153**	4,03,83,124	5,55,14,970
(b) Cash on hand	**2,651**	1,50,949	3,01,764
(c) Balance with bank - Deposit Accounts	**4,09,77,392**	12,10,49,376	8,09,77,285
Total Cash and cash equivalents as per Balance Sheet	**6,89,14,196**	16,15,83,449	13,67,94,019

Rupees

Categorywise details	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Bank Balances			
(a) Earmarked balances with banks	**31,96,469**	1,61,11,875	4,82,71,371
(b) Balances with Banks - on margin accounts	**4,58,34,191**	5,80,38,426	8,48,84,976
Total Other Bank Balances	**4,90,30,660**	7,41,50,301	13,31,56,347
Reconciliation of Cash and Cash Equivalents			
Total Cash and Cash Equivalents as per Balance Sheet	**6,89,14,196**	16,15,83,449	13,67,94,019
Less : Bank Overdraft	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cash flow	**6,89,14,196**	16,15,83,449	13,67,94,019

NOTE NO. 11 EQUITY SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Particulars	**No. of shares**	**Rupees**	No. of shares	Rupees	No. of shares	Rupees
Authorised						
Equity shares of Rs. 10 each	**3,20,00,000**	**32,00,00,000**	3,20,00,000	32,00,00,000	3,20,00,000	32,00,00,000
Preference share of Rs. 10 each	**18,00,000**	**1,80,00,000**	18,00,000	1,80,00,000	18,00,000	1,80,00,000
Issued						
Equity shares of Rs. 10 each	**2,76,76,461**	**27,67,64,610**	2,76,62,372	27,66,23,720	2,76,48,264	27,64,82,640
Subscribed and fully paid up						
Equity shares of Rs. 10 each	**2,76,72,561**	**27,67,25,610**	2,76,58,472	27,65,84,720	2,76,44,364	27,64,43,640
Forfeited shares (Amount originally paid up)	**3,900**	**19,500**	3,900	19,500	3,900	19,500
Total	**–**	**27,67,45,110**	–	27,66,04,220	–	27,64,63,140

Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars		**Opening Balance**	**Issued during the year**	**Closing Balance**
March 31, 2017				
	No. of Shares	2,76,58,472	14,089	2,76,72,561
	Amount	27,65,84,720	1,40,890	27,67,25,610
March 31, 2016				
	No. of Shares	2,76,44,364	14,108	2,76,58,472
	Amount	27,64,43,640	1,41,080	27,65,84,720
April 1, 2015				
	No. of Shares	–	–	2,76,44,364
	Amount	–	–	27,64,43,640

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Mahindra and Mahindra Ltd, the Holding Company	**1,51,44,433**	1,51,44,433	1,51,44,433

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2017 Number of shares held	As at March 31, 2017 % holding in that class of shares	As at March 31, 2016 Number of shares held	As at March 31, 2016 % holding in that class of shares	As at April 1, 2015 Number of shares held	As at April 1, 2015 % holding in that class of shares
Equity shares						
Mahindra and Mahindra Limited	**1,51,44,433**	**54.73%**	1,51,44,433	54.76%	1,51,44,433	54.78%

(iv) Shares reserved for issuance as follows:

No. of shares

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Outstanding employee stock options granted/ available for grant.	**5,24,568**	5,38,657	5,52,765

Note No. 12 - Non-Current Borrowings

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured Borrowings - at amortised Cost			
Deferred payment liabilities	**20,73,030**	26,84,436	42,61,666
Total	**20,73,030**	26,84,436	42,61,666

Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years, from the year of availment of respective incentive. These loans are repayable:

(i)	In the second year	–	Rs. 6,11,406 (As at March 31, 2016 Rs. 6,11,406, As at April 1, 2015 Rs. 17,40,505)
(ii)	In the third to fifth year	–	Rs. 14,61,624 (As at March 31, 2016 Rs. 18,34,218, As at April 1, 2015 Rs. 17,36,253)
(iii)	After five years	–	Rs. Nil (As at March 31, 2016 Rs. 2,38,812, As at April 1, 2015 Rs. 7,84,908)

Note No. 13 - Other Current Financial Liabilities

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt	**6,11,406**	17,40,505	31,44,207
Interest payable to vendors	**59,40,261**	50,83,145	17,52,526
Unpaid matured deposits and interest accrued thereon	**90,502**	90,502	4,82,969
Retention Money	**2,82,300**	2,82,300	5,54,593
Security Deposits	**3,96,81,617**	3,69,76,698	3,37,37,602
Total	**4,66,06,086**	4,41,73,150	3,96,71,897

NOTE NO. 14 - PROVISIONS

Rupees

Particulars		**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
		Current	**Non-Current**	Current	Non-Current	Current	Non-Current
a.	Provision for employee benefits						
	Compensated absences and gratuity	**1,56,95,819**	**–**	1,01,03,475	–	1,80,39,255	–
b.	Other Provisions						
	Warranty	**73,15,634**	**74,58,198**	64,03,121	79,01,393	18,00,000	51,27,386
Total		**2,30,11,453**	**74,58,198**	1,65,06,596	79,01,393	1,98,39,255	51,27,386

Details of movement in Warranty Provisions is as follows:

Particulars	**Rupees**
Balance at April 1, 2015	69,27,386
Additional provisions recognised	1,19,38,784
Amounts used during the year	(45,61,656)
Balance at March 31, 2016	1,43,04,514
Additional provisions recognised	79,53,321
Amounts used during the year	(26,91,223)
Unused amounts reversed during the year	(56,99,577)
Unwinding of discount	9,06,797
Balance at March 31, 2017	**1,47,73,832**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

NOTE NO. 15 - TRADE PAYABLES

Rupees

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable – Micro and small enterprises	**4,00,02,361**	3,52,19,275	2,86,71,551
Trade payable – Other than micro and small enterprises	**29,82,00,196**	21,58,20,540	20,49,62,142
Creditors for accrued wages and salaries	**1,05,64,237**	91,52,906	76,47,360
Total	**34,87,66,794**	26,01,92,721	24,12,81,053

Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Dues remaining unpaid as at March 31			
	Principal	**4,00,02,361**	3,52,19,275	2,86,71,551
	Interest on the above	**27,960**	1,74,393	75,985
(b)	Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year			
	Principal paid beyond the appointed date	**11,71,29,468**	17,26,19,705	6,11,88,701
	Interest paid in terms of Section 16 of the Act	**–**	–	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**6,02,920**	35,67,610	15,59,801
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**53,09,381**	13,41,142	1,16,740
(e)	Amount of interest accrued and remaining unpaid as at March 31	**59,40,261**	50,83,145	17,52,526
	Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			

The average credit period on purchases of goods and availment of services is 15 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Interest is charged on the over due balances as per terms agreed with vendors.

NOTE NO. 16 - OTHER NON - FINANCIAL LIABILITIES

Rupees

Particulars	As at March 31, 2017 Current	As at March 31, 2016 Current	As at April 1, 2015 Current
a. Advances received from customers	**3,06,79,324**	7,67,05,840	5,68,64,577
b. Statutory dues			
– taxes payable (other than income taxes)	**1,01,11,050**	88,27,061	85,77,082
– Employee Recoveries and Employer Contributions	**7,61,720**	4,96,674	4,45,275
c. Provision for liabilities	**7,07,042**	7,07,041	17,17,380
d. Deferred revenue arising from government grant	**1,28,33,849**	1,38,28,658	1,38,28,658
Total	**5,50,92,985**	10,05,65,274	8,14,32,972

NOTE NO. 17 - REVENUE FROM OPERATIONS

Rupees

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Revenue from sale of products (including excise duty)	**1,97,34,18,824**	1,99,74,59,880
(b)	Revenue from rendering of services	**3,75,74,383**	2,90,17,713
(c)	Other operating revenue	**31,90,049**	30,95,559
Total		**2,01,41,83,256**	2,02,95,73,152

Rupees

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i)	Sale of products comprises		
	Manufactured goods	**1,88,32,18,130**	1,87,45,59,752
	Total - Sale of manufactured goods	**1,88,32,18,130**	1,87,45,59,752
	Traded goods		
	Pumps	**6,59,90,682**	8,61,03,282
	Green Houses	**2,42,10,012**	3,67,96,846
	Total - Sale of traded goods	**9,02,00,694**	12,29,00,128
	Total - Sale of products	**1,97,34,18,824**	1,99,74,59,880
(ii)	Sale of services comprises		
	Agronomy Services	**7,53,204**	12,99,759
	Installation Services	**93,01,438**	1,19,41,971
	Land Scape Projects	**2,75,19,741**	1,57,75,983
	Total - Sale of services	**3,75,74,383**	2,90,17,713
(iii)	Other operating revenues comprise:		
	Sale of scrap	**21,95,240**	30,95,559
	Government Grant Incentives	**9,94,809**	–
	Total - Other operating revenues	**31,90,049**	30,95,559

NOTE NO. 18 - OTHER INCOME

Rupees

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Interest Income			
	1)	Bank deposits (at amortised cost)	**91,90,229**	1,56,66,273
	2)	Interest on Security Deposit (at amortised cost)	**2,98,186**	3,67,424
	3)	Interest on tax refunds	**12,19,213**	–
(b)	Operating lease rental income		**2,97,000**	–
(c)	Net Gain on current investments			
	1)	On sale of other current investments	**7,22,206**	7,19,771
	2)	Unrealised Profit arising on financial assets mandatorily measured at FVTPL	**82,019**	–
	3)	Dividend Income	**6,225**	–
(d)	Profit on sale of assets (net of loss on assets sold/ scrapped/written off)		**–**	4,521
(e)	Liabilities no longer required written back		**32,82,631**	37,21,016
(f)	Miscellaneous income		**7,96,907**	19,25,971
(g)	Processing Charges		**27,67,920**	–
(h)	Bad debts recovered		**–**	44,226
Total			**1,86,62,536**	2,24,49,202

Note No. 19(a) - Cost of materials consumed

Opening stock	**15,43,92,277**	15,85,04,265
Add: Purchases	**1,12,09,43,330**	1,10,15,77,713
	1,27,53,35,607	1,26,00,81,978
Less: Closing stock	**15,89,25,149**	15,43,92,277
Cost of materials consumed	**1,11,64,10,458**	1,10,56,89,701

Note No. 19(b) Purchases of finished, semi-finished and other products (Traded Goods)

Stock-in-trade - Pump and Greenhouses	**6,96,32,256**	8,83,18,100
Total	**6,96,32,256**	8,83,18,100

Note 19(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year:		
Finished goods	**12,89,75,237**	9,58,20,906
Work-in-progress	**93,13,397**	60,29,067
Stock-in-trade	**2,77,51,626**	2,20,50,441
	16,60,40,260	12,39,00,414
Inventories at the beginning of the year:		
Finished goods	**9,58,20,906**	9,30,19,951
Work-in-progress	**60,29,067**	50,07,858
Stock-in-trade	**2,20,50,441**	2,62,77,426
	12,39,00,414	12,43,05,235
Net (increase)/decrease	**(4,21,39,846)**	4,04,821

NOTE NO. 20 - EMPLOYEE BENEFITS EXPENSE

Rupees

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Salaries and wages, including bonus	**20,57,36,112**	18,34,52,101
(b)	Contribution to provident and other funds (Refer Note No. 28)	**1,13,86,256**	1,20,82,123
(c)	Share based payment transactions expenses	**47,80,492**	46,19,015
(d)	Staff welfare expenses	**1,03,52,027**	90,22,445
Total Employee Benefit Expense		**23,22,54,887**	20,91,75,684

Pursuant to the "Employees Stock Option Scheme - 2014" (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424, 3,228 and 1,33,432 Stock Options to the eligible employees on October 28, 2014, October 31, 2015 and November 22, 2016 respectively as per the recommendation of the Nomination and Remuneration Committee, at an exercise price of Rs. 10 /- each. In respect of the options granted in 2014, the equity settled options vest in 5 branches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date. In respect of options granted in 2015, the equity settled options vest in 4 branches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date. In respect of the options granted in 2016, the equity settled options vest in 5 branches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

		Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
1	Series 1 Granted on October 28, 2014	80,424	October 28, 2014	October 28, 2019	10	170.97
2	Series 2 Granted on October 31, 2015	3,228	October 31, 2015	October 31, 2019	10	170.97
3	Series 3 Granted on November 22, 2016	1,33,432	November 22, 2016	November 22, 2021	10	131.75

Movement in Share Options

Particulars		Number of Shares	Year ended March 31, 2017 Weighted average exercise price	Number of Shares	Year ended March 31, 2016 Weighted average exercise price
1	Outstanding at the beginning of the year	**56,359**	**10**	80,424	10
2	Granted during the period	**1,33,432**	**10**	3,228	10
3	Exercised during the period	**(14,089)**	**10**	(14,108)	10
4	Expired during the period	**(6,635)**	**10**	(13,185)	10
5	Outstanding at the end of the year	**1,69,067**	**10**	56,359	10

Share Options Exercised in the Year

Particulars		Year end March 31, 2017 Number Exercised	Exercise Date	Share Price at Exercise Date	Year end March 31, 2016 Number Exercised	Exercise Date	Share Price at Exercise Date
Equity Settled							
1	Series 1 Granted on October 28, 2014	**–**	**–**	**–**	14,108	October 31, 2015	158.10
2	Series 1 Granted on October 28, 2014	**11,070**	**October 28, 2016**	**160.75**	–	–	–
3	Series 1 Granted on October 28, 2014	**2,212**	**January 31, 2017**	**150.80**	–	–	–
4	Series 2 Granted on November 22, 2015	**807**	**November 22, 2016**	**135.40**	–	–	–

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

Particulars	Series 1 2017	2016	Series 2 2017	2016	Series 3 2017	2016
Share price at grant date	**177.75**	177.75	**158.3**	158.3	**135.4**	–
Exercise price	**10**	10	**10**	10	**10**	–
Expected volatility (weighted-average)	**55%**	55%	**55%**	55%	**49%**	–
Expected life/Option Life (weighted-average)	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**5.50 Year**	–
Expected dividends yield	**Nil**	Nil	**Nil**	Nil	**Nil**	–
Risk-free interest rate (based on government bonds)	**8.06%**	8.06%	**8.06%**	8.06%	**6.33%**	–

The fair value of the employee share options has been measured using the Black-Scholes option Pricing formula.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The Holding Company has recovered Rs. 1,54,685 (March 31, 2016 Rs. Nil) towards option granted by the Holding Company in respect of employees deputed to the Company.

NOTE NO. 21 - FINANCE COST

Rupees

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Interest Cost		
	– On credit facilities from Banks	**21,36,524**	4,02,513
	– On trade creditors	**16,93,338**	33,30,576
	– On Government Grant	**95,32,322**	–
	– On delayed payment of taxes	**1,86,229**	60,188
	– On others	**–**	15,448
(b)	Other borrowing cost		
	Processing fees/Guarantee Commission	**8,34,174**	7,86,498
	Unwinding of discounting on provision	**9,06,797**	–
Total finance costs		**1,52,89,384**	45,95,223
Interest Expenses			
On Financial Liability at Amortised Cost		**38,29,862**	37,33,089

NOTE NO. 22 - OTHER EXPENSES

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores consumed	**20,79,054**	57,08,624
Power & Fuel	**4,26,40,002**	3,93,13,114
Rent including lease rentals	**2,02,98,697**	1,28,78,902
Rates and taxes	**14,08,493**	66,23,830
Insurance	**19,05,078**	14,62,083
Repairs and maintenance – Buildings	**12,74,265**	25,04,101
Repairs and maintenance – Machinery	**90,48,582**	55,38,134
Repairs and maintenance – Others	**47,14,883**	43,51,475
Advertisement	**23,15,140**	68,26,549
Commission on sales	**12,98,33,378**	12,65,05,482
Freight outward	**7,68,17,940**	5,93,54,550
Sales promotion expenses	**43,14,141**	19,22,947

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling and Conveyance Expenses	**4,25,02,224**	4,24,40,931
Subcontracting, Hire and Service Charges	**1,18,52,696**	1,37,37,396
Expenditure on corporate social responsibility (CSR)	**7,82,653**	5,69,575
Donations and Contributions for CSR activity	**7,12,000**	5,47,200
Provision for doubtful trade and other receivables, loans	**2,48,19,141**	(5,56,227)
Net loss/(gain) on foreign currency transactions	**6,10,855**	4,81,855
Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**28,75,000**	25,47,625
(ii) For Other services	**9,12,375**	9,00,025
(iii) For Cost auditors for Cost audit	**1,72,500**	1,71,750
(iv) For reimbursement of expenses	**36,857**	76,716
Legal and other professional costs	**5,32,02,145**	3,40,42,240
Communication	**62,23,501**	55,53,208
Printing and stationery	**19,00,551**	23,10,754
Site Expenses	**2,18,36,625**	2,88,04,728
Bad trade and other receivables, loans and advances written off	**42,23,850**	6,98,60,138
Warranty Claim	**22,53,744**	1,19,38,784
Stock Yard Expenses	**66,65,339**	24,19,928
Loss on sale/written off assets	**2,83,343**	–
Directors' Fees and Commission	**19,68,652**	19,44,365
Other General Expenses	**2,69,59,215**	2,24,77,032
Total	**50,74,42,919**	51,32,57,814

NOTE NO. 23 - EARNINGS PER SHARE

Basic Earnings per share		
From continuing operations	**3.58**	3.16
Diluted Earnings per share		
From continuing operations	**3.56**	3.15

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year used in the calculation of basic earnings per share	**9,90,46,342**	8,74,47,235
Weighted average number of equity shares	**2,76,63,066**	2,76,50,262

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective period.

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year used in the calculation of basic earnings per share	**9,90,46,342**	8,74,47,235
Profit for the year used in the calculation of diluted earnings per share	**9,90,46,342**	8,74,47,235

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of equity shares used in the calculation of Basic EPS	**2,76,63,066**	2,76,50,262
Add: Effect of employee stock option scheme	**1,57,956**	52,245
Weighted average number of equity shares used in the calculation of Diluted EPS	**2,78,21,022**	2,77,02,507

NOTE NO. 24 - FINANCIAL INSTRUMENTS

I. Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rupees

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Equity	**1,34,18,22,980**	1,23,80,76,520	1,14,19,25,976
Less: Cash and cash equivalents	**(6,89,14,196)**	(16,15,83,449)	(13,67,94,019)
	1,27,29,08,784	1,07,64,93,071	1,00,51,31,957

II. Categories of financial assets and financial liabilities

Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at March 31, 2017
Non-current Assets				
Trade Receivables	**1,16,43,878**	–	–	**1,16,43,878**
Other Financial Assets	**37,86,000**	–	–	**37,86,000**
Current Assets				
Investments	–	**4,50,82,019**	–	**4,50,82,019**
Trade Receivables	**91,21,70,392**	–	–	**91,21,70,392**

Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at March 31, 2017
Cash and Cash Equivalents	**6,89,14,196**	**–**	**–**	**6,89,14,196**
Other Bank Balances	**4,90,30,660**	**–**	**–**	**4,90,30,660**
Other Financial Assets	**1,01,97,814**	**–**	**–**	**1,01,97,814**
Non-current Liabilities				
Borrowings	**20,73,030**	**–**	**–**	**20,73,030**
Current Liabilities				
Trade Payables	**34,87,66,794**	**–**	**–**	**34,87,66,794**
Other Financial Liabilities	**4,66,06,086**	**–**	**–**	**4,66,06,086**

Rupees

As at March 31, 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	64,47,490	–	–	64,47,490
Other Financial Assets	37,86,000	–	–	37,86,000
Current Assets				
Trade Receivables	75,65,01,916	–	–	75,65,01,916
Cash and Cash Equivalents	16,15,83,449	–	–	16,15,83,449
Other Bank Balances	7,41,50,301	–	–	7,41,50,301
Other Financial Assets	75,73,813	–	–	75,73,813
Non-current Liabilities				
Borrowings	26,84,436	–	–	26,84,436
Current Liabilities				
Trade Payables	26,01,92,721	–	–	26,01,92,721
Other Financial Liabilities	4,41,73,150	–	–	4,41,73,150

Rupees

As at April 1, 2015

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	61,80,400	–	–	61,80,400
Other Financial Assets	37,86,000	–	–	37,86,000
Current Assets				
Investments	55,000	–	–	55,000
Trade Receivables	57,00,86,629	–	–	57,00,86,629
Cash and Cash Equivalents	13,67,94,019	–	–	13,67,94,019
Other Bank Balances	13,31,56,347	–	–	13,31,56,347
Other Financial Assets	66,17,266	–	–	66,17,266
Non-current Liabilities				
Borrowings	42,61,666	–	–	42,61,666
Current Liabilities				
Trade Payables	24,12,81,053	–	–	24,12,81,053
Other Financial Liabilities	3,96,71,897	–	–	3,96,71,897

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The company has dealings with government organisation for subsidy related transaction and with private parties. For private non government parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy non government parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored and controlled by counterparty limits that are reviewed by Credit Control function based on the approved process.

Trade receivables consist of a large number of customers, spread across geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable. There are no non government customers who represent more than 5% of the total balance of trade receivable.

The Company has a policy of providing for receivables @ 100% for receivables for more than 2 years, as reduced by subsequent collection.

The average credit period considering government sales of goods is 241 days and non government customers on sale of goods is 91 days. No interest is charged on overdue balance.

The Company applies the simplified approach to provide expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of Rs. 3,96,81,617 (March 31, 2016 Rs. 3,69,76,698, April 1, 2015 Rs. 3,37,37,602) and bank guarantees of Rs. 91,00,000 (March 31, 2016 Rs. 63,00,000, April 1, 2015 Rs. 15,00,000) which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The loss allowance provision is determined as follows:

Rupees

As at March 31, 2017

Particulars	**Not due**	**Less than 1 Year past due**	**More than 1 Year and Less than 2 Year past due**	**More than 2 Year past due**	**Total**
Project					
Expected loss rate	**7.58%**	**1.99%**	**12.22%**	**97.95%**	
Gross carrying amount	**1,25,98,823**	**60,84,61,440**	**7,55,81,078**	**6,31,41,552**	**75,97,82,893**
Loss allowance provision	**9,54,945**	**1,21,36,181**	**92,32,550**	**6,18,45,781**	**8,41,69,457**
Non Project					
Expected loss rate	**–**	**0.00%**	**15.82%**	**98.40%**	
Gross carrying amount	**–**	**21,81,71,958**	**3,50,21,604**	**3,43,48,448**	**28,75,42,010**
Loss allowance provision	**–**	**–**	**55,41,850**	**3,37,99,326**	**3,93,41,176**

Rupees

As at March 31, 2016

Particulars	Not due	Less than 1 Year past due	More than 1 Year and Less than 2 Year past due	More than 2 Year past due	Total
Project					
Expected loss rate	13.10%	2.65%	10.34%	97.64%	
Gross carrying amount	74,19,292	44,57,42,242	8,15,68,075	4,47,93,814	57,95,23,423
Loss allowance provision	9,71,802	1,18,23,759	84,36,629	4,37,37,622	6,49,69,812
Non Project					
Expected loss rate	–	1.51%	24.02%	99.54%	
Gross carrying amount	–	23,19,39,399	2,61,08,163	2,40,69,913	28,21,17,475
Loss allowance provision	–	34,91,855	62,71,053	2,39,58,772	3,37,21,680

Rupees
As at 1 April 2015

Particulars	Not due	Less than 1 Year past due	More than 1 Year and Less than 2 Year past due	More than 2 Year past due	Total
Project					
Expected loss rate	13.16%	10.29%	0.00%	97.02%	
Gross carrying amount	71,16,599	38,55,14,974	3,19,30,890	3,60,64,811	46,06,27,274
Loss allowance provision	9,36,199	3,96,84,221	–	3,49,91,170	7,56,11,590
Non Project					
Expected loss rate	–	5.84%	0.00%	99.37%	
Gross carrying amount	–	17,85,97,798	2,29,86,745	1,59,45,735	21,75,30,278
Loss allowance provision	–	1,04,33,275	–	1,58,45,658	2,62,78,933

Reconciliation of loss allowance provision for Trade Receivables

Rupees

Particulars	**March 31, 2017**	March 31, 2016
Balance as at beginning of the year	**9,86,91,492**	10,18,90,523
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**6,76,67,705**	9,46,72,781
– Amounts written off during the year	**(42,23,850)**	(6,98,60,138)
– Amounts Recovered during the year	**(3,86,24,714)**	(2,80,11,674)
Balance at end of the year	**12,35,10,633**	9,86,91,492

The loss allowance provision has changed during the year due to recovery from debtors and business circumstances.

During the year, the Company has written off Rs. 42,23,850 (March 31, 2016 Rs. 6,98,60,138) of trade receivables.

The Credit risk on bank balances and investment in mutual funds is limited as the counterparties are banks and fund houses with high credit ratings.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
March 31, 2017				
Non-interest bearing	**39,53,72,880**	**12,22,812**	**8,50,218**	**–**
Total	**39,53,72,880**	**12,22,812**	**8,50,218**	**–**
March 31, 2016				
Non-interest bearing	30,43,65,871	12,22,812	12,22,812	2,38,812
Total	**30,43,65,871**	**12,22,812**	**12,22,812**	**2,38,812**
April 1, 2015				
Non-interest bearing	28,09,52,950	23,19,256	11,57,502	7,84,908
Total	**28,09,52,950**	**23,19,256**	**11,57,502**	**7,84,908**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rupees

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Secured Bank Overdraft facility			
YES Bank Ltd	**14,50,00,000**	14,50,00,000	14,50,00,000
HDFC Bank Ltd	**25,00,00,000**	25,00,00,000	10,00,00,000
Total	**39,50,00,000**	39,50,00,000	24,50,00,000

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
March 31, 2017				
Non-interest bearing	**91,63,40,200**	**9,76,73,175**	**–**	**–**
Fixed interest rate instruments	**6,45,40,546**	**1,87,71,228**	**31,28,810**	**3,71,000**
Total	**98,08,80,746**	**11,64,44,403**	**31,28,810**	**3,71,000**
March 31, 2016				
Non-interest bearing	72,18,19,279	9,41,35,889	–	–
Fixed interest rate instruments	16,46,00,924	1,87,64,464	74,63,709	32,58,704
Total	**88,64,20,203**	**11,29,00,353**	**74,63,709**	**32,58,704**
April 1, 2015				
Non-interest bearing	58,69,55,754	5,60,91,353	–	–
Fixed interest rate instruments	15,97,23,562	3,26,56,608	1,82,12,208	30,36,177
Total	**75,66,79,315**	**8,87,47,961**	**1,82,12,208**	**30,36,177**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows and are not hedged.

Particulars	Currency	March 31, 2017	March 31, 2016	April 1, 2015
Trade Receivables	USD	**24,263**	150	1,397
	Rupees	**15,73,244**	9926	87,438
Trade Payables	USD	**66,673**	5,637	1,62,596
	Rupees	**43,23,047**	3,73,027	1,01,76,865
	EUR	**975**	–	–
	Rupees	**67,519**	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax (Rupees)
March 31, 2017	**USD**	**+10%**	**(274,980)**
	USD	**-10%**	**274,980**
	EUR	**+10%**	**6,752**
	EUR	**-10%**	**(6,752)**

Particulars	Currency	Change in rate	Effect on profit before tax (Rupees)
March 31, 2016	USD	+10%	(36,395)
	USD	-10%	36,395

NOTE NO. 25 - FAIR VALUE MEASUREMENT

a) The directors consider that the caring amounts of financial assets and financial liabilities that are not measured at fair value, recognised in the financial statement approximate their fair values.

b) Fair value of financial assets that are measured at fair value on recurring basis.

Particulars	Fair Value as at As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Fair Value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investment in units of Mutual Funds	4,50,82,019	–	–	Level 2	Net asset value (NAV) published by assets Management Company.

NOTE NO. 26 - LEASES

Particulars	As at March 31, 2017	Rupees As at March 31, 2016
Details of leasing arrangements		
As Lessee		
Operating Lease		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 11 months to 36 months and may be renewed for further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 10% every year.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**15,15,361**	14,95,894
later than one year and not later than five years	**24,08,005**	13,66,716
later than five years	**–**	–
As Lessor		
Operating Lease		
The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 18 months from and may be renewed for a further period of based on mutual agreement of the parties.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**1,97,100**	–
later than one year and not later than five years	**–**	–
later than five years	**–**	–

NOTE NO. 27 - SEGMENT INFORMATION

The Company is engaged in the business of Precision Farming Products and Services and in a single geography viz, India. The Information reported to the chief operating decision maker (CODM) [Viz, The managing Director] for assessment of performance of business and allocation of resources is under this segment.

Accordingly, The Company has identified a single segment under Ind AS 108 - "Operating Segments".

There is no single customer who accounts for 10% more of the company revenues.

Refer Note 17 for the analysis of revenue from it major products and services.

NOTE NO. 28 - EMPLOYEE BENEFITS

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund Rs. 75,46,844 (year ended March 31, 2016 : Rs. 71,69,514) and Superannuation Fund Rs. 18,73,713 (year ended March 31, 2016 : Rs. 18,66,675) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold on investment with LIC, which are exprected to perform in line with governement bonds in the long-term.

The Company believes that due to the long-term nature of the plan liabilities, investments of funds with LIC is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan assets.

Life expectancy

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Defined benefit plans – as per actuarial valuation on March 31, 2017

Rupees

	Funded Plan	
Particulars	**Gratuity**	
	2017	2016
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
1. Current service cost	**20,33,573**	28,77,474
2. Interest cost	**12,79,930**	16,43,561
3. Expected return on plan assets	**(14,36,868)**	(14,01,857)
Ib. Included in other Comprehensive Income		
1. Return on plan assets	**2,01,155**	13,61,554
2. Actuarial (Gain)/Loss on account of:		
– Demographic Assumptions	**(5,35,108)**	–
– Financial Assumptions	**5,58,581**	(49,96,103)
– Experience Adjustments	**1,13,697**	(27,83,442)
Service Cost:		
Current Service Cost	**20,33,573**	28,77,474
Net interest expense	**(1,56,938)**	2,41,704
Components of defined benefit costs recognised in profit or loss	**18,76,635**	31,19,178
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	**2,01,155**	13,61,554
Actuarial gains and loss arising from changes in financial assumptions	**5,58,581**	(49,96,103)
Actuarial gains and loss arising from experience adjustments	**1,13,697**	(27,83,442)
– Demographic Assumptions	**(5,35,108)**	–
Components of defined benefit costs recognised in other comprehensive income	**3,38,325**	(64,17,991)
Total	**22,14,960**	(32,98,813)

Rupees

	Funded Plan	
Particulars	**Gratuity**	
	2017	2016
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**2,02,06,818**	1,75,58,324
2. Fair value of plan assets as at 31st March	**2,07,46,682**	1,75,34,005
3. Surplus/(Deficit)	**5,39,864**	(24,319)
4. Current portion of the above	**–**	(24,319)
5. Non current portion of the above	**5,39,864**	–
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**1,75,58,324**	2,14,88,476
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**20,33,573**	28,77,474
– Interest Cost	**12,79,930**	16,43,561
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Demographic Assumptions	**(5,35,108)**	–
– Financial Assumptions	**5,58,581**	(49,96,103)
– Experience Adjustments	**1,13,697**	(27,83,442)
4. Benefit payments	**(8,02,179)**	(6,71,642)
5. Present value of defined benefit obligation at the end of the year	**2,02,06,818**	1,75,58,324
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**1,75,34,005**	1,60,81,668
2. Adjustment to Opening Fair Value of the Asset	**14,76,964**	14,30,751
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**14,36,868**	14,01,857
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(2,01,155)**	(14,01,857)

Rupees

Particulars	Funded Plan	
	Gratuity	
	2017	2016
5. Contributions by employer (including benefit payments recoverable)	**5,00,000**	21,586
6. Benefit payments	**–**	–
7. Fair value of plan assets at the end of the year	**2,07,46,682**	1,75,34,005

Rupees

Particulars	Funded Plan	
	Gratuity	
	2017	2016
IV. The Major categories of plan assets		
– Funds Managed By Insurer (LIC of India)	**2,07,46,682**	1,75,34,005
V. Actuarial assumptions		
1. Discount rate	**6.69%**	7.46%
2. Expected rate of return on plan assets	**6.50%**	8.00%
3. Salary escalation	**6.50%**	6.50%
4. Attrition rate	**18.90%**	5.00%

The sensitivity analysis of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	2017	1.00%	1,94,87,516	2,09,82,819
	2016	1.00%	1,63,03,210	1,89,83,319
	2015	1.00%	1,96,53,431	2,36,10,351
Salary growth rate	2017	1.00%	2,08,97,020	1,95,55,205
	2016	1.00%	1,89,41,790	1,63,18,129
	2015	1.00%	2,34,89,342	1,97,14,897

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 24,89,732 to the gratuity trusts during the next financial year of 2018.

Maturity profile of defined benefit obligation:	**2017**	2016	2015
Within 1 year			
1 - 2 year	**49,08,363**	14,46,875	13,55,899
2 - 3 year	**58,68,317**	11,99,673	13,17,428
3 - 4 year	**46,81,883**	23,16,399	10,82,368

Maturity profile of defined benefit obligation:	**2017**	2016	2015
4 - 5 year	**53,82,928**	15,08,985	22,22,886
5 - 10 years	**44,71,936**	19,80,558	14,17,419
	90,75,309	1,02,01,666	1,24,02,923

Plan Assets

The fair value of Company's plan asset as of March 31, 2016 and 2015 by category are as follows:

	2017	2016	2015
Asset category:			
Deposits with Insurance companies	**100%**	100%	100%
	100%	100%	100%

100% of the plan assets is entrusted to Life Insurance Corporation (LIC) of India under their group gratuity scheme. The reimbursement is subject to life insurance corporation (LIC) of India surrender policy.

		Period Ended			
VIII. Experience Adjustments:	**2017**	2016	2015	2014	2013
			Gratuity		
1. Defined Benefit Obligation	**2,02,06,818**	1,75,58,324	2,14,88,476	1,72,62,679	1,42,89,847
2. Fair value of plan assets	**2,07,46,682**	1,75,34,005	1,60,81,668	1,42,17,444	1,17,17,444
3. Surplus/(Deficit)	**5,39,864**	(24,319)	(54,06,808)	(30,45,235)	(25,72,403)

VIII. Experience Adjustments:	2017	2016	2015	2014	2013
	Period Ended				
	Gratuity				
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**–**	–	–	–	–
5. Experience adjustment on plan assets [Gain/(Loss)]	**(2,01,155)**	(13,61,554)	(14,38,829)	(10,45,176)	(897)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE NO. 29 - RELATED PARTY DISCLOSURES

Name of the parent Company	**Relationship**
Mahindra and Mahindra Ltd	Holding Company
Other related parties with whom transaction have been undertaken	
Mahindra Logistics Ltd	Fellow subsidiary
Mahindra HZPC Pvt Ltd	Fellow subsidiary
Mahindra Susten Pvt Ltd	Fellow subsidiary
Mahindra Agri Solutions Ltd	Fellow subsidiary
Mahindra Life space Developers Ltd	Fellow subsidiary
Mahindra Residential Developers Ltd	Fellow subsidiary
Mahindra Integrated Business Solutions Pvt Ltd	Fellow subsidiary
Mr. Ashok Sharma	Key Management Personnel (Managing Director)
Mr. Sanjeev Mohoni	Key Management Personnel (Chief Executive Officer)
Mr. Mayur Bumb	Key Management Personnel (Chief Financial Officer) upto December 9, 2016
Ms. Sunetra Ganesan	Key Management Personnel (Chief Financial Officer) w.e.f. January 31, 2017

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Nature of transactions with Related Parties	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of goods		
Mahindra and Mahindra Ltd	**–**	70,00,000
Mahindra HZPC Pvt Ltd	**69,46,960**	104
Mahindra Life space Developers Ltd	**15,35,384**	51,54,159
Mahindra Residential Developers Ltd	**14,14,477**	–
Mahindra Susten Pvt Ltd	**1,67,60,278**	–
Mahindra Agri Solutions Ltd	**17,16,000**	–
Purchase of Intangible Assets		
Mahindra and Mahindra Limited	**85,49,727**	32,68,000
Remuneration		
Mr. Ashok Sharma	**27,58,000***	14,01,570*
Mr. Sanjeev Mohoni	**13,990,430***	9,745,292*
Ms. Sunetra Ganesan	**6,56,080**	–
Mr. Mayur Bumb	**34,49,818**	36,88,770
Management contract fees expenses (Including for deputation of personnel)		
Mahindra and Mahindra Limited	**1,92,68,787**	1,26,09,195
Mahindra Logistics Limited	**3,96,463**	3,93,076
Travelling Expense		
Mahindra and Mahindra Limited	**–**	3,27,360
Mahindra Integrated Business Solution Pvt Ltd	**38,095**	–
Rent earned		
Mahindra Agri Solutions Ltd	**2,27,254**	–
Rent Expense		
Mahindra Logistics Limited	**–**	1,83,674
Reimbursement of Expenses to		
Mahindra and Mahindra Limited	**4,14,067**	1,71,570
Professional Fees		
Mahindra and Mahindra Limited	**85,84,744**	16,06,500
Mahindra Integrated Business Solutions Pvt Ltd	**2,94,208**	–

Rupees

Nature of Balances with Related Parties	**As at March 31, 2017**	As at March 31, 2016
Trade payables		
Mahindra and Mahindra Limited	**11,91,150**	48,74,500
Mahindra Logistics Limited	**–**	2,13,185
Trade Receivables		
Mahindra and Mahindra Limited	**–**	70,00,000
Mahindra HZPC Pvt Ltd	**27,86,959**	104
Mahindra Susten Pvt Ltd	**81,37,775**	–
Mahindra Agri Solutions Ltd	**18,44,782**	–
Mahindra Life space Developers Ltd	**(2,68,318)**	33,96,765
Security Deposits		
Mahindra Life space Developers Ltd	**–**	1,74,392

* Company has incurred Rs. 15,791,546 (March 31, 2016 Rs. 11,146,862) for managerial personnel services provided by Mahindra and Mahindra Limited.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rupees

Particulars	Year ended March 31, 2017				Year ended March 31, 2016			
	Directors	**Managing Director**	**Chief Executive Officer**	**Chief Financial Officer**	Directors	Managing Director	Chief Executive Officer	Chief Financial Officer
Remuneration	**–**	**27,58,000**	**1,30,33,546**	**37,76,369**	–	14,01,570	97,45,292	33,56,638
Fees for attending board committee meetings	**10,11,150**	**–**	**–**	**–**	8,50,000	–	–	–
Commission to independent directors	**957,502**	**–**	**–**	**–**	10,94,365	–	–	–
Short-term employee benefits	**–**	**–**	**–**	**–**	–	–	–	–
Share-based payment	**–**	**–**	**9,56,884@**	**3,29,530**	–	–	–	3,32,132

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefits accounted as per actuarial valuation.

These are determined on actuarial basis and amount for each individual employee is not available.
@ Excludes amount recovered by Holding Company in respect of options granted by the Holding Company.

NOTE NO. 30 - CONTINGENT LIABILITIES AND COMMITMENTS

Rupees

Contingent liabilities (to the extent not provided for)	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Contingent liabilities			
(a) Claims against the Company not acknowledged as debt	**37,92,798**	33,66,138	26,49,921
(b) Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	**18,42,288**	1,00,63,173	79,23,054
(c) Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal/Department is in appeal			
Income Tax:	**24,20,335**	47,33,718	49,33,598
Sales Tax:	**–**	7,43,552	7,43,552
Excise Duty:	**43,88,000**	79,44,000	79,44,000
(d) Non-current non-financial asset includes refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	**1,66,79,302**	1,66,79,302	1,66,79,302

The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".

The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.

The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

Note No. 31 - Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets.	**25,81,485**	50,16,509	13,76,038

Note No. 32 -

The Director Horticulture, Maharashtra has passed an Order dated July 30, 2016 deregistering the Company from carrying subsidy related business in the state of Maharashtra. The Company has filed an appeal with the appropriate authorities.

NOTE NO. 33 - EVENTS AFTER THE REPORTING PERIOD

No material events have accurred after the Balance Sheet date but before the approval of financial statements by the Board of Directors except an Order received dated April 1, 2017 from the Director Horticulture and Farm Forestry, Madhya Pradesh, staying his earlier Order dated March 28, 2017 restricting the Company from participating in State sponsored Horticulture Subsidy Scheme in the country for a period one year.

NOTE NO. 34 - FIRST-TIME ADOPTION OF IND-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015:

		Rupees
Particulars	**As at March 31, 2016**	**As at April 1 2015**
Equity as reported under previous GAAP	**1,24,01,89,343**	**1,14,42,16,850**
Ind AS: Adjustments increase (decrease):		
Discounting of Provisions	12,22,714	16,25,262
Government Grant Recognition	(39,16,136)	(39,16,136)
Remeasurement of ESOP Expenses at fair value	6,68,544	–
Tax effects of above	(87,945)	–
Equity as reported under IND AS	**1,23,80,76,520**	**1,14,19,25,976**

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

Particulars	**Year Ended March 31, 2016**
Profit or Loss as per previous GAAP	9,18,24,862
Ind AS: Adjustments increase (decrease):	
Discounting of long term provision (Gross)	8,04,887
Unwinding of discounts on provision	(5,38,894)
Employee future benefits – actuarial gains and losses	(64,17,991)
Remeasurement of ESOP Expenses at fair value	(6,12,463)
Tax Adjustments	23,86,834
Total adjustment to profit or loss	(43,77,627)
Profit or Loss under Ind AS	8,74,47,235
Other comprehensive income (remeasurement of employee benefit) (net of tax)	39,43,214
Total comprehensive income under Ind AS	9,13,90,449

Note: No statement of comprehensive income was produced under previous GAAP.

Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows:

	Year ended March 31, 2016		
Particulars	**Previous GAAP**	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	(2,82,91,274)	–	(2,82,91,274)
Net cash flows from investing activities	5,77,40,903	–	5,77,40,903
Net cash flows from financing activities	(46,60,199)	–	(46,60,199)
Net increase (decrease) in cash and cash equivalents	**2,47,89,430**	**–**	**2,47,89,430**
Cash and cash equivalents at beginning of period	13,67,94,019	–	13,67,94,019
Cash and cash equivalents at end of period	16,15,83,449	–	16,15,83,449

(iv) Reconciliation of Balance Sheet March 31, 2015:

Particulars	**Note**	**IGAAP Value**	**Adjustments**	**Ind AS amounts**
<u>**Balance Sheet Item**</u>				
Property, Plant and Equipment	a, b	29,76,49,894	(2,23,47,040)	27,53,02,854
Provision for Warranty	c	85,52,648	(16,25,262)	69,27,386
Non-financial liabilities	b	6,76,04,314	1,38,28,658	8,14,32,972
Non-financial asset	a, f	8,24,87,701	1,76,94,421	10,01,82,122
Deferred Tax Assets (Net)	f	–	1,45,65,142	1,45,65,142

(v) Reconciliation of Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2016:

Particulars	**Note**	**IGAAP Value**	**Adjustments**	**Ind AS amounts**
<u>**Balance Sheet Item**</u>				
Property, Plant and Equipment	a, b	28,58,78,772	(2,19,14,613)	26,39,64,160
Provision for Warranty	c	1,61,95,769	(18,91,255)	1,43,04,514
Non-financial liabilities	b	8,67,36,616	1,38,28,658	10,05,65,274

Particulars	Note	IGAAP Value	Adjustments	Ind AS amounts
Non-financial asset	a	9,22,45,334	1,53,80,118	10,76,25,452
Deferred Tax Assets (Net)	c, f	1,70,58,826	1,63,59,073	3,34,17,899
Statement of Profit and Loss				
Revenue from operations	g	2,04,91,78,935	(1,96,05,783)	2,02,95,73,152
Employee benefit expense	e	20,21,45,229	70,30,454	20,91,75,683
Warranty expenses	c	1,22,04,777	(2,65,993)	1,19,38,784
Remeasurement of the defined benefit plans recognised in OCI	d	–	(64,17,991)	(64,17,991)
Deferred tax Expense (including under OCI)	c	(1,70,58,826)	87,945	(1,69,70,881)

Notes to the reconciliations

a. Under previous GAAP, leasehold land was classified under fixed assets which was depreciated over the term of the lease. Under Ind AS -17, the leasehold land has been classified as Operating Lease and accordingly classified as a prepaid asset. The effect of this change led to reduction in property, plant and equipment's as at April 1, 2015 by Rs. 3,22,59,523 and as at March 31, 2016 by Rs. 3,18,27,136 and increase in Prepayment-Land Lease which forms part of Non Financial Assets.

b. Under previous GAAP, grant received from the Government in the form of custom duty deferral under the Export Promotion Capital Goods Scheme was deducted from the carrying amount of fixed asset as permitted under previous GAAP, i.e. AS 12, Accounting for Government Grants. As per Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, such a grant is required to be accounted by setting up the grant as deferred income on the date of transition. Accordingly, as on the transition date, PPE is increased by the grant amount with a corresponding a deferred Government Grant Liability of Rs. 1,38,28,658.

c. Under previous GAAP, discounting of provisionswas not permitted and provisions were measured at best estimate of the expenditure required to settle the obligations at the balance sheet date. Under Ind AS, provisions are measured at the discounted amounts, if the effect of time value of money is material. The Company has discounted the provision for warranty to present value at the reporting dates resulting in the provisions being decreased by Rs. 16,25,262 as at April 1, 2015 and Rs. 18,91,255 as at March 31, 2016. Deferred tax is recognised of Rs. 87,945 as at March 31, 2016.

d. Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains & losses form part of remeasurement of the net defined benefit liabilities / assets, which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit & loss. The actuarial gains for the year ended March 31, 2016 were Rs 64,17,991 and the tax effect thereon Rs 24,74,777. This change does not effect total equity, but there is decrease in profit before tax of Rs 64,17,991 and in total profit of Rs. 39,43,214 for the year ended March 31, 2016.

e. Under previous GAAP, the cost of equity settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised based on the fair value of the options as on the date of grant. Effect of this change led to increase in expenses by Rs. 6,12,624 for the year ended March 31, 2016.

f. Under previous GAAP, Minimum Alternate Tax credit was recognised as an asset under Loans and Advances whereas under Ind AS, it is recognised as a component of Deferred Tax asset.

g. Under previous GAAP, Octroi refund was recognised under revenue from operations whereas under Ind AS it is recognised as reduction from cost of materials consumed.

NOTE NO. 35 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

35.1 Details of unutilised amounts out of issue of securities made for specific purpose

In June, 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41,43,27,960 under the Rights Issue.

The uses and application of funds raised under the Rights Issue are given as below:

Rupees

Particulars	Actual Utilisation	Proposed Utilisation
Issue Related Expenses	1,30,18,040	1,30,18,040
Procurement of plant and machinery	2,06,75,817	2,19,26,626
Working capital requirements	30,27,66,294	30,27,66,294
General Corporate Purposes	7,66,17,000	7,66,17,000
Funds Utilised	**41,30,77,151**	41,43,27,960
Un-utilised Rights Issue proceeds*	12,50,809	–
Total	**41,43,27,960**	41,43,27,960

*Temporarily invested in Bank Current Account

35.2 Disclosure under Regulation 34(3) SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms/companies in which directors are interested. Further, the Company has not made any loans and advances where there is no repayment schedule or repayment beyond seven years or no interest or interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the loan as per section 186 of the Companies Act, 2013.

35.3 There are no amounts due for transfer to Investor Education and Protection Fund

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
35.4 Value of imports calculated on CIF basis		
Raw materials	**32,846**	35,02,805
Components and spare parts	**1,60,05,274**	1,60,41,895
	1,60,38,120	1,95,44,700
35.5 Expenditure in foreign currency on account of		
Travelling	**1,69,849**	1,93,707
	1,69,849	1,93,707
35.6 Details of consumption of imported and indigenous items		
Imported		
Raw materials	**20,55,774**	42,40,722
Components	**2,44,47,333**	1,42,25,816
Spare parts	**1,79,076**	5,96,908
	2,66,82,184	1,90,63,445

Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Indigenous		
Raw materials	**75,88,30,843**	63,99,69,109
Components	**33,10,76,508**	44,72,54,055
Spare parts	**18,99,978**	51,11,716
	1,09,18,07,328	1,09,23,34,880
35.7 Earnings in foreign exchange		
Export of goods calculated on FOB basis	**22,48,779**	11,83,308
Freight and Insurance	**–**	1,05,519
	22,48,779	12,88,827

NOTE NO. 36 SPECIFIED BANK NOTES (SBN)

Particulars	SBN	Other Denomination notes	Total
Closing Cash in Hand as on November 8, 2016	1,06,000	1,70,430	2,76,430
(+) Permitted receipts	1,11,500	4,30,000	5,41,500
(-) Permitted Payments	–	(4,82,989)	(4,82,989)
(-) Amount Deposited in Bank	(2,17,500)	(2,000)	(2,19,500)
Closing Cash in Hand as on December 30, 2016	–	–	1,15,441

The Company has received Rs. 1,11,500 in cash (Specified Bank Notes) on December 23, 2016, recovered by Police in the Criminal case no. 315/2015 as per Court Order dated December 19, 2016.

NOTE NO. 37 PREVIOUS YEAR'S FIGURES

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

NOTE NO. 38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors and authorised for issue on April 27, 2017.

For and on behalf of the Board of Directors

Ashok Sharma	Managing Director
S. Durgashankar **Sangeeta Prasad** **Anand Dag** **Vinayak Patil** **Nikhilesh Panchal**	Directors
Sanjeev Mohoni	Chief Executive Officer
Sunetra Ganesan	Chief Financial Officer
R. V. Nawghare	Company Secretary

Place : Nashik
Date : April 27, 2017

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st October 2016.

Performance Financial Highlights:

	31-10-2016	31-10-2016	31-10-2016	31-10-2016
	Euro	Euro	INR	INR
Other Operating income	27,443	–	1,900,702	–
Net Profit	**983,570**	**823,941**	**68,122,058**	**57,066,154**

The Financial Statement as at October 31st, 2016 reports share in result of participating interest of Euro 1,010,296 (INR: 69,973,101) previous year Euro 851,220 (INR : 58,955,497). The break-up of profit from subsidiary is as follows:

Share in result of participating interests:

	31-10-2016	31-10-2016	31-10-2016	31-10-2016
	Euro	Euro	INR	INR
Origin Fruit Direct B.V.	908,346	451,712	62,912,044	31,285,573
Origin Direct Asia Ltd	109,042	377,260	7,552,249	26,129,028
Origin Fruit Services Ltd	(7,092)	22,248	(491,192)	1,540,896
Total	**1,010,296**	**851,220**	**69,973,101**	**58,955,497**

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Auditors

There is no need to provide an audit because OFD Holding B.V. has used the possibility of exemption of an expert report under art. 2:393 paragraph 1 BW2 under Art. 2:396 paragraph 7 of the Civil Code.

Conclusion

It is the view of the director(s) that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2016.

C.AM. van De Klundert
Director

Date: 24-4-2017

BALANCE SHEET AS AT OCTOBER 31, 2016
(after appropriation of results)

	October 31, 2016		October 31, 2015		October 31, 2016		October 31, 2015	
	€	€	€	€	`	`	`	`
Assets								
Fixed assets								
Intangible fixed assets								
Goodwill	90,204		117,958		62,47,529		81,69,771	
Financial fixed assets								
Participations in group companies	4,669,880		2,060,265		32,34,35,889		14,26,93,954	
Other receivables	–		263,087				1,82,21,406	
		4,669,880		2,323,352		32,34,35,889		16,09,15,360
		4,760,084		2,441,310		32,96,83,418		16,90,85,131
Current assets								
Receivables, prepayments and accrued income								
Receivables from participants and from companies in which participation takes place		10,140		18,151		7,02,296		12,57,138
		10,140		18,151		7,02,296		12,57,138
		4,770,224		2,459,461		33,03,85,714		17,03,42,269
Equity and liabilities								
Equity								
Issued share capital	28,541		18,401		19,76,750		12,74,453	
Share premium reserve	2,402,318		802,999		16,63,84,545		5,56,15,711	
Legal reserves	–		377,260		–		2,61,29,028	
Other reserves	2,330,289		1,235,419		16,13,95,816		8,55,65,120	
		4,761,148		2,434,079		32,97,57,110		16,85,84,312
Current liabilities								
Loans from participations in group companies	–		16,443		–		11,38,842	
Taxes and social securities	256		118		17,731		8,173	
Other liabilities and Accruals and deferred income	8,820		8,821		6,10,873		6,10,942	
		9,076		25,382		6,28,604		17,57,957
		4,770,224		2,459,461		33,03,85,714		17,03,42,269

PROFIT AND LOSS ACCOUNT 2015/2016

	2015/2016		2014/2015		2015/2016		2014/2015	
	€	€	€	€	`	`	`	`
Other operating income		27,443		–		19,00,702		
Gross margin								
Expenses								
Amortisation and depreciation	27,754		27,754		19,22,242		19,22,242	
Other operating expenses	29,024		5,439		20,10,202		3,76,705	
		56,778		33,193		39,32,444		22,98,947
Operating result		(29,335)		(33,193)		(20,31,742)		(22,98,947)
Financial income and expenses		2,865		6,032		1,98,430		4,17,776
Result before tax		(26,470)		(27,161)		(18,33,312)		(18,81,171)
Taxation on result from normal operations		(256)		(118)		(17,731)		(8,173)
		(26,726)		(27,279)		(18,51,043)		(18,89,344)
Share in result of participating interests		1,010,296		851,220		6,99,73,101		5,89,55,497
Result after tax		983,570		823,941		6,81,22,058		5,70,66,154

NOTES TO THE FINANCIAL STATEMENTS

General

Activities

The main activities of the company are to participate in and to hold the shares of group companies.

Registered address

The registered and actual address of OFD Holding B.V. (CoC file 24264988) is Keilestraat 9c in Rotterdam.

General accounting principles for the preparation of the annual accounts

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from goods are recognised upon delivery. The cost price of thes goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the nett asset value. Participating interests without such influence, are valued at the acquisition price, taking into account a provision for value decreases.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

Principles for the determination of the result

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the nett turnover and the costs and other expenses taking into account the aforementioned valuation principles.

Amortisation and depreciation

The depreciation of the intangible fixed assets is calculated using fixed percentages of the purchase price or the research and development costs.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Notes to the balance sheet as of October 31, 2016

Assets

Fixed assets

Intangible fixed assets

	Goodwill	**Goodwill**
	€	`
Carrying amount as of November 1, 2015		
Purchase price	277,543	1,92,22,628
Cumulative depreciation and impairment	(159,585)	(1,10,52,857)
	117,958	81,69,771
Movement		
Amortization	(27,754)	(19,22,242)
Carrying amount as of October 31, 2016		
Purchase price	277,543	1,92,22,628
Cumulative depreciation and impairment	(187,339)	(1,29,75,099)
	90,204	62,47,529
Amortisation rates	%	
Goodwill	10	

	10/31/2016	**10/31/2015**	**10/31/2016**	**10/31/2015**
	€	€	`	`
Participations in group companies				
Origin Fruit Direct B.V. at Rotterdam (58%)	3,739,178	1,642,449	25,89,75,468	11,37,56,018
Origin Direct Asia Ltd at Hong Kong (48%)	897,238	377,260	6,21,42,704	2,61,29,028
Origin Fruit Services Ltd at Chile (100%)	33,464	40,556	23,17,717	28,08,909
	4,669,880	**2,060,265**	**32,34,35,889**	**14,26,93,954**

	2015/2016	**2014/2015**	**2015/2016**	**2014/2015**
	€	€	`	`
Origin Fruit Direct B.V.				
Carrying amount as of November 1	1,642,449	1,190,737	11,37,56,018	8,24,70,445
Investments	1,188,383	0	8,23,07,407	–
Share in result	908,346	451,712	6,29,12,044	3,12,85,573
Carrying amount as of October 31	3,739,178	1,642,449	25,89,75,468	11,37,56,018

Concerns a 100% participation in Origin Fruit Direct B.V. at Rotterdam

NOTES TO THE FINANCIAL STATEMENTS

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Origin Direct Asia Ltd				
Carrying amount as of November 1	377,260	–	2,61,29,028	–
Investments	410,936	–	2,84,61,427	–
Share in result	109,042	377,260	75,52,249	2,61,29,028
Carrying amount as of October 31	897,238	377,260	6,21,42,704	2,61,29,028

Concerns a 100% participation in Origin Direct Asia Ltd at Hong Kong

	10/31/2016	10/31/2015	10/31/2016	10/31/2015
	€	€	`	`
Origin Fruit Services Ltd				
Carrying amount as of November 1	40,556	18,308	28,08,909	12,68,012
Share in result	(7,092)	22,248	(4,91,192)	15,40,896
Carrying amount as of October 31	33,464	40,556	23,17,717	28,08,909

Concerns a 100% participation in Origin Fruit Services Ltd at Chile

	10/31/2016	10/31/2015	10/31/2016	10/31/2015
	€	€	`	`
Other receivables				
Loan RAT 40 Ltd	–	263,087	–	1,82,21,406

Current assets

Receivables, prepayments and accrued income

Receivables from participants and from companies in which participation takes place

	10/31/2016	10/31/2015	10/31/2016	10/31/2015
	€	€	`	`
Current account Origin Direct Coöperatief U.A.	10,140	18,151	7,02,296	12,57,138

In 2015/2016 no interest is calculated.

Equity and liabilities

Equity

	10/31/2016	10/31/2015	10/31/2016	10/31/2015
	€	€	`	`
Issued share capital				
Subscribed and paid up 18,401 ordinary shares at par value € 1.00	28,541	18,401	19,76,750	12,74,453

The statutory share capital amounts to € 92,000.

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Share premium reserve				
Carrying amount as of November 1	802,999	802,999	5,56,15,711	5,56,15,711
Allocation	1,599,319	–	11,07,68,834	–
Carrying amount as of October 31	2,402,318	802,999	16,63,84,545	5,56,15,711

Legal reserves

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Reserve related to retained profits from participating interests				
Carrying amount as of November 1	377,260	–	2,61,29,028	–
Allocation	–	377,260	–	2,61,29,028
Withdrawal	(377,260)	–	(2,61,29,028)	–
Carrying amount as of October 31	–	377,260	–	2,61,29,028

Other reserves

	2015/2016	2015/2016	2015/2016	2015/2016
	€	€	`	`
Carrying amount as of November 1	**1,235,419**	**788,738**	**8,55,65,120**	**5,46,27,994**
Allocation of financial year nett result	983,570	823,941	6,81,22,058	5,70,66,154
Allocation legal and statutory reserves	377,260	(377,260)	2,61,29,028	(2,61,29,028)
Dividend to be paid	(265,960)	0	(1,84,20,390)	–
Carrying amount as of October 31	2,330,289	1,235,419	16,13,95,816	8,55,65,120

Current liabilities

	2015/2016	2015/2016	2015/2016	2015/2016
	€	€	`	`
Loans from participations in group companies				
Origin Fruit Direct B.V.	–	16,443	–	11,38,842

In 2015/2016 no interest is calculated.

Taxes and social securities				
Corporate income tax	256	118	17,731	8,173

Other liabilities and Accruals and deferred income

Other liabilities				
Other	8,820	8,821	6,10,873	6,10,942

Notes to the profit and loss account 2015/2016

Amortisation and depreciation

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Amortisation of intangible fixed assets				
Goodwill	27,754	27,754	19,22,242	19,22,242
Other operating expenses				
General expenses	29,024	5,439	20,10,202	3,76,705
General expenses				
Accounting costs	10,873	5,439	7,53,064	3,76,705
Consultancy fees	18,151	0	12,57,138	–
	29,024	5,439	20,10,202	3,76,705

NOTES TO THE FINANCIAL STATEMENTS

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Financial income and expenses				
Interest and similar income	2,873	6,056	1,98,984	4,19,439
Interest and similar expenses	-8	-24	(554)	(1,662)
	2,865	6,032	1,98,430	4,17,776
Interest and similar income				
Interest loan RAT 40 Limited	2,873	6,056	1,98,984	4,19,439
Interest and similar expenses				
Interest taxes	8	24	554	1,662
Taxation on result from normal operations				
Corporate income tax	-256	-118	(17,731)	(8,173)

	2015/2016	2014/2015	2015/2016	2014/2015
	€	€	`	`
Share in result of participating interests				
Share in result of Origin Fruit Direct B.V.	908,346	451,712	6,29,12,044	3,12,85,573
Share in result of Origin Direct Asia Ltd	109,042	377,260	75,52,249	2,61,29,028
Share in result of Origin Fruit Services Ltd	-7,092	22,248	(4,91,192)	15,40,896
	1,010,296	851,220	6,99,73,101	5,89,55,497

Signing of the financial statements

Rotterdam, April 24, 2017

Management:
Origin Direct Coöperatief U.A.

C.A.M. van de Klundert J.W. Riekert

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

In article 20 of association of the company is stated that the amount of distributable profits shall be at the unrestricted disposal of the general meeting of shareholders.

The company can only do payments of the distributable profits to shareholders or other entitled persons as far as capital and reserves exceed the paid up and called up part of the capital plus the legal reserves.

Appropriation of the result for the 2014/2015 financial year

The annual account for 2014/2015 was adopted by the General Meeting held on September 27, 2016.

The General Meeting has determined the appropriation of the result as it was proposed.

Appropriation of the profit for 2015/2016

The board of directors proposes to add the profit for 2015/2016 of € 983,570 (Rs. 6,81,22,058) to the other reserves.

This proposal has been processed in the annual account in advance of the adoption by the General Meeting.

Audit

There is no need to provide an audit because OFD Holding B.V. has used the possibility of exemption of an expert report under art. 2: 393 paragraph 1 BW2 under Art. 2: 396 paragraph 7 of the Civil Code.

Supplementary Information

The functional currency of the company is measured using the currency of the economic environment in which the company operates. For disclosure purpose at the year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Euro: 1 = Rs 69.26, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India as on 31st March 2017

DIRECTORS' REPORT

The sole director has the pleasure in presenting his annual report to the shareholders together with the audited consolidated financial statements of **Origin Direct Asia Limited** (the "Company") and its subsidiary (collectively referred to as the "Group") for the year ended 31 October 2016.

Principal activity

The principal activity of the Company is the trading of fresh fruits. The principal activities of its subsidiary and associate are set out in notes 12 and 25 to the consolidated financial statements.

Results, state of affairs and dividends

The results of the Group for the year ended 31 October 2016 and the state of the affairs of the Company and of the Group as at that date are shown in the consolidated financial statements.

The sole director does not recommend the dividend for the year.

Plant and Equipment

Details of movements in plant and equipment of the Group during the year are shown in note 11 to the consolidated financial statements.

Reserve

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 8.

Share capital

There was no movement in the Company's share capital during the year under review.

Directors

Mr. Riekert Johan Wilhelm is the sole director who held office during the year and up to the date of this report.

Mr. Bosch Jason Dean is the director of the subsidiary of the Group during the year and up to the date of this report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Director 's interest in contracts

No contracts of significance in relation to the Company's business to which the Company or its subsidiary was a party and in which the sole director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

Director's right acquire shares and debentures

At no time during the period was the Company or its subsidiary a party to any arrangements to enable the sole director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

Auditor

The consolidated financial statements have been audited by Fung, Vu & Co. CPA Limited, Certified Accountants (Practising), who will now retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Mr. Riekert Johan Wilhelm
Sole Director

Date: 10/1/2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORIGIN DIRECT ASIA LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Origin Direct Asia Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 5 to 33 ,which comprise the consolidated statement of financial position as at 31 October 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

The sole director is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the sole director determines is necessary to enable the presentation of consolidated financial statements that are free from material misstatement,whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you ,as a body,in accordance with Section 405 of the Hong Kong Companies Ordinance,and for no other purpose .We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involve performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate for our Audit opinion.

Opinion

Our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 October 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Fung, Yu & Co. CPA Limited
Certified Public Accountants (Practising)

LAU Vui Cheong
Practising Certificate Number: P03455

Date: 10/1/2017

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	01/11/2015 to 31/10/2016 `	01/05/2014 to 31/10/2015 `
Turnover	5	**16,019,962**	26,683,907	**1,039,375,135**	1,731,251,886
Cost of sales		**(14,007,414)**	(22,769,876)	**(908,801,020)**	(1,477,309,555)
Gross profit		**2,012,548**	3,914,031	**130,574,114**	253,942,331
Other income	6	**1,179**	12,300	**76,494**	798,024
		2,013,727	3,926,331	**130,650,608**	254,740,355
Selling expenses		**(865,560)**	(1,082,574)	**(56,157,533)**	(70,237,401)
Administrative and other operating expenses		**(1,058,837)**	(1,093,617)	**(68,697,345)**	(70,953,871)
Profit from operations		**89,330**	1,750,140	**5,795,730**	113,549,083
Finance cost	7	**(20,458)**	(30,000)	**(1,327,315)**	(1,946,400)
Share of loss of an associate		**–**	(644)	**–**	(41,783)
Profit before taxation	8	**68,872**	1,719,496	**4,468,415**	111,560,900
Taxation	9	**(2,851)**	(81,336)	**(184,973)**	(5,277,080)
Profit for the year/period		**66,021**	1,638,160	**4,283,442**	106,283,821
Other comprehensive loss for the year/period					
Items that may be reclassified subsequently to profits or loss:-					
Exchange difference arising from translation of financial statements of the PRC subsidiary		**51,193**	(69,969)	**3,321,401.8**	(4,539,588.7)
Total comprehensive income for the year/period		**117,214**	1,568,191	**7,604,844.3**	101,744,232.1

Mr. Riekert Johan Wilhelm

Date: 10/1/2017

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	Notes	**31/10/2016 USD**	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Non-current assets					
Plant and equipment	11	**8,700**	11,605	**564,456**	752,932
Interest in an associate	12	**1**	1	**65**	65
		8,701	11,606	**564,521**	752,997
Current assets					
Inventories	13	**17,730**	19,395	**1,150,322**	1,258,348
Trade and other receivables		**774,248**	1,543,805	**50,233,210**	100,162,068
Rental and other deposits		**–**	2,642	**–**	171,413
Prepayment		**31,418**	48,399	**2,038,400**	3,140,127
Amount due from an associate	14	**42,631**	48,088	**2,765,899**	3,119,949
Cast at bank and in hand		**1,285,455**	395,811	**83,400,320**	25,680,218
		2,151,482	2,058,140	**139,588,152**	133,532,123
Deduct:					
Current liabilities					
Trade and other payables		**780,469**	693,821	**50,636,829**	45,015,106
Accrued expenses		**94,322**	57,159	**6,119,611**	3,708,476
Amount due to a director	15	**47,686**	81,317	**3,093,868**	5,275,847
Amount due to a fellow subsidiary	16	**182,824**	298,134	**11,861,621**	19,342,934
Provision for taxation		**70,903**	72,552	**4,600,187**	4,707,174
		1,176,204	1,202,983	**76,312,116**	78,049,537
Net current assets		**975,278**	855,157	**975,278**	855,157
		983,979	866,763	**63,840,558**	56,235,583

Mr. Riekert Johan Wilhelm

Date: 10/1/2017

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	Notes	**31/10/2016 USD**	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Share capital					
Issued and fully paid:					
10,000 ordinary shares		**1,290**	1,290	**83,695**	83,695
Exchange reserve		**(7,444)**	(58,637)	**(482,967)**	(3,804,369)
Retained profit		**989,258**	923,237	**64,183,059**	59,899,617
Shareholders' fund		**983,104**	865,890	**63,783,788**	56,178,943
Non-current liability					
Deferred tax liability	17	**875**	873	**56,770**	56,640
		983,979	866,763	**63,840,558**	56,235,583

Approved and authorized for issue by the sole director on 10/01/2017

Mr. RIEKERT Johan Wilhelm
Sole Director

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

	Share capital USD	Exchange reserve USD	Retained profit USD	Total equity USD	Retained profit USD	Total equity USD	Share capital `	Exchange reserve `	Retained profit `	Total equity `	Retained profit `	Total equity `
Balance at 30 April 2014	1,290	11,332	(714,923)	(702,301)	(714,923)	(702,301)	83,695	735,220	(46,384,204)	(45,565,289)	(46,384,204)	(45,565,289)
Profit for the period	–	–	1,638,160	1,638,160	1,638,160	1,638,160	–	–	106,283,821	106,283,821	106,283,821	106,283,821
Other comprehensive loss for the period	–	(69,969)	–	(69,969)	–	(69,969)	–	(4,539,589)	–	(4,539,589)	–	(4,539,589)
Total comprehensive income for the period	–	(69,969)	1,638,160	1,568,191	1,638,160	1,568,191	–	(4,539,589)	106,283,821	101,744,232	106,283,821	101,744,232
Balance at 31 October 2015	1,290	(58,637)	923,237	865,890	923,237	865,890	83,695	(3,804,369)	59,899,617	56,178,943	59,899,617	56,178,943
Profit for the year	–	–	66,021	66,021	66,021	66,021	–	–	4,283,442	4,283,442	4,283,442	4,283,442
Other comprehensive income for the year	–	51,193	–	51,193	–	51,193	–	3,321,402	–	3,321,402	–	3,321,402
Total comprehensive income for the year	–	51,193	66,021	117,214	66,021	117,214	–	3,321,402	4,283,442	7,604,844	4,283,442	7,604,844
Balance at 31 October 2016	**1,290**	**(7,444)**	**989,258**	**983,104**	**989,258**	**983,104**	**83,695**	**(482,967)**	**64,183,059**	**63,783,788**	**64,183,059**	**63,783,788**

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2016

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Cash flows from operating activities				
Profit from operations	**89,330**	1,750,140	**5,795,730**	113,549,083
Adjustments for:-				
Depreciation	**5,455**	9,928	**353,920**	644,129
Effect of foreign exchange differences	**61,251**	(63,611)	**3,973,965**	(4,127,082)
Interest income	**(618)**	(988)	**(40,096)**	(64,101)
Operating profit before working capital changes	**155,418**	1,695,469	**10,083,520**	110,002,029
Decrease in inventory	**1,665**	163,428	**108,025**	10,603,209
Decrease/(increase) in trade and other receivables	**769,557**	(889,643)	**49,928,858**	(57,720,038)
Decrease in rental and other deposit	**2,642**	1,947	**171,413**	126,321
Decrease/(increase) in prepayment	**16,981**	(29,033)	**1,101,727**	(1,883,661)
Decrease/(increase) in amount due from an associate	**5,457**	(48,088)	**354,050**	(3,119,949)
Increase/(decrease) in trade and other payables	**86,648**	(1,163,328)	**5,621,722**	(75,476,721)
Increase in accrued expenses	**37,163**	47,424	**2,411,135**	3,076,869
Decrease in amount due to a director	**(33,631)**	(31,326)	**(2,181,979)**	(2,032,431)
Decrease in amount due to a fellow subsidiary	**(115,310)**	(116,923)	**(7,481,313)**	(7,585,964)
Cash generated from/(used in) operations	**926,590**	(370,073)	**60,117,159**	(24,010,336)
Income tax paid	**(858)**	(28,691)	**(55,667)**	(1,861,472)
Interest paid	**(20,000)**	(30,000)	**(1,297,600)**	(1,946,400)
Net cash generated from/(used in) operating activities	**905,732**	(428,764)	**58,763,892**	(27,818,208)
Cash flows from investing activities				
Acquisition of plant and equipment	**(3,405)**	(5,868)	**(220,916)**	(380,716)
Interest received	**618**	988	**40,096**	64,101
Net cash used in investing activities	**(2,787)**	(4,880)	**(180,821)**	(316,614)
Net increase/(decrease) in cash and cash equivalents	**902,945**	(433,644)	**58,583,072**	(28,134,823)
Cash and cash equivalents at beginning of year/period	**395,811**	836,406	**25,680,218**	54,266,021
Effect of exchange rate changes	**(13,301)**	(6,951)	**(862,969)**	(450,981)
Cash and cash equivalents at end of year/period	**1,285,455**	395,811	**83,400,320**	25,680,218
Analysis of the balances of cash and cash equivalents				
Cash at bank and in hand	**1,285,455**	395,811	**83,400,320**	25,680,218

ORIGIN DIRECT ASIA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. General information

Origin Direct Asia Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong. The principal activity of the Company is the trading of fresh fruit. The principal activites of its subsidiary and associate are set out in notes 14 and 26 to the consolidated financial statements.

The immediate parent of the company is OFD Holding B.V, a company incorporated in Netherlands, who holds 100% shares in capital of the Company. The ultimate parent of the Company is Afrifresh Holdings (Pty) Limited, a company incorporated in South Africa of the Company.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted, for the first time, all of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to its operation and effective for the accounting year ended 31 October 2016. The adoption of these new and revised HKFRSs does not have material effect on these consolidated financial statements.

3. New and revised HKFRSs issued but not yet effective

Up to the date of these consolidated financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and consolidated financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 October 2016. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

4. Significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The consolidated financial statements are presented in United States dollars, which is the same as the functional currency of the Group. All amounts are rounded to the nearest one.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and its subsidiary made up to 31 October 2016. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:-

(i) Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

(ii) Bank interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(d) Taxation

Income tax for the year comprises current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for by using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which cases, the deferred tax is recognised in other comprehensive income or directly in equity respectively.

(e) Translation of foreign currencies

(i) <u>Functional and presentation currency</u>

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of preparation for the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the Group's functional currency and the presentation currency for the consolidated financial statements.

(ii) <u>Transactions and balances</u>

In preparing the consolidated financial statements of the individual entity, transactions in currencies other than the Group's functional currency (foreign currencies) are initially recorded at the rates of exchange ruling at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income or directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income or directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States dollars using exchange rate ruling at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognized in the profit or loss in the period in which the foreign operation is disposed of.

(f) Borrowing costs

Borrowing costs are expensed when incurred, unless relating to the acquisition, construction and production of a qualifying asset where they are capitalised as part of cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the period in which it is incurred.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in profit or loss.

Depreciation is provided to write off the cost of plant and equipment, after deducting estimated scrap value, over their estimated useful lives by using the straight-line method at the following annual rates:

Computer equipment	20% - 30%
Furniture and fixtures	25%
Office equipment	18% - 33.33%

(h) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The entire carrying amount of an investment in an associate (including goodwill) will be subject to test and review annually for any indication that the investment is impaired by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

(i) Financial assets

The Group classifies its financial assets into the following categories: held-to-maturity securities, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are the only category of financial assets recognized in the consolidated financial statements during the period.

Loans and receivables (including trade and other receivables, rental and other deposits, amount due from an associate and bank and cash balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

Financial assets are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

(j) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Impairment of investment in an associate and non-financial assets

At the end of each reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Financial liabilities

Financial liabilities measured at amortised cost (including trade and other payables, accrued expenses and amount due to related parties) are initially recognised at fair value less directly attributable transaction costs and are subsequent measured at amortised cost, using the effective interest method, unless the balances are interest-free loans obtained from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, they are stated at cost.

Financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The Group derecognises financial liabilities when the obligation specified in the contract is discharged or cancelled or expired.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease rentals payable are charged to profit or loss on a straight-line basis over the respective lease terms.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Related parties

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

- (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5. Turnover

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Revenue from sale of goods	**16,019,962**	26,683,907	**1,039,375,135**	1,731,251,886

6. Other income

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Bank interest income	**618**	988	**40,096**	64,101
Sundry income	**561**	11,312	**36,398**	733,923
	1,179	12,300	**76,494**	798,024

7. Finance cost

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Bank interest expenses	**458**	–	**29,715**	–
Interest on loan from a related party	**20,000**	30,000	**1,297,600**	1,946,400
	20,458	30,000	**1,327,315**	1,946,400

8. Profit before taxation

Profit before taxation is arrived at after charging, inter alia, the following items:

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Auditor's remuneration	**19,328**	15,446	**1,254,001**	1,002,136
Depreciation	**5,455**	9,928	**353,920**	644,129
Net exchange loss	**323,799**	12,104	**21,008,079**	785,308
Operating lease rental	**53,787**	61,478	**3,489,701**	3,988,693
Staff costs				
– Gross salaries	**402,369**	98,956	**26,105,701**	6,420,265

9. Taxation

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Current tax:				
Hong Kong profits tax for the period	**1,787**	84,456	**115,941**	5,479,505
Over provision in prior years	–	(2,579)	–	(167,326)
PRC enterprises income tax for the year	**1,062**	–	**68,903**	–
	2,849	81,877	**184,843**	5,312,180
Deferred tax:				
Origination and reversal of temporary differences	**2**	(541)	**130**	(35,100)
Total income tax charge	**2,851**	81,336	**184,973**	5,277,080

Hong Kong profits tax has been provided at 16.5% (2015: 16.5%) of the estimated assessable profit for the year.

PRC enterprise income tax has been provided at 25% of the income tax payable for the year (2015: No PRC enterprise income tax has been provided as the PRC subsidiary incurred a loss for the year).

The tax charge for the year/period can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Profit before taxation	**68,872**	1,719,496	**4,468,415**	111,560,900
Notional tax charge on profit before taxation, calculated at application tax rate	**(3,897)**	283,717	**(252,837)**	18,407,559
PRC enterprises income tax	**1,062**	–	**68,903**	–
Tax effect of non-deductible expenses	**80,839**	92,641	**5,244,834**	6,010,548
Tax effect of non-taxable offshore profit	**(75,714)**	(292,443)	**(4,912,324)**	(18,973,702)
Tax effect of recognition of temporary differences not previously recognized	**561**	–	**36,398**	–
Overprovision in prior period	–	(2,579)	–	(167,326)
Total income tax charge	**2,851**	81,336	**184,973**	5,277,080

10. Director's remuneration

Particulars of the sole director's remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
Fee	–	–	–	–
Other emoluments				
– Salary and allowance	–	–	–	–
– Contributions to Mandatory Provident Fund	–	–	–	–
– Quarter expenses	–	–	–	–
Retirement benefit	–	–	–	–
Compensation for loss of office	–	–	–	–
Key Management personnel's remuneration	–	–	–	–

11. Plant and equipment

	Computer equipment USD	**Furniture and fixtures USD**	**Office equipment USD**	**Total USD**	**Computer equipment `**	**Furniture and fixtures `**	**Office equipment `**	**Total `**
Cost								
At 30 April 2014	27,892	665	1,270	29,827	1,809,633	43,145	82,398	1,935,176
Additions	4,751	–	1,117	5,868	308,245	–	72,471	380,716
Exchange realignment	(335)	–	(9)	(344)	(21,735)	–	(584)	(22,319)
At 31 October 2015	32,308	665	2,378	35,351	2,096,143	43,145	154,285	2,293,573
Additions	3,405	–	–	3,405	220,916	–	–	220,916
Disposal	(751)	–	–	(751)	(48,725)	–	–	(48,725)
Exchange realignment	(1,094)	–	(98)	(1,192)	(70,979)	–	(6,358)	(77,337)
At 31 October 2016	**33,868.00**	**665.00**	**2,280.00**	**36,813**	**2,197,356**	**43,145**	**147,926**	**2,388,427**

	Computer equipment USD	Furniture and fixtures USD	Office equipment USD	Total USD	Computer equipment `	Furniture and fixtures `	Office equipment `	Total `
Accumulated depreciation								
At 30 April 2014	12,759	656	695	14,110	827,804	42,561	45,092	915,457
Charge for the period	9,299	9	620	9,928	603,319	584	40,226	644,129
Exchange realignment	(282)	–	(10)	(292)	(18,296)	–	(649)	(18,945)
At 31 October 2015	21,776	665	1,305	23,746	1,412,827	43,145	84,668	1,540,640
Charge for the year	5,201	–	254	5,455	337,441	–	16,480	353,920
Written back upon disposal	(244)	–	–	(244)	(15,831)	–	–	(15831)
Exchange realignment	(810)	–	(34)	(844)	(52,553)	–	(2,206)	(54,759)
At 31 October 2016	**25,923**	**665**	**1,525**	**28,113**	**1,681,884**	**43,145**	**98,942**	**1,823,971**
Net book value								
At 31 October 2016	**7,945**	–	**755**	**8,700**	**515,472**	–	**48,984**	**564,456**
At 31 October 2015	10,532	–	1,073	11,605	683,316		69,616	752,932

12. Interest in an associate

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Investment in a subsidiary:				
Unlisted shares, at cost	**645**	645	**41,848**	41,848
Share of post acquisition profit or loss and other comprehensive income, net of dividends received	**(644)**	(644)	**(41,783)**	(41,783)
End of the year/period	**1**	1	**65**	65

At 31 October 2016, the Company has interests in the following:-

Name of associate	HDG-Asia Limited
Form of business structure	Incorporated
Place of incorporation	Hong Kong
Class of shares held	Ordinary
Percentage of issued/registered capital held	50% (2015: 50%)
Nature of business	Quality inspectors and surveyors of fresh fruit and vegetables

Based on the audited financial statements of HDG-Asia Limited made up to 31 October 2016, the financial information in respect of the Group's associate is summarised as follows:-

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
HDG-Asia Limited				
Current assets	**14,848**	42,758	**963,338**	2,774,139
Non-current assets	**1,315**	5,768	**85,317**	374,228
Current liabilities	**97,334**	91,748	**6,315,030**	5,952,610
Non-current liabilities	–	–	–	–

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**4,182**	14,740	**271,328**	956,331
Current financial liabilities (excluding trade and other payables and provision)	–	–	–	–
Non-current financial liabilities (excluding trade and other payables and provision)	–	–	–	–
Revenue	**119,381**	210,065	**7,745,439**	13,629,017
Loss for the year/period	**(36,749)**	(44,513)	**(2,384,275)**	(2,888,003)
Other comprehensive income for the year/period	–	–	–	–
Total comprehensive income for the year/period	**(36,749)**	(44,513)	**(2,384,275)**	(2,888,003)
Dividends received from the associate during the year/period	–	–	–	–

The summarised financial information in respect of the Group's interest in the above associate is set out below:-

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Net liabilities of the associate	**(81,171)**	(43,222)	**(5,266,374)**	(2,804,243)
Proportion of the Company's ownership interest in the associate	**50%**	50%	**50%**	50%
Group's share of net liabilities of the associate	**(40,586)**	(21,611)	**(2,633,220)**	(1,402,122)

The Group had discontinued recognition of its share of loss of an associate since 31 October 2015 because its cumulative share of losses in this associate had exceeded its investment cost less subsequent accumulated impairment losses. The Group will not resume recognition of its share of any future profits in this associate until its share of such profits equals the cumulative share of losses not recognised in past years.

13. Inventories

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 ₹**	31/10/2015 ₹
Merchandise - Fruits	**17,730**	19,395	**1,150,322**	1,258,348

14. Amount due from an associate

The amount is unsecured and interest free with no fixed repayment terms.

15. Amount due to a director

The amount is unsecured and interest free with no fixed repayment terms.

16. Amount due to a fellow subsidiary

The amount is unsecured, at 4% interest per annum on the average outstanding balance with no fixed repayment terms.

17. Deferred taxation

The component of deferred tax liability recognised in the consolidated statement of financial position and the movements during the period are as follows:-

	Accelerated tax depreciation USD	Accelerated tax depreciation ₹
At 1 May 2014	**1,414**	91,740
Credited to profit or loss	**(541)**	(35,100)
At 31 October 2015	**873**	56,640
Debited to profit or loss	**2**	130
At 31 October 2016	**875**	56,770

Deferred tax asset amounts to approximately USD 102,000 arising from unused tax losses of the subsidiary has not been recognised in the consolidated financial statements due to the uncertainty of future profit stream against which the asset can be utilised.

18. Financial instruments

The carrying amounts of each of the categories of financial instruments of the Group as at end of the reporting period are as follows:

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 ₹**	31/10/2015 ₹
Financial assets				
Loans and receivables (including bank balances)	**2,102,334**	1,990,346	**136,399,430**	129,133,648
Financial liabilities				
Financial liabilities measured at amortised cost	**1,105,301**	1,130,431	**71,711,929**	73,342,363

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

19. Risks related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the end of the reporting period are as follows:-

Currency risk

The Group's foreign currency risk primarily relates to trade and other receivables, bank deposits and trade and other payables that are denominated in a currency other than its functional currency. The currency giving rise to this risk is primarily Renminbi (RMB). The Group has not used any forward exchange contracts, currency borrowings or other means to hedge its foreign currency exposure. United States dollars against RMB was relatively stable during the period and as result, the Group considers it has no material foreign currency risk.

The sole director considers that any reasonable changes in foreign exchange would not result in significant change in the Group's results and therefore no sensitivity analyse is presented for foreign exchange risk.

Credit risk

The carrying amounts of trade and other receivables and bank deposits as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the end of the reporting period. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. At the end of the reporting period, the Group has a concentration of credit risk as the trade receivables accounted for 75% of the Group's current assets.

An analysis of the age of trade receivables that were past due as at the end of the reporting period but not impaired is as follows:

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 ₹**	31/10/2015 ₹
0 to 180 days	**443,326**	298,777	**28,762,991**	19,384,652
Over 180 days	–	–	–	–
	443,326	298,777	**28,762,991**	19,384,652

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the sole director believes that no provision for doubtful debt is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis for the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:-

At 31 October 2016	**Amounts due to related parties USD**	**Payables and accruals USD**	**Total financial liabilities USD**	**Amounts due to related parties ₹**	**Payables and accruals ₹**	**Total financial liabilities ₹**
Carrying amount	**230,510**	**874,791**	**1,105,301**	**14,955,489**	**56,756,440**	**71,711,929**
Without fixed repayment terms	**230,510**	**–**	**230,510**	**14,955,489**	**–**	**14,955,489**
Within 3 months	**–**	**874,791**	**874,791**	**–**	**56,756,440**	**56,756,440**
Total contractual undiscounted cash flows	**230,510**	**874,791**	**1,105,301**	**14,955,489**	**56,756,440**	**71,711,929**

At 31 October 2015	**Amounts due to related parties USD**	**Payables and accruals USD**	**Total financial liabilities USD**	**Amounts due to related parties ₹**	**Payables and accruals ₹**	**Total financial liabilities ₹**
Carrying amount	379,451	750,980	1,130,431	24,618,781	48,723,582	73,342,363
Without fixed repayment terms	379,451	–	379,451	24,618,781	–	24,618,781
Within 3 months	–	750,980	750,980	–	48,723,582	48,723,582
Total contractual undiscounted cash flows	379,451	750,980	1,130,431	24,618,781	48,723,582	73,342,363

20. Capital management

The Group's primary objectives when managing capital, which comprises all capital and reserves attributable to the equity holders are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximize shareholder value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the equity holders, issue new shares or sell assets to reduce debt. The Group's overall policy on managing capital remained the same as in the previous period.

21. Critical accounting estimates and judgements

In preparing these consolidated financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether plant and equipment and investment in an associate have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of plant and equipment as at 31 October 2016 was USD 8,700. The Group depreciates the assets on a straight-line basis, after deducting estimated scrap value, over their estimated useful life. The estimated useful life reflects the sole director's estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

Provision

The Group recognises provisions when it has present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provision are reviewed at the end of each reporting period and adjusted to reflect the group's current best estimate.

22. Operating lease commitments

At the end of the reporting period, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Within one year	**19,564**	20,653	**1,269,312**	1,339,967
In the second to fifth year inclusive	–	–	–	–
After fifth year	–	–	–	–
	19,564	20,653	**1,269,312**	1,339,967

23. Related party transactions

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related party.

	01/11/2015 to 31/10/2016 USD	01/05/2014 to 31/10/2015 USD	**01/11/2015 to 31/10/2016 `**	01/05/2014 to 31/10/2015 `
A company controlled by the holding company				
Commission fee paid	**35,700**	135,000	**2,316,216**	8,758,800
Interest paid	**20,000**	30,000	**1,297,600**	1,946,400

24. Statement of financial position and reserve movement of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Non-current assets				
Plant and equipment	5,457	5,480	354,050	355,542
Interest in an associate	1	1	65	65
Interest in a subsidiary	1	1	65	65
	5,459	5,482	354,180	355,672
Current assets				
Trade and other receivables	446,687	971,181	28,981,053	63,010,223
Rental and other deposits	–	2,642	–	171,413
Amount due from an associate	42,631	48,088	2,765,899	3,119,949
Cast at bank and in hand	1,121,487	197,641	72,762,077	12,822,948
	1,610,805	1,219,552	104,509,028	79,124,534
Deduct:				
Current liabilities				
Trade and other payables	490,545	388,910	31,826,560	25,232,481
Accrued expenses	89,452	52,500	5,803,646	3,406,200
Amount due to a director	47,686	81,317	3,093,868	5,275,847
Amount due to a fellow subsidiary	182,824	298,134	11,861,621	19,342,934
Amount due to a subsidiary	473,592	218,773	30,726,649	14,193,992
Provision for taxation	70,903	72,552	4,600,187	4,707,174
	1,355,002	1,112,186	87,912,530	72,158,628
Net current assets	255,803	107,366	16,596,499	6,965,906
	261,262	112,848	16,950,679	7,321,578

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	31/10/2016 USD	31/10/2015 USD	**31/10/2016 `**	31/10/2015 `
Share capital				
Issued and fully paid:				
10,000 ordinary shares	1,290	1,290	83,695	83,695
Retained profit	259,097	110,685	16,810,213	7,181,243
Shareholders' fund	260,387	111,975	16,893,909	7,264,938
Non-current liability				
Deferred tax liability	875	873	56,770	56,640
	261,262	112,848	16,950,679	7,321,578

Approved and authorized for issue by the sole director on 10/01/2017

Mr. RIEKERT Johan Wilhelm
Sole Director

A summary of reserve movement of the Company is as follow:-

	Share capital USD	(Accumulated loss)/retained profit USD	Total equity USD	(Accumulated loss)/retained profit USD	Total equity USD	Share capital `	(Accumulated loss)/retained profit `	Total equity `	(Accumulated loss)/retained profit `	Total equity `
Balance at 30 April 2014	1,290	(367,108)	(365,818)	(367,108)	(365,818)	83,695	(23,817,967)	(23,734,272)	(23,817,967)	(23,734,272)
Profit for the period	–	477,793	477,793	477,793	477,793	–	30,999,210	30,999,210	30,999,210	30,999,210
Other comprehensive income for the period	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	477,793	477,793	477,793	477,793	–	30,999,210	30,999,210	30,999,210	30,999,210
Balance at 31 October 2015	1,290	110,685	111,975	110,685	111,975	83,695	7,181,243	7,264,938	7,181,243	7,264,938
Profit for the year	–	148,412	148,412	148,412	148,412	–	9,628,971	9,628,971	9,628,971	9,628,971
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	148,412	148,412	148,412	148,412	–	9,628,971	9,628,971	9,628,971	9,628,971
Balance at 31 October 2016	**1,290**	**259,097**	**260,387**	**259,097**	**260,387**	**83,695**	**16,810,213**	**16,893,909**	**16,810,213**	**16,893,909**

25. Subsidiary

The following is the details of the Group's subsidiary at the end of the reporting period:-

Name of subsidiary	Place of incorporation	Class of shares	Percentage of registered capital held	Principal activity	Percentage of registered capital held	Principal activity
Origin Direct Asia (Shanghai) Trading Company Limited (弗締(上海)貿易 有限公司)	P.R.C.	Ordinary shares	100%	Wholesale, import and export, and agent service of prepackaged foods and edible agricultural products	100%	Wholesale, import and export, and agent service of prepackaged foods and edible agricultural products

26. Comparative figures

Pursuant to a resolution passed by the Board of Directors on 21 April 2015, the financial year-end date of the Company was changed from 30 April to 31 October. Accordingly, the consolidated financial statements for the prior period covers the 18 months period from 1 May 2014 to 31 October 2015 and the comparative figures for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes may not be comparable with the amounts shown for the current year.

Supplementary Information

The functional currency of the company is measured using the currency of the economic environment in which the company operates. For disclosure purpose at the year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of USD: 1 = Rs 64.88, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India as on 31st March 2017

DIRECTORS' REPORT

Annual accounts

The Directors are required by Part 9 of Book 2 of the Civil Code in the Netherlands to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and cash flows for that year.

The Directors consider that, in preparing the accounts, Origin Fruit Direct B.V. used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Dutch Financial Reporting Standards and accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that Origin Fruit Direct B.V. keep accounting records which disclose with reasonable accuracy its financial position and which enable the Directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities within the company.

This statement, which should be read in conjunction with the Auditors' report, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

Dutch law sets out additional responsibilities for the Directors regarding disclosure of information to auditors. Disclosure in respect of these responsibilities is made here.

Directors' responsibility statement

Each of the Directors confirms that, to the best of his or her knowledge:

- the financial statements which have been prepared in accordance with Dutch Financial Reporting Standards and accounting standards and Part 9 of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the entity, together with a description of the principal risks and uncertainties they face.

Directors

The Directors and their functions are listed here.

- Come van de Klundert - Managing Director
- Johan Riekert - Managing Director

Going concern

The activities of the company, together with the factors likely to affect its future development, performance and position are set out here. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review 2015/16 below.

In addition, we describe in the notes to the Annual Financial Statements the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risk.

This financial year covers 12 months starting the 1st of November 2015. Turnover for this period was € 56 mln (Rs. 3878 Mln) which is 20% higher than the annualized turnover of the previous financial year.

The period under review was largely characterized by good trading conditions for fruit. There have been a few periods of oversupply in the market that caused lower sales prices, such as for grapes from India, in April 2016 and Lemons in September 2016, but in general prices have kept up well.

The grape season that started in October 2015 went well. The company added a new large fruit supplier from Brazil to its supply base and grew with existing Brazilian suppliers which resulted in doubling volumes from this origin. Volumes from South Africa were good, but less than what was forecasted by the growers before the season started, but the lower volumes in turn helped to keep market prices at acceptable levels. Due to the cooperation with Mahindra from India, our grape volumes from India more than doubled last season.

The citrus season started promising mainly due to very low crop yields in Spain which resulted in higher demand in the market. At the same time volumes of grapefruit and oranges from South Africa were reduced due to a sever draught in the northern parts of the country. Citrus volumes received from South Africa were less compared to previous years. However at the same time the company substantially increased its citrus volumes from Chile and Peru.

At customer level we grew with most of our key retail customers. With our largest retail customer in Germany we reduced our business after they reorganized their buying structure, but currently we are seeing this business increasing again. The company's largest customer represents about 8% of turn over.

The Directors deem the company to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Internal and disclosure controls and procedures

The directors acknowledge responsibility for the company's system of internal financial control and believe the established systems including the computerization of the company's financial accounts are appropriate to the business.

No material losses or contingencies have arisen during the trading period that would require further disclosure by the directors.

The company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine and credit.

Financial review

The Directors are pleased to present the Annual Report and Audited Statements of Accounts for the period ended on 31st October 2016. As a result of a change in the financial year end of the company From April to October the financial period for 2014/2015 stretched over 18 months.

The principal activity of the company is the import and export of fresh fruit.

FINANCIAL RESULTS

	(EUR '000)		(INR '000)	
Particulars	**2015/16 (12 months)**	2014/15 (18 months)	**2015/16 (12 months)**	2014/15 (18 months)
Net Turnover	**55993.4**	67441.8	**3878105**	4671016
Cost of Sales	**51818.2**	62543.5	**3588926**	4331766
Operating Income	**4175.2**	4898.2	**289178**	339250
Total Expenditure	**2856.2**	3460.5	**197828**	239676
Profit before Interest/Tax/ Depreciation	**1319.0**	1437.7	**91351**	99573
Interest paid	**87.4**	312.9	**6053**	21672
Depreciation	**33.4**	98.0	**2312**	6786
Profit before Tax	**1198.2**	1026.8	**82986**	71115
Provision for Taxation	**289.8**	248.2	**20074**	17193
Profit after Current Tax	**908.4**	778.6	**62912**	53922

The financial year 2015/16 exceeded the turnover and profit expectations of the company.

The company remained profitable through a well-managed operating margin (7.4% in 2015/16 and 7.3% in 2014/15). Operating expenses year-on-year increased in line with the company's turnover growth.

Financial instruments and risk management

The Company has exposure to market risk. counterparty credit risk and liquidity risk. Origin Fruit Direct engages in risk management activities with the objective of protecting earnings. cash flow and. ultimately. shareholder value.

The Company imports. exports. purchases and sells fresh fruit. These activities expose the Company to market risk from changes in fruit prices. foreign exchange rates and interest rates. which affect the Company's earnings.

Market risk

The Company uses derivatives as part of its overall risk management strategy to manage the exposure to market risk that results from these activities.

Derivative contracts used to manage market risk generally consist of the following:

- Forward exchange contracts - the Company has not entered into any foreign currency forward exchange contracts during the past financial period.
- Swaps - The Company has currently no interest swap agreements running.

Counterparty credit risk

Counterparty credit risk represents the financial loss the Company would experience if a buyer failed to meet its payment obligations in accordance with the terms and conditions of the Company.

Counterparty credit risk is managed through established credit management techniques. including conducting financial and other assessments to establish and monitor a counterparty's creditworthiness. setting exposure limits. monitoring exposures against these limits. using debtor/creditor netting arrangements and obtaining financial assurances where warranted. In general. financial assurances include guarantees. cash payments and taking out credit insurance. The Company monitors and manages its exposure of counterparty credit risk on an ongoing basis. The Directors believe these measures minimize its counterparty credit risk.

Liquidity and cash flow risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that sufficient cash and credit facilities are available to meet its operating. financing and expenditure obligations when due. under both normal and stressed economic conditions.

Management continuously forecasts cash flows for a period of 12 months to identify financing requirements. These requirements are then managed through a combination of own accumulated funds and a credit facility from the Abn AmroBank.

Subsequent events and Future expectations

No subsequent events that require specific reporting by the Directors. The company in general do not plan or foresee any future changes in its current finance and investment structures except. The Directors do also not anticipate any major changes to the Company's future operating environment and therefore a continuation of turnover and profitability levels is budgeted for.

Dividend

Based on retained earnings and the current year's results the Directors do not recommend the declaration of a dividend.

Auditors

The firm Van Oers Audit B.V. is the appointed Auditors of the Company. The Board recommends their reappointment.

Conclusion

It is the view of the directors that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st October 2016. Suitable accounting policies have been established and applied consistently and disclose with reasonable accuracy the financial position of the company.

Rotterdam. 15 December 2016

Directors:
C.A.M. van de Klundert J.W. Riekert

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Origin Fruit Direct B.V.
Keilestraat 9c
3029 BP ROTTERDAM

Report on the financial statements

We have audited the accompanying financial statements included in this report for the year ended 31 October 2016 of Origin Fruit Direct B.V., Rotterdam, which comprise the balance sheet as at 31 October 2016, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Origin Fruit Direct B.V. as at 31 October 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 ate and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-f has been annexed. Further we report that the Directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Breda, 15 December 2016 Van Oeri Audit B.V.

R. M. Rademakers RA

BALANCE SHEET AS AT 31 OCTOBER 2016

ASSETS	**31/10/2016**		31/10/2015		**31/10/2016**		31/10/2015	
	€	€	€	€	`	`	`	`
Fixed assets								
Tangible fixed assets								
Plant and machinery	**13,916**		23,708		**963,822**		1,642,016	
Inventory	**20,306**		18,754		**1,406,394**		1,298,902	
Means of transport	**19,245**		29,972		**1,332,909**		2,075,861	
		53,467		72,434		**3,703,124**		5,016,779
Current assets								
Inventories		**200,650**		120,297		**13,897,019**		8,331,770
Receivables Trade debtors	**7,482,577**		6,931,130		**518,243,283**		480,050,064	
Receivables from shareholders			31,872				2,207,455	
Receivables from associated companies	**197,833**		271,020		**13,701,914**		18,770,845	
Taxes and social security premiums	**113,702**		10,597		**7,875,001**		733,948	
Other receivables and prepaid expenses	**3,314,613**		4,719,489		**229,570,096**		326,871,808	
		11,108,725		11,964,108		**769,390,294**		828,634,120
Cash		**856,541**		1,020,709		**59,324,030**		70,694,305
		12,219,383		13,177,548		**846,314,467**		912,676,974

LIABILITIES	**31/10/2016**		31/10/2015		**31/10/2016**		31/10/2015	
	€	€	€	€	`	`	`	`
Shareholders' equity								
Share capital	**13,620**		13,620		**943,321**		943,321	
Other reserves	**2,817,212**		2,038,667		**195,120,103**		141,198,076	
Result for the year	**908,346**		778,545		**62,912,044**		53,922,027	
		3,739,178		2,830,832		**258,975,468**		196,063,424
long-term liabilities								
Subordinated loans				1,200,000				83,112,000
Current liabilities								
Amounts owed to credit institutions	**3,672,609**		3,012,399		**254,364,899**		208,638,755	
Trade creditors	**2,484,531**		4,478,248		**172,078,617**		310,163,456	
Liabilities to shareholders	**–**		1,012,594		**–**		70,132,260	
Taxes and social security premiums	**153,693**		124,481		**10,644,777**		8,621,554	
Other liabilities and accrued liabilities	**2,169,372**		518,994		**150,250,705**		35,945,524	
		8,480,205		9,146,716		**587,338,998**		633,501,550
		12,219,383		13,177,548		**846,314,467**		912,676,974

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1-11-2015 UNTIL 31-10-2016

	01-11-15 / 31-10-16		01-05-14 / 31-10-15		**01-11-15 / 31-10-16**		01-05-14 / 31-10-15	
	€	€	€	€	`	`	`	`
Net turnover	**55,993,427**		67,441,750		**3,878,104,754**		4,671,015,605	
Cost of sales	**(51,818,168)**		(62,543,543)		**(3,588,926,316)**		(4,331,765,788)	
Gross margin		**4,175,259**		4,898,207		**289,178,438**		339,249,817
Personnel expenses	**2,316,302**		2,820,074		**160,427,077**		195,318,325	
Depreciation	**33,376**		97,979		**2,311,622**		6,786,026	
Other operating expenses	**540,004**		640,458		**37,400,677**		44,358,121	
Total operating expenses		**2,889,682**		3,558,511		**200,139,375**		246,462,472
Operating result		**1,285,577**		1,339,696		**89,039,063**		92,787,345
Financial income and expense		**(87,393)**		(312,909)		**(6,052,839)**		(21,672,077)
Result from operational activities before taxation		**1,198,184**		1,026,787		**82,986,224**		71,115,268
Corporate income tax		**(289,838)**		(248,242)		**(20,074,180)**		(17,193,241)
Profit after Tax		**908,346**		778,545		**62,912,044**		53,922,027

CASH FLOW STATEMENT FOR THE PERIOD 1-11-2015 UNTIL 31-10-2016

	01-11-15 / 31-10-16		01-05-14 / 31-10-15		**01-11-15 / 31-10-16**		01-05-14 / 31-10-15	
	€ '000	**€ '000**	€ '000	€ '000	**`'000**	**`'000**	`'000	`'000
Cash flow from Operating activities								
Operating result		**1,286**		1,340		**89,068**		92,808
Adjustments for								
Depreciation of tangible assets		**34**		101		**2,355**		6,995
Changes in working capital								
Stocks	**(80)**		72		**(5,541)**		4,987	
Receivables	**851**		(935)		**58,940**		(64,758)	
Short term liabilities (excluding banks)	**(1,317)**		1,441		**(91,215)**		99,804	
		(546)		578		**(37,816)**		40,032
Cash flow from operating activities		**774**		2,019		**53,607**		139,836
Interest paid	**(117)**		(303)		**(8,103)**		(20,986)	
Corporate income tax	**(267)**		(232)		**(18,492)**		(16,068)	
Cash flow from operating activities		**(384)**		(535)		**(26,596)**		(37,054)
Cash flow from operating activities		**390**		1,484		**27,011**		102,782
Investments in tangible assets	**(15)**		(4)		**(1,039)**		(277)	
Disposal of tangible fixed assets			73				5,056	
Cash flow from operating activities		**(15)**		69		**(1,039)**		4,779
Cash flow from financing activities								
Decrease of long-term liabilities		**(1,200)**		(8)		**(83,112)**		(554)
Movements cash		**(825)**		1,545		**(57,140)**		107,007
Turnover movement cash and cash equivalents								
Balance as at beginning of financial year		**(1,991)**		(3,536)		**(137,897)**		(244,903)
Movements during financials year		**(825)**		1,545		**(57,140)**		107,007
Balance at financial year end		**(2,816)**		(1,991)		**(195,036)**		(137,897)

NOTES TO THE FINANCIAL STATEMENTS

General

Comparative figures

In the financial year 2014/2015 the book year was adjusted and therefore the comparative figures concern the period 1 May 2014 up and until 31 October 2015 (extended book year).

Activities

Origin Fruit Direct B.V.'s main activities are trading (in- and export) in fruit, vegetables and wine.

The company is registered at Chamber of Commerce in Rotterdam, number 24067257.

Directors and supervisory directors

As directors of the company act:

- Mr. J.W. Riekert, shared authority;
- Mr. C.A.M. van de Klundert, shared authority.

The company has no supervisory directors.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives.

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item.

Financial derivatives whose underlying value is not listed are recognised at cost. If the fair value is lower than the cost price or negative as at balance sheet date, the derivative is written down to the lower fair value and recognised in the profit and loss account, unless cost price hedge accounting has been applied. When determining the lower fair value the effect of current interest is not taken into account.

The profit or loss from the revaluation to fair value as at balance sheet date is recognised directly in the profit and loss account. If, however, financial derivatives are eligible for hedge accounting, and hedge accounting is applied, recognition of this profit or loss depends on the nature of the hedge.

Accounting principles in respect of the valuation of assets and liabilities

General

The consolidated financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any l.asses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

Inventories

Inventories of goods for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of goods for resale is based on fifo prices.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Long-term and short-term liabilities

Upon initial recognition, loans and liabilities recorded are stated at fair value and then valued at amortised cost.

Accounting principles in respect of result determination

Net turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Personnel expenses

Pensions

The pension plans of Origin Fruit Direct B.V. are financed through contributions to industry pension funds. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high quality corporate bonds.

Additions to and release of the obligations are recognized in the profit and loss account.

A pension receivable is included in the balance sheet when the group has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

As at year-end 2015/2016 (and 2014/2015) no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

The industry pension fund AVH has stated that the funding ratio is 90,8% as per October 2016.

Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

NOTES TO THE FINANCIAL STATEMENTS

Estimations

In drawing up the financial statements, the company directors need to make certain estimations and assumptions according to general applicable accounting principles. These estimations and assumptions will bring effect on the accounted items. Actual results can deviate from these estimations.

Principles of the cash flow summary

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash, securities and short-term liabilities to credit institutions. Interest received and paid, and corporate income taxes are presented under the cash flow from operating activities.

NOTES TO THE BALANCE SHEET

Fixed assets

Tangible fixed assets

	Plant and machinery	Inventory	Means of transport	Total
	€	€	€	
Balance as at 1 November 2015				
Acquisition cost	49,016	326,323	90,318	465,657
Accumulated depreciation	(25,308)	(307,569)	(60,346)	(393,223)
Book value as at 1 November 2015	23,708	18,754	29,972	72,434
Movements				
Investments		14,859		14,859
Depreciation	(9,792)	(13,307)	(10,727)	(33,826)
Balance movements	(9,792)	1,552	(10,727)	(18,967)
Balance as at 31 October 2016				
Acquisition cost	49,016	338,242	90,318	477,576
Accumulated depreciation	(35,100)	(317,936)	(71,073)	(424,109)
Book value as at 31 October 2016	13,916	20,306	19,245	53,467
Depreciation percentages	20%	20%	20%	

Tangible fixed assets

	Plant and machinery	Inventory	Means of transport	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 November 2015				
Acquisition cost	3,394,848	22,601,131	6,255,425	32,251,404
Accumulated depreciation	(1,752,832)	(21,302,229)	(4,179,564)	(27,234,625)
Book value as at 1 November 2015	1,642,016	1,298,902	2,075,861	5,016,779
Movements				
Investment		1,029,134		1,029,134
Depreciation	**(678,194)**	(921,643)	(742,952)	(2,342,789)
Balance movements	**(678,194)**	**107,492**	**(742,952)**	**(1,313,654)**
Balance as at 31 October 2016				
Acquisition cost	3,394,848	23,426,641	6,255,425	33,076,914
Accumulated depreciation	(2,431,026)	(22,020,247)	(4,922,516)	(29,373,789)
Book value as at 31 October 2016	963,822	1,406,394	1,332,909	3,703,124
Depreciation percentages	20%	20%	20%	

Current assets

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
Inventories	€	€	**Rs.**	Rs.
Finished goods for resale	**200,650**	120,297	**13,897,019**	8,331,770

A provision for obsolescence finished goods is not deemed necessary.

Receivables

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
Trade debtors	€	€	**Rs.**	Rs.
Trade debtors	**7,498,936**	6,931,130	**519,376,307**	480,050,064
Provision for doubtful debts	**(16,359)**		**(1,133,024)**	
Finished goods for resale	**7,482,577**	6,931,130	**518,243,283**	480,050,064

The trade debtors are advanced up to 90% by factoring company ABN AMRO Commercial Finance. Credit control is taken care of by Origin Fruit Direct 8.V. ABN AMRO Commercial Finance reserves the right to take over credit control. The securities are described under amounts owed to credit institutions.

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Receivables from shareholders				
OFD Holding B.V.		16,442		1,138,773
Origin Direct Cooperatief U.A.		15,430		1,068,682
		31,872		2,207,455

No interest had been taken into account on receivables from shareholders. No special conditions on the facility or repayments were agreed upon for the receivables from shareholders.

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Receivables from associated companies				
Origin Direct Asia Limited	**166,856**	271,020	**11,556,447**	18,770,845
Origin Fruit Services South America SpA	**30,977**		**2,145,467**	–
	197,833	271,020	**13,701,914**	18,770,845

The annual interest on receivable from Origin Direct Asia Limited amounts to 4% (2014/2015: 5%) a year calculated over the average outstanding amount. On the receivable from Origin Fruit Services South America SpA no interest was taken into account. No special conditions on the facility or repayments were agreed upon for both receivables.

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Taxes and social security premiums				
Value added tax	**100,386**	5,936	**6,952,734**	411,127
Social security contributions	**13,316**	4,661	**922,266**	322,821
	113,702	10,597	**7,875,001**	733,948

NOTES TO THE FINANCIAL STATEMENTS

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Other receivables and prepaid expenses				
Prepayments	**1,782,077**	3,468,656	**123,426,653**	240,239,115
To settle up parcels	**1,423,294**	1,208,680	**98,577,342**	83,713,177
Prepayments on fixed assets	**48,289**		**3,344,496**	–
Preypayments contribution costs	**29,888**	25,316	**2,070,043**	1,753,386
Amounts to be received	**23,404**		**1,620,961**	–
Preypayments assurance costs	**3,816**	8,550	**264,296**	592,173
Prepayments personnel	**3,665**	8,107	**253,838**	561,491
Caution money	**180**	180	**12,467**	12,467
	3,314,613	4,719,489	**229,570,096**	326,871,808

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Cash				
Deutsche Bank	**847,897**	1,013,907	**58,725,346**	70,223,199
Cash	**8,644**	6,802	**598,683**	471,107
	856,541	1,020,709	**59,324,030**	70,694,305

Shareholders' equity

Share capital

The authorized share capital is divided into 300 ordinary shares with a nominal value of € 227 (Rs. 15,772). The issued and the paid-up capital is divided in 60 shares.

	2015/2016	2014/2015
	€	€
Other reserves		
Balance as at 1 November	**2,038,667**	1,642,211
Appropriated of result	**778,545**	396,456
Balance as at 31 October	**2,817,212**	2,038,667
Result for the year		
Balance as at 1 November	**778,545**	396,456
Added to other reserves	**(778,545)**	(396,456)
Result for the year	**908,346**	778,545
Balance as at 31 October	**908,346**	778,545

	2015/2016	2014/2015
	Rs.	Rs.
Other reserves		
Balance as at 1 November	**141,198,076**	113,739,534
Appropriated of result	**53,922,027**	27,458,543
Balance as at 31 October	**195,120,103**	141,198,076
Result for the year		
Balance as at 1 November	**53,922,027**	27,458,543
Added to other reserves	**(53,922,027)**	(27,458,543)
Result for the year	**62,912,044**	53,922,027
Balance as at 31 October	**62,912,044**	53,922,027

Long-term liabilities

Subordinated loans

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Loan Afrifresh Holding (Pty) Ltd		1,200,000		83,112,000

This loan contains a subordinated loan for the benefit of Deutsche Bank Asset Based Finance obtained credit. The interest rate amounts to Euribor plus 1,5% a year. The loan is fully repaid as per 31 October 2016.

Current liabilities

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Amounts owed to credit institutions				
Amounts owed to credit institutions	**3,672,609**	3,012,399	**254,364,899**	208,638,755
Amounts owed to credit institutions				
ABN AMRO Commercial Finance	**3,672,609**		**254,364,899**	
Deutsche Bank Asset Based Finance		3,012,399		208,638,755
	3,672,609	3,012,399	**254,364,899**	208,638,755

Amounts owed to credit institutions

For the total credit facility, including the credit in current account to a maximum of € 8,000,000 (Rs. 554,080,000), the following securities have been agreed upon:

– pledge on all receivables;

– no dividend payouts will take place if the guaranteed equity is less then 20% of the balance total;

– debt guarantee by OFD Holding B.V.

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Liabilities to shareholders				
Shareholders	**–**	1,012,594	**–**	70,132,260
Taxes and social security premiums				
Corporate income tax	**70,880**	48,042	**4,909,149**	3,327,389
Wage tax	**45,877**	43,677	**3,177,441**	3,025,069
Other taxes	**36,936**	32,762	**2,558,187**	2,269,096
	153,693	124,481	**10,644,777**	8,621,554

	31-10-2016	31-10-2015	**31-10-2016**	31-10-2015
	€	€	**Rs.**	Rs.
Other liabilities and accrued liabilities				
Invoices to be received	**1,526,015**		**105,691,799**	0
Bonus provision	**223,120**	117,061	**15,453,291**	8,107,645
Accrual commission	**181,972**	108,771	**12,603,381**	7,533,479
Holiday allowance	**166,872**	151,039	**11,557,555**	10,460,961
Accrual loyalty discount	**51,195**	97,048	**3,545,766**	6,721,544
Accrual accounting costs	**17,000**	15,000	**1,177,420**	1,038,900
Interest liabilities		30,072	**0**	2,082,787
Other	**3,198**	3	**221,493**	208
	2,169,372	518,994	**150,250,705**	35,945,524

NOTES TO THE FINANCIAL STATEMENTS

Off-balance-sheet rights, obligations and arrangements

Rental obligations

The annual commitment in respect of rent contracts amounts to € 30,000 (Rs. 2,077,800). The contract will expire per 30 September 2017. As per the moment of signing of the financial statements no new rental agreement has been agreed upon.

Lease obligations

The obligations for leases entered into with third parties are € 140,000 (Rs. 9,696,400). Of this amount € 55,678 (Rs. 3,856,258) is due after one year and nil is due after five years.

NOTES TO THE PROFIT AND LOSS ACCOUNT

	2015/2016	2014/2015	**2015/2016**	2014/2015
	€	€	**Rs.**	Rs.
Personnel expenses				
Salaries en wages	**1,934,170**	2,335,341	**133,960,614**	161,745,718
Social security contributions	**245,229**	272,742	**16,984,561**	18,890,111
Pension contributions	**82,182**	105,407	**5,691,925**	7,300,489
Other personnel expenses	**54,721**	106,584	**3,789,976**	7,382,008
	2,316,302	2,820,074	**160,427,077**	195,318,325

Remuneration of directors

The remunerations of directors of the company amounts to approximately € 323,000 (Rs. 22,370,980) (2014/2015: € 421,000) (Rs. 29,158,460).

Average number of employees

During the year 2015/2016 there were on average 18 employees employed on the basis of a full time contract of service (2014/2015: 16 employees).

	2015/2016	2014/2015	**2015/2016**	2014/2015
	€	€	**Rs.**	Rs.
Other operating expenses				
Housing expenses	**38,360**	57,560	**2,656,814**	3,986,606
Selling expenses	**132,776**	177,942	**9,196,066**	12,324,263
Car expenses	**104,949**	118,394	**7,268,768**	8,199,968
Office expenses	**187,169**	209,267	**12,963,325**	14,493,832
General expenses	**76,750**	77,295	**5,315,705**	5,353,452
	540,004	640,458	**37,400,677**	44,358,121
Financial income and expense				
Other interest and similar income	**66,794**	80,773	**4,626,152**	5,594,338
Other interest expenses	**(154,187)**	(393,682)	**(10,678,992)**	(27,266,415)
	(87,393)	(312,909)	**(6,052,839)**	(21,672,077)

In the other interest and similar income € 66,484 (Rs. 4,604,682) (2014/2015: € 77,075) (Rs. 5,338,215) is included from associated companies.

In the other interest expenses € 17,200 (Rs. 1,191,272) (2014/2015: € 30,072) (Rs. 2,082,787) is included from associated companies.

Corporate income tax

	2015/2016	2014/2015	**2015/2016**	2014/2015
	€	€	**Rs.**	Rs.
Corporate income tax	**(289,838)**	(248,242)	**(20,074,180)**	(17,193,241)

Rotterdam, 15 December 2016
Origin Fruit Direct B.V.

Director
C.A.M. van de Klundert

Director
J.W. Riekert

OTHER INFORMATION

Statutory provision regarding appropriation of result

Article 20 of the Articles of Association stipulates that the appropriation of the net result for the year is decided upon at the General Meeting.

Profit distributions to the shareholders may only be done as far as the shareholders' equity exceeds the paid up and called up part of the share capital, increased with the legal reserves.

Proposal appropriation of result

Appropriation of results 2014/2015

The annual report 2014/2015 was adopted in the General Meeting held on 30 March 2016. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Appropriation of results 2015/2016

The board of directors proposes that the result for the financial year 2015/2016 amounting to € 908,346 (Rs. 62,912,044) should be transferred to the other reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

Supplementary Information

The functional currency of the company is measured using the currency of the economic environment in which the company operates. For disclosure purpose at the year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Euro: 1 = Rs. 69.26, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India as on 31st March 2017

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st December 2016.

Performance Financial Highlights:

Your Company is engaged in the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign.

	Jan-Dec 16 Chilean Peso	Jan-Dec 15 Chilean Peso	**Jan-Dec 16 INR**	Jan-Dec 15 INR
Revenues	**300,259,519**	245,154,754	**29,491,490**	24,079,100
Income before income tax	**17,848,797**	21,381,013	**1,753,109**	2,100,043
Net Profit	**10,899,290**	8,870,489	**1,070,528**	871,259

The Financial Statement as at December 31st, 2016 reports Revenues of CP 300,259,519 (INR 29,491,490) against previous year of CP 245,154,754 (INR 24,079,100) with a Net Profit of CP 10,899,290 (INR 1,070,528) a growth of 23% over previous year of CP 8,870,489 (INR 871,259)

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is Origin Fruit Direct Holding BV which is based in Netherlands.

Auditors

There is no need to provide an audit for Origin Fruit Service as per local Chilean law.

Conclusion

It is the view of the director(s) that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2016.

Francisco Echeverria
Director

Date: 31-12-2016

INCOME STATEMENT FOR THE PERIOD JANUARY 2016 TO DECEMBER 2016

	Chilean Peso		INR	
	Jan-Dec 16	Jan-Dec 15	**Jan-Dec 16**	Jan-Dec 15
Turnover:	**311,459,289**	266,449,172	**30,591,531**	26,170,638
Sales	**300,259,519**	245,154,754	**29,491,490**	24,079,100
Commission received	**–**	–	**–**	–
Other income	**11,199,770**	21,294,418	**1,100,041**	2,091,538
Procurement fee	**–**	–	**–**	–
Cost of sales:	**6,369,986**	6,643,714	**625,660**	652,546
Purchases	**–**	–	**–**	–
Costs related to sales	**6,369,986**	6,643,714	**625,660**	652,546
Other direct product related costs	**–**	–	**–**	–
Commission Paid	**–**	–	**–**	–
Operating Profit	**305,089,303**	259,805,458	**29,965,871**	25,518,092
Gross Margin	**98.0%**	97.5%	**–**	–
Personnel costs:	**157,619,179**	113,238,023	**15,481,356**	11,122,239
Salaries	**114,383,051**	98,875,603	**11,234,703**	9,711,562
Allowances	**–**	–	**–**	–
Bonusses	**–**	–	**–**	–
Other personnel costs	**39,876,156**	11,733,781	**3,916,636**	1,152,492
Social security contributions	**3,359,972**	2,628,639	**330,016**	258,185
Selling costs:	**53,475**	73,714	**5,252**	7,240
Advertising	**–**	–	**–**	–
Publications	**–**	–	**–**	–
Representation	**53,475**	73,714	**5,252**	7,240
Other sales costs	**–**	–	**–**	–
Entertainment	**–**	–	**–**	–
Travelling costs:	**66,898,347**	69,767,468	**6,570,756**	6,852,561
Travelling expenses	**58,018,489**	62,191,755	**5,698,576**	6,108,474
Car costs	**7,630,597**	6,980,549	**749,477**	685,630
Parking	**1,249,261**	595,164	**122,702**	58,457
Housing costs:	**10,647,243**	9,355,804	**1,045,772**	918,927
Office rental	**10,330,652**	9,028,070	**1,014,677**	886,737
Electricity	**282,000**	298,500	**27,698**	29,319
Cleaning costs offices	**–**	–	**–**	–
Water	**34,591**	29,234	**3,398**	2,871
Office costs:	**36,372,385**	36,114,962	**3,572,496**	3,547,212
Mobilization	**133,288**	86,986	**13,092**	8,544
Office supplies	**2,470,886**	1,032,154	**242,690**	101,378
Maintenance office equipment	**–**	–	**–**	–
Other office costs	**23,968,850**	26,674,041	**2,354,220**	2,619,924
Computers costs	**–**	–	**–**	–
Postage/Courier	**203,943**	81,509	**20,031**	8,006
Telephones	**9,595,418**	8,240,272	**942,462**	809,360
Internet	**–**	–	**–**	–
Cell phones	**–**	–	**–**	–

INCOME STATEMENT FOR THE PERIOD JANUARY 2016 TO DECEMBER 2016 (CONTD...)

	Chilean Peso		INR	
	Jan-Dec 16	Jan-Dec 15	**Jan-Dec 16**	Jan-Dec 15
General expenses:	**3,640,430**	3,995,660	**357,563**	392,454
Accounting fees	**3,640,430**	3,995,660	**357,563**	392,454
Audit fee	**–**	–	**–**	–
Income tax paid readjustment	**–**	–	**–**	–
Insurances	**–**	–	**–**	–
Depreciation:	**9,935,332**	2,452,558	**975,848**	240,890
Computers Equipment	**193,849**	50,384	**19,040**	4,949
Furniture and Useful	**175,078**	200,760	**17,196**	19,719
Vehicles	**9,566,405**	2,201,414	**939,612**	216,223
Operating Expenses	**285,166,391**	234,998,189	**28,009,043**	23,081,522
Operating Result	**19,922,912**	24,807,269	**1,956,828**	2,436,570
Bank interest and costs:	**2,074,115**	3,426,256	**203,720**	336,527
Interest paid bank	**–**	–	**–**	–
Interest received	**–**	–	**–**	–
Bank charges	**1,593,685**	2,208,762	**156,532**	216,945
Exchange rate difference	**480,430**	1,217,494	**47,188**	119,582
Results before tax	**17,848,797**	21,381,013	**1,753,109**	2,100,043
Company tax provision	**6,949,506**	12,510,523	**682,580**	1,228,784
Results after tax	**10,899,290**	8,870,489	**1,070,528**	871,259

Francisco Echeverria
Director

Date: 31/12/2016

BALANCE SHEET AS AT 31 DECEMBER 2016/2015

	Chilean Peso				INR			
	31-12-2016		31-12-2015		31-12-2016		31-12-2015	
ASSETS								
Fixed assets								
Computer equipment	1,790,756		1,740,288		175,888		170,931	
Furniture and Useful	5,302,977		5,158,333		520,858		506,651	
Vehicles	28,774,882		31,078,616		2,826,269		3,052,542	
Computer equipment Accumulated Depreciation	(1,790,756)		(1,720,134)		(175,888)		(168,952)	
Forniture and Useful Accumulated Depreciation	(5,295,517)		(4,980,938)		(520,126)		(489,228)	
Vehicles Accumulated Depreciation	(4,795,814)		(8,287,842)		(471,045)		(814,032)	
		23,986,528		22,988,323		2,355,957		2,257,913
Current assets								
Stock								
Receivables								
Customers	5,899,958		5,325,902		579,494		523,110	
Accounts Receivables OFD	–		2,134,830		–		209,683	
Accounts Receivables ODA	–		1,891,756		–		185,808	
Funds By Render	370,787		518,972		36,419		50,973	
Salary Advance	250,000		491,492		24,555		48,274	
Advance Suppliers	5,325,897		5,325,897		523,110		523,110	
		11,846,642		15,688,849		1,163,577		1,540,959
Recoverable Taxes								
Monthly Provisional Payments	16,716,392		24,202,924		1,641,884		2,377,211	
		16,716,392		24,202,924		1,641,884		2,377,211
Cash and bank								
Bank	26,587,880		7,316,178		2,611,462		718,595	
Cash	–		–		–		–	
		26,587,880		7,316,178		2,611,462		718,595
Total Assets		79137442		70196274		7,772,880		6,894,678
LIABILITIES								
Shareholders' equity								
Share capital	1,000,000		1,000,000		98,220		98,220	
Legal reserve	148,153		115,795		14,552		11,373	
Other reserves	–		–		–		–	
Undistributed profits	23,654,678		14,117,536		2,323,362		1,386,624	
		24,802,831		15,233,331		2,436,134		1,496,218
Long term liabilities								
Unsecured loan								
Lease liabilities								
Short term liabilities								
Accounts Payable								
Suppliers	–		1,560,630		–		153,285	
Accounts Payable OFD B.V.	26,191,700		7,100,000		2,572,549		697,362	

BALANCE SHEET AS AT 31 DECEMBER 2016/2015 (CONTD...)

	Chilean Peso				INR			
	31-12-2016		31-12-2015		31-12-2016		31-12-2015	
Credit Cards payable	**3,958,127**		8,152,995		**388,767**		800,787	
Accounts Payable	–		126,488		–		12,424	
		30,149,827		16,940,113		**2,961,316**		1,663,858
Provisions and Withholdings								
Provision of monthly provisional payments	**1,725,000**		1,085,471		**169,430**		106,615	
Company Tax Provision	**6,949,506**		21,217,456		**682,580**		2,083,979	
Provision Expenses	–		–		–		–	
Employee Retention	–		1,383,737		–		135,911	
Fees Payables	**4,533,210**		1,384,874		**445,252**		136,022	
Salary Payable	**70,000**		4,075,470		**6,875**		400,293	
Retention of Second Category	**7,778**		5,333		**764**		524	
		13,285,494		29,152,341		**1,304,901**		2,863,343
		68,238,152		61,325,785		**6,702,351**		6,023,419
Net income		**10,899,290**		8,870,489		**1,070,528**		871,259
Total Liabilities		**79,137,442**		70,196,274		**7,772,880**		6,894,678

Francisco Echeverria
Director

Date: 31/12/2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Incorporation of a Company by Shares.

Origin Fruit Services South America SpA Juan Carlos Álvarez Domínguez, Alternate Notary of the first notary of Santiago, with office at Calle Huérfanos 1160 office 101 and 102, Santiago, certifies by public deed dated May 27, 2013, before The holder, OFD Holding BV, a company incorporated under the laws of the Netherlands; Edmundo Eluchans number 2255 department 161 commune of Viña del Mar, fifth region

Incorporates a Stock Company named "**ORIGIN FRUIT SERVICES SOUTH AMERICA SpA**". Purpose, the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign; The acquisition and alienation of all kinds of movable and immovable property, rights, privileges, patents of invention or trademarks; The use of licenses that are allowed, directly or indirectly related to the indicated item; Provision of Services and all other activities that are related, currently or in the future, with the aforementioned; And any other business that will agree the partner Capital $ 1,000,000 (Rs. 6,48,80,000). Divided into one thousand shares with no par value, all of them in a single series, fully subscribed and paid upon incorporation by partner OFD HOLDING B.V. Domicile: the company's address is the city of Santiago, metropolitan region, without prejudice to installing agencies, branches or establishments in the rest of the country or abroad. Duration: The duration of the company will be indefinite. Partner limits his liability to the amount of the contribution. Other pacts in extracted writing.

NOTE 2. Basis of presentation and Regulatory Framework.

The financial statements for the years ended December 31, 2016 and 2015 have been Prepared in accordance with accounting principles generally accepted in Chile.

NOTE 3. Bases of Conversion.

Assets and Liabilities in development units and foreign currency have been converted into pesos at the exchange rate in effect at the closing date of each year.

NOTE 4. Income Tax.

The company determines and records the income tax taking into consideration the current tax rules.

NOTE 5. Accounting Changes.

During fiscal years 2016 and 2015 the company has not made any accounting changes.

Supplementary Information

The functional currency of the company is measured using the currency of the economic environment in which the company operates. For disclosure purpose at the year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Chilean Peso-INR rate as 0.09822, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India as on 31st March 2017.

Francisco Echeverria
Director

Date: 31/12/2016

DIRECTOR'S REPORT

Principal activity

The principal activity of the Company is the trading of fresh fruits.

Results, state of affairs and dividends

Financial Performance

The Director(s) consider that, in preparing the accounts, the Company have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all local law and accounting standards which they consider to be applicable have been followed. It is the view of the directors that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2016.

The Company achieved 26% growth in Revenue at Rmb 50,660.337 (INR: 477,220,752) against previous year figures of Rmb 40,236,884 (INR: 379,031,067). The profits of the company were adversely impacted due to USD: RMB currency movement Rmb 1,880,846 (INR 17,717,575).

	RMB		**INR**	
	For the Year Ended 31-Dec-2016	For the Year Ended 31-Dec-2015	**For the Year Ended 31-Dec-2016**	For the Year Ended 31-Dec-2015
Sales	**50,660,377**	40,236,844	**477,220,752**	379,031,067
PBT	**180,140**	(1,284,167)	**1,696,916**	(12,096,856)
PAT	**180,140**	(1,284,167)	**1,696,916**	(12,096,856)

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Directors

Mr. Bosch Jason Dean is the sole director who held office during the year and up to the date of this Report.

Mr Bosch Jason Dean
Sole Director

Date: March 31, 2017

AUDIT REPORT

TBY NO. [20161228]

To Origin Direct Asia (Shanghai) Trading Company Limited,

We have already audited the accompanying financial statements of Origin Direct Asia (Shanghai) Trading Company Limited (hereinafter refers to as ODA Trading), which comprise the Balance Sheet on October 31, 2016, and the Income Statement, the Statement of Cash Flows, and the Statement of Change in Owner's Equity as well as notes to the Financial Statements from November 2015 to October 2016.

I. Management's Responsibility for the Financial Statements

The management of ODA Trading is responsible for the preparation and fair presentation of these Financial Statements in accordance with the provisions of Accounting Standards for Enterprises and Accounting System for Business Enterprises. This responsibility includes: (1) Designing, implementing and maintaining internal controls related to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (2) Selecting and applying appropriate accounting policies; (3) Making accounting estimations that are reasonable in the circumstances.

II. CPA's Responsibility

Our responsibility is to express our opinions on these Financial Statements based on our audit. We conducted our audit in accordance with the audit standard of Chinese CPA. This standard requires us to abide professional ethics, and plan and implement the audit work to obtain reasonable assurance on whether the Financial Statements are free from material misstatement.

The audit work involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures' selection depends on the judgment of Certified Public Accountant, including the risk assessment of material misstatement in audit report of Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal controls related to the preparation and fair presentation of Financial Statements to design appropriate audit procedures, but not for the purpose of expressing our opinion on the effectiveness of internal controls. The work also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

III. Audit Opinions

We believe Origin Direct Asia (Shanghai) Trading Company Limited has prepared the fmancial statements in accordance with the provisions of Accounting Standards for Enterprises and Accounting System for Business Enterprises. The Financial Statements have fairly reflected the financial conditions on October 31, 2016 and the business results and cash flows between November 2015 to October 2016 of ODA Trading in all significant aspects.

IV. Emphasis of matter

We draw attention to Note IX to the financial statements which describes that Origin Direct Asia (Shanghai) Trading Company Limited, As of October 31, 2016, current liabilities are greater than total assets by RMB 3,869,348.75 (Rs. 36,449,265.23). Origin Direct Asia (Shanghai) Trading Company Limited has made full disclosure of the planned improvement measures in Note VIII to the financial statements; however, there is still a material uncertainty in respect of going concern. No adjustments which may be caused by this uncertainty have been included in the financial statements. Our opinion is not qualified in respect of this matter.

Shanghai Trust & Best Certified Public Accountants

Shanghai • China
Certified Public
Accountant of the P.R.C:
(Signature & Seal)

Certified Public
Accountant of the P.R.C:
(Signature & Seal)
December 12, 2016

BALANCE SHEET

Item	As at: 31-Dec-2016 At end of year RMB	Beginning of year RMB	As at: 31-Dec-2016 At end of year INR	Beginning of year INR
Current assets:				
Currency fund	2,315,363.00	352,506.98	21,810,719.46	3,320,615.75
Deposit reservation for balance	–	–	–	–
Lending funds	–	–	–	–
fair value measurement	–	–	–	–
Derivative financial assets	–	–	–	–
Note receivable	–	–	–	–
Accounts receivable	380,939.93	2,374,111.58	3,588,454.14	22,364,131.08
Prepayment	154,566.04	176,824.48	1,456,012.10	1,665,686.60
Premiums receivable	–	–	–	–
Reinsurance accounts receivable	–	–	–	–
Reinsurance reserve fund receivable	–	–	–	–
Interest receivable	–	–	–	–
Dividend Receivable	–	–	–	–
Other receivable	571,447.93	365,125.00	5,383,039.50	3,439,477.50
Redemptory monetary capital for sale acquired	–	–	–	–
Inventory	100,402.84	–	945,794.75	–
Raw material	–	–	–	–
Merchandise inventory (finished product)	100,402.84	–	945,794.75	–
Classified as available for sale assets	–	–	–	–
Non-current assets matured within one year	–	–	–	–
Other current assets	–	–	–	–
TOTAL CURRENT ASSETS	**3,522,719.74**	**3,268,568.04**	**33,184,019.95**	**30,789,910.94**
Non-current assets:				
Make loans and advances	–	–	–	–
Available-for-sale financial assets	–	–	–	–
Held-to-maturity investment	–	–	–	–
Long-term receivables	–	–	–	–
Long-term equity investments	–	–	–	–
Investment property	–	–	–	–
Original value of fixed assets	103,720.84	108,808.84	977,050.31	1,024,979.27
Less: Accumulated depreciation	82,814.03	72,856.01	780,108.16	686,303.61
Net value of fixed assets	20,906.81	35,952.83	196,942.15	338,675.66
Less: fixed assets depreciation reserves	–	–	–	–
Net value of fixed assets	20,906.81	35,952.83	196,942.15	338,675.66
Construction in progress	–	–	–	–
Construction supplies	–	–	–	–
Disposal of fixed assets	–	–	–	–
Productive biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	–	–	–	–
Development expenditure	–	–	–	–
Goodwill	–	–	–	–
Long-term deferred expenses	–	–	–	–
Deferred income tax assets	–	–	–	–
Other non-current assets	–	–	–	–
Physical assets reserve specifically authorized	–	–	–	–
TOTAL NON-CURRENT ASSETS	**20,906.81**	**35,952.83**	**196,942.15**	**338,675.66**
Total Assets	**3,543,626.55**	**3,304,520.87**	**33,380,962.10**	**31,128,586.60**

BALANCE SHEET

Item	As at: 31-Dec-2016		As at: 31-Dec-2016	
	At end of year RMB	Beginning of year RMB	At end of year INR	Beginning of year INR
Current liabilities				
Short-term borrowing	–	–	–	–
Borrowings from central bank	–	–	–	–
Deposit from customers and interbank	–	–	–	–
Borrowing funds	–	–	–	–
Financial assets measured as fair value and the variation included in current profit and loss	–	–	–	–
Financial derivative liabilities	–	–	–	–
Notes payable	–	–	–	–
Accounts payable	7,504,743.75	7,754,223.89	70,694,686.13	73,044,789.04
Advances from customers	78,330.00	–	737,868.60	–
Financial assets sold for repurchase	–	–	–	–
Handling charges and commissions payable	–	–	–	–
Employee benefit liabilities	32,987.20	–	310,739.42	–
Including: Accrued payroll	32,987.20	–	310,739.42	–
Welfare benefits payable	–	–	–	–
Including: bonus and allowance bond	–	–	–	–
Taxes and surcharges payable	(1,415,754.63)	(1,642,322.34)	(13,336,408.61)	(15,470,676.44)
Including: Taxes payable	(1,415,754.63)	(1,642,322.34)	(13,336,408.61)	(15,470,676.44)
Interests payable	–	–	–	–
Dividends payable	–	–	–	–
Other payables	–	29,438.80	–	277,313.50
Dividend payable for reinsurance	–	–	–	–
Reserve fund for insurance contract	–	–	–	–
Receiving from vicariously traded securities	–	–	–	–
Funds received as stock underwrite	–	–	–	–
Liabilities held for sale	–	–	–	–
Non-current liabilities maturing within one year	–	–	–	–
Other current liablities	–	–	–	–
TOTAL CURRENT LIABILITIES	**6,200,306.32**	**6,141,340.35**	**58,406,885.53**	**57,851,426.10**
NON-CURRENT LIABILITIES:				
Long-term loans	–	–	–	–
Debentures payable	–	–	–	–
Long-term payable	–	–	–	–
Long-term Payroll Payable	–	–	–	–
Specific payable	–	–	–	–
Anticipation liabilities	–	–	–	–
Deferred Profits	–	–	–	–
Deferred tax liabilities	–	–	–	–
Other non-current liabilities	–	–	–	–
Authorized reserve fund	–	–	–	–
TOTAL NON-CURRENT LIABILITIES	–	–	–	–
TOTAL LIABILITIES	**6,200,306.32**	**6,141,340.35**	**58,406,885.53**	**57,851,426.10**
OWNERS'(OWNER'S)/SHAREHOLDERS' EQUITY				
Registered capital	925,876.00	925,876.00	8,721,751.92	8,721,751.92
National capital	–	–	–	–
Including:State-owned legal person's capital	–	–	–	–
Collective capital	–	–	–	–

BALANCE SHEET

Item	As at: 31-Dec-2016 At end of year RMB	As at: 31-Dec-2016 Beginning of year RMB	As at: 31-Dec-2016 At end of year INR	As at: 31-Dec-2016 Beginning of year INR
Private capital	–	–	–	–
Including: Personal capital	–	–	–	–
Foreign businessmen's capital	925,876.00	925,876.00	8,721,751.92	8,721,751.92
Less: Returned investment	–	–	–	–
Registered capital--net book value	925,876.00	925,876.00	8,721,751.92	8,721,751.92
Other equity instruments	–	–	–	–
Preferred stock	–	–	–	–
Perpetual capital securities	–	–	–	–
Capital surplus	–	–	–	–
Less: Treasury stock	–	–	–	–
Other consolidated income	–	–	–	–
Including: transition reserve	–	–	–	–
Special reserve	–	–	–	–
Surplus reserves	–	–	–	–
Including: legal accumulation fund	–	–	–	–
Optional accumulation fund	–	–	–	–
Reserved funds	–	–	–	–
Enterprise expension funds	–	–	–	–
Capital redemption	–	–	–	–
General risk preparation	–	–	–	–
Undistributed profit	(3,582,555.77)	(3,762,695.48)	(33,747,675.35)	(35,444,591.42)
Total owner's equity vest in parent company	(2,656,679.77)	(2,836,819.48)	(25,025,923.43)	(26,722,839.50)
Minority stockholder's interest	–	–	–	–
TOTAL OWNERS' EQUITY	**(2,656,679.77)**	**(2,836,819.48)**	**(25,025,923.43)**	**(26,722,839.50)**
TOTAL LIABILITIES & OWNERS' EQUITY	**3,543,626.55**	**3,304,520.87**	**33,380,962.10**	**31,128,586.60**

INCOME STATEMENT

Item	For the Year Ended 31-Dec-2016 RMB	For the Year Ended 31-Dec-2015 RMB	For the Year Ended 31-Dec-2016 INR	For the Year Ended 31-Dec-2015 INR
OVERALL SALES	50,660,377.08	40,236,843.65	477,220,752.09	379,031,067.18
Including: Sales from operations	50,660,377.08	40,236,843.65	477,220,752.09	379,031,067.18
Interest income	–	–	–	–
Insurance premiums earned	–	–	–	–
Handling charges and commissions income	–	–	–	–
OVERALL COSTS	**50,482,485.19**	**41,522,496.07**	**475,545,010.49**	**391,141,912.98**
Including: Cost of operations	41,402,637.72	36,172,218.83	390,012,847.32	340,742,301.38
Interest expenses	–	–	–	–
Handling charges and commissions expenses	–	–	–	–
Surrender value	–	–	–	–
Net payments for insurance claims	–	–	–	–
Reserve fund for insurance contracts	–	–	–	–
Bond insurance expense	–	–	–	–
Reinsurance expense	–	–	–	–
Business tax and surcharges	–	–	–	–
Selling expenses	5,678,740.44	4,169,025.88	53,493,734.94	39,272,223.79
Administration expenses	1,521,726.93	1,183,770.36	14,334,667.68	11,151,116.79
Including: research and development expenses	–	–	–	–
Financial expenses	1,879,380.10	(2,519.00)	17,703,760.54	(23,728.98)
Including: Interest expense	–	–	–	–
Interest income	4,462.85	3,756.42	42,040.05	35,385.48
Gain or loss on foreign exchange transactions (less exchange gain)	1,880,846.55	0.22	17,717,574.50	2.07
Impairment loss on assets	–	–	–	–
Others	–	–	–	–
Plus: Gain or loss from changes in fair values (loss expressed with–)	–	–	–	–
Investment income(loss expressed with–)	–	–	–	–
Including: Investment income from joint ventures and affiliates(loss expressed with–)	–	–	–	–
Gain on foreign exchange transactions (loss expressed with–)	–	–	–	–
PROFIT FROM OPERATIONS(loss expressed with–)	**177,891.89**	**(1,285,652.42)**	**1,675,741.60**	**(12,110,845.80)**
Plus: Non-operating profit	3,682.22	1,485.07	34,686.51	13,989.36
Including: Gains from disposal of non-current assets	–	–	–	–
Gains from exchange of non-monetary assets	–	–	–	–

INCOME STATEMENT

Item	For the Year Ended 31-Dec-2016 RMB	For the Year Ended 31-Dec-2015 RMB	For the Year Ended 31-Dec-2016 INR	For the Year Ended 31-Dec-2015 INR
Government grant income	–	–	–	–
Gains from debt restructuring	–	–	–	–
Less: Non-operating expenses	1,434.40	–	13,512.05	–
Including:Losses from disposal of non-current assets	1,434.40	–	13,512.05	–
Losses from exchange of non-monetary assets	–	–	–	–
Losses from debt restructuring	–	–	–	–
PROFIT BEFORE TAX (LOSS EXPRESSED WITH –)	180,139.71	(1,284,167.35)	1,696,916.07	(12,096,856.44)
Less: Income tax expenses	–	–	–	–
NET PROFIT (LOSS EXPRESSED WITH –)	**180,139.71**	**(1,284,167.35)**	**1,696,916.07**	**(12,096,856.44)**
Net profit belonging to parent company	180,139.71	(1,284,167.35)	1,696,916.07	(12,096,856.44)
Minority interest	–	–	–	–
Net of tax from other comprehensive income	–	–	–	–
Other comprehensive income cannot reclassified into the profit and loss	–	–	–	–
Including: 1. Remeasure the variation of net indebtedness or net asset of defined benefit plans	–	–	–	–
2. Share in other comprehensive income that cannot be classified into profit and loss under equity method	–	–	–	–
Other comprehensive income that will be reclassified into the profit and loss	–	–	–	–
Including: 1. Share in other comprehensive income that will be classified into profit and loss under equity method	–	–	–	–
Changes in fair value through profit and loss of available-for-sale financial assets	–	–	–	–
Held-to-maturity investment reclassified into available-for sale financial assets	–	–	–	–
Effective part of cash-flow hedge profit and loss	–	–	–	–
Balance arising from the translation of foreign currency financial statements	–	–	–	–
TOTAL CONSOLIDATED INCOME	**180,139.71**	**(1,284,167.35)**	**1,696,916.07**	**(12,096,856.44)**
Total comprehensive income attributed to parent company owners	180,139.71	(1,284,167.35)	1,696,916.07	(12,096,856.44)
Consolidated income belonging to Minority shareholders	–	–	–	–
EARNINGS PER SHARE (EPS):	–	–	–	–
Basic EPS	–	–	–	–
Diluted EPS	–	–	–	–

CASH FLOW STATEMENT

Item	For the Year Ended 31-Dec-2016 RMB	For the Year Ended 31-Dec-2015 RMB	For the Year Ended 31-Dec-2016 INR	For the Year Ended 31-Dec-2015 INR
I. Cash Flows from Operating Activities:				
Cash from sale and render service	59,317,727.04	45,334,375.58	558,772,988.72	427,049,817.96
Net increase of customer's deposit and deposit taking of interbank	–	–	–	–
Net increase borrowings from central bank	–	–	–	–
Net increase borrowing funds to other financing institution	–	–	–	–
Cash from original insurance contract premium	–	–	–	–
Net cash from reinsurance business	–	–	–	–
Net increase of insured deposit and investment	–	–	–	–
Net increase of financial assets disposal measured as fair value and the variation included in current profit and loss	–	–	–	–
Cash for interest & commission	–	–	–	–
Net increase of loans	–	–	–	–
Net increase of repurchasing business funds	–	–	–	–
Refund of taxes and levies	–	–	–	–
Other cash received relating to operating activities	8,145.07	5,240.41	76,726.56	49,364.66
Cash inflows from operating activities	**59,325,872.11**	**45,339,615.99**	**558,849,715.28**	**427,099,182.63**
Cash inflows from operating activities	48,112,303.11	40,007,881.87	453,217,895.30	376,874,247.22
Net increase of customer loans and advances	–	–	–	–
Net increase depositing in central bank and other banks	–	–	–	–
Cash paid for original insurance contract compensation payment	–	–	–	–
Cash for payment of interest, commission	–	–	–	–
Cash paid for policy dividend	–	–	–	–
Cash paid to employee and for employee	1,476,827.16	1,327,829.81	13,911,711.85	12,508,156.81
Payments of all types of taxes	18,770.45	119,205.30	176,817.64	1,122,913.93
Other cash paid relating to operating activities	7,757,115.37	4,008,299.22	73,072,026.79	37,758,178.65
Cash inflows from operating activities	**57,365,016.09**	**45,463,216.20**	**540,378,451.57**	**428,263,496.60**
Net cash flows from operating activities	**1,960,856.02**	**(123,600.21)**	**18,471,263.71**	**(1,164,313.98)**
2. Cash Flows from Investing Activities				
Cash from recouping the capital outlay	–	–	–	–
Cash from investment income	–	–	–	–
Net cash from disposal of fixed assets, Intangible assets & other long-term assets	2,000.00	–	18,840.00	–

CASH FLOW STATEMENT

Item	For the Year Ended 31-Dec-2016 RMB	For the Year Ended 31-Dec-2015 RMB	For the Year Ended 31-Dec-2016 INR	For the Year Ended 31-Dec-2015 INR
Net cash received disposal subsidiary and otherbusiness units	–	–	–	–
Proceeds from other investment activites	–	–	–	–
Cash inflow from investment activities	**2,000.00**	**–**	**18,840.00**	**–**
Cash paid to acquire fixed assets, intangible assets and other long-term assets	–	18,619.00	–	175,390.98
Cash paid to acquire investments	–	–	–	–
Net increase in pledged loans	–	–	–	–
Cash inflow from investment activities	–	–	–	–
Other cash payments relating to investing activities	–	–	–	–
Cash inflow from investment activities	**–**	**18,619.00**	**–**	**175,390.98**
Cash inflow from investment activities	**2,000.00**	**(18,619.00)**	**18,840.00**	**(175,390.98)**
3. Cash flows from financing activities				
Cash received from capital contribution	–	–	–	–
Including:cash inflows from minority investment in subsidiaries	–	–	–	–
Cash received from borrowings	–	–	–	–
Cash received from issuing bonds	–	–	–	–
Other cash received relating to financing activities	–	–	–	–
Cash inflow from investment activities	–	–	–	–
Cash repayments of amounts borrowed	–	–	–	–
Cash payments for interest expenses and distribution of dividends or profit	–	–	–	–
Including:dividends and earnings paid to minorities by subsidiaries	–	–	–	–
Other cash payments relating to financing activites	–	–	–	–
Cash inflow from investment activities	**–**	**–**	**–**	**–**
Net cash flows from financing activities	**–**	**–**	**–**	**–**
4. Effect of Foreign Exchange Rate Changes on Cash				
5. Net Increase in Cash and Cash Equivalents	**1,962,856.02**	**(142,219.21)**	**18,490,103.71**	**(1,339,704.96)**
Plus: Initial cash and cash equivalents balance	352,506.98	494,726.19	3,320,615.75	4,660,320.71
6. The final cash and cash equivalents balance	**2,315,363.00**	**352,506.98**	**21,810,719.46**	**3,320,615.75**

Notes to Financial Statements of 2016

Origin Direct Asia (Shanghai) Trading Company Limited All amounts in RMB unless otherwise stated.

I. Basic Information of the Company

Origin Direct Asia (Shanghai) Trading Company Limited is an enterprise invested and founded by Origin Direct Asia Limited. On February 11, 2010, Shanghai Municipal People's Government approved its establishment and issued the Approval Certificate for the Establishment of Enterprises with Investments of Taiwan, Hong Kong, Macao and Overseas Chinese in PRC (No. 0438 [2010] Certificate for Wholly-owned Foreign Investment Enterprise in Jing'an District in Shanghai). The Company was founded on May 28, 2010. It now possesses a Business License for Enterprise's Legal Person issued by Shanghai Administration for Industry & Commerce (Registration Number: 91310000551501987A). Its registered capital totals 140,000 U.S. dollars (Rs. 90,83,200), and its operation period is 20 years.

The Company mainly engages in the wholesale, import & export, and agent service with commission (excluding auction) of prepackaged foods (including frozen foods and refrigerated foods; excluding delicatessen and braised foods) and edible agricultural products (excluding unprocessed pork products). It also offers after-sale services regarding those products aforementioned. (Excluding goods subject to the state-run trade administration; for goods subject to administration of quotas and license, related applications shall be transacted in line with corresponding state provisions.) (Operating with administrative permits where they are applicable.)

II. Primary Accounting Policies and Estimates of the Company

1. **Accounting Standard & Accounting System:** The Company adopts the Accounting Standards for Enterprises and Accounting System for Business Enterprises and corresponding supplementary provisions launched by the state.

2. Fiscal Year: From January 1 to December 31 of a calendar year.

3. **Recording Currency:** RMB.

4. **Base of Accounting:** Accrual Basis; **Valuation Principle:** Based on Historical Cost

5. **Translation Method of Transactions in Foreign Currency**

Within a fiscal year, the amount of an economical business involving foreign currency shall be translated into RMB and recorded based on the market exchange rate (medium rate) on the first date of the month when related business occurs launched by People's Bank of China and cross exchange rate provided by State Administration of Foreign Exchange. At the end of each month, balance in foreign currency in foreign currency account shall be adjusted based on market exchange rate (medium rate) and cross exchange rate at the end of that month. For the difference incurred (profit and loss), if the special borrowing in foreign currency is related to the acquisition and construction of fixed assets, principle and interest incurred before they are ready for the intended use shall be capitalized. For those incurred during preparation period shall be recorded as long-term deferred expense. The rest shall be recorded as current expense.

6. **Recognition Standard of Cash Equivalents**

The Company recognizes short-term (expires within 3 months after they are purchased) and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value it holds as cash equivalents.

7. **Accounting Method for Bad Debt Losses of Accounts Receivable**

(1) Recognition Standard of Bad Debt Losses

(i) Accounts receivable whose collection is still not possible after the use of the bankruptcy assets for settlement or the estate for repayment due to the bankruptcy or death of the debtor;

(ii) Accounts receivable with obvious features that its collection is impossible due to the failure of the debtor to fulfill repayment obligations.

All accounts receivable mentioned above that are for sure irrecoverable shall be recognized as bad debt write-off after being approved by authorized department.

(2) Measurement Method of Bad Debts Losses

Losses on bad debts shall be measured by adopting allowance method. The Company shall withdraw bad debts provisions on all accounts receivable and all other accounts receivable by adopting the specific identification method.

8. **Accounting Method of Inventories**

(1) Classification of the Company's Inventories

Inventories are those finished products or merchandises or those in the process of production for the purpose of selling, and materials and goods used in the production or services providing process as well as others under the Company's possession during the normal production and operation process. Inventories of the Company can be classified as: commodities in storage and low-value consumables.

(2) Determination Method of Entry Value of Inventories Acquired

All inventories shall be initially accounted with their actual costs when they are acquired.

(3) Measurement Method of Inventories on Delivery

Normally, inventories shall be accounted based on their actual costs, while inventories on delivery shall be accounted with First-in First-out method.

(4) **Amortization Method of Low-value Consumables** Low-value consumables are amortized on on-off amortization.

(5) Inventory System

The Company uses perpetual inventory system.

(6) Recognition Standard of Depreciation Provision and Related Withdrawing Method

At the end of year, the Company accounts inventories depending on which is lower between the cost and the net realizable value. When the cost of inventories can't be recovered because the inventories suffer from disuse or all or part is stale or out of date, or the sales price is lower than the cost, impairment provision on the exceeding part shall be withdrawn. Related depreciation provisions shall be accounted according to the difference between the cost of individual inventory item and corresponding net realized value. For inventories with huge quantity but lower unit price, cost and net realized value shall be determined based on categories.

Net realized value of inventories shall be determined based on the amount after deducting estimated cost for completion and estimated expense for sales from the estimated sales price during the Company's normal production and operation process.

9. **Measure and Depreciation Policies of Fixed Assets and Method to Withdraw Corresponding Impairment Provisions**

(1) Standards to Recognize Fixed Assets: Fixed assets refer to as tangible assets having all features as follows synchronously: (i) held for the purpose of producing goods, providing services, lease or for operation and management; (ii) having more than one year of service life; and (iii) respective value is high. Detailed standards are: (i) buildings, structures, machines, machinery and transportation facilities with a service life over a year as well as other equipments, appliances and tools related to production and operation; and (ii) articles that are not major devices of production and operation and bear the unit value of over RMB 2,000 (Rs. 18,840) and a service life over 2 years.

(2) Classification of Fixed Assets: Electrical Equipments

(3) Measurement of Fixed Assets and Methods for Impairment Examination and Withdrawing Impairment Provisions: Fixed assets shall be recorded at actual costs or determined values.

At the end of each year, the Company will take the impairment examination each by each. When recoverable amount is lower than carrying value, related difference shall be recognized as impairment provision and be recorded into current profits and losses. Impairment provisions of fixed assets shall be withdrawn on a single item assets base.

(4) Depreciation Method of Fixed Assets

Straight-line method is adopted in depreciation of fixed assets. Depreciation rate of each category of fixed assets was determined according to their original costs and their estimated economical usable lives after deducting their retained values (10% of original costs). Depreciation rate of each category of fixed assets is:

Category	Depreciation Age (Years)	Annual Depreciation Rate (%)
Electrical Equipments	3	30
Office furniture	5	18

For a fixed asset whose provision for depreciation had been made, when making depreciation, its depreciation rate and amount shall be re-determined based on its carrying amount and retained usable life. For a fixed asset whose provision for depreciation had been made, when its value resumes, its depreciation rate and amount shall be re-determined based on its resumed carrying amount and retained usable life.

10. Recognition Method of Revenues

(1) From Selling Goods

The Company recognizes related amount as operating revenue when it already transferred the significant risks and rewards of ownership of the goods to the buyer, when it retains neither continuous management right nor actual control over the sold goods, when relevant economic benefits may flow into the company, and when relevant amount of revenue and relevant costs incurred can be measured in a reliable way.

11. Accounting Treatment on Lease Business

(1) The Company's Accounting Treatment on Operating Lease Business as the Lessee

The rents from operating leases shall be recognized as the expense by using straight-line method over each period of the lease term.

12. Accounting Treatment Method on Income Tax

The Company adopts the tax payable method.

13. Taxes

Tax types and rates available for the Company are:

Tax Type	Income Tax	Value-added Tax
Tax Rate	25%	13%
Tax Base	Income Tax Payable	Output Tax for the Period Deducting Input Tax for the Period

III. Changes on Significant Accounting Policies & Estimates and Explanations on Corrections of Material Accounting Errors

Till the date of these financial statements, the Company conducted no change on significant accounting policies and estimates and had no correction on material accounting errors.

IV. Notes to Items in Financial Statements

1. Cash and Cash Equivalents

Item	Ending Amount	Beginning Amount	Ending Amount	Beginning Amount
	Rmb	Rmb	**INR**	INR
Cash	22,161.16	29,468.22	208,758.13	277,590.63
Deposit in Bank	2,293,201.84	323,038.78	21,601,961.33	3,043,025.31
Total	**2,315,363.00**	**352,507.00**	**21,810,719.46**	**3,320,615.94**

2. Advance Payment

Analysis on advance payment based on ageing:

Information of debtors regarding huge amount in advance payment at the end of year:

	Ending Balance				Beginning Balance			
Ageing	**Amount Rmb**	**INR**	**Percentage in Total%**	**Bad Debts Provision**	**Amount Rmb**	**INR**	**Percentage in Total%**	**Bad Debts Provision**
within a Year	380,939.93	3,588,454.14	100	–	2,374,111.58	22,364,131.08	100	–
Total	**380,939.93**	**3,588,454.14**	**100**	**–**	**2,374,111.58**	**22,364,131.08**	**100**	**–**

Information of Debtors regarding huge amount in advance payment at the end of year:

Name of Debtor	Ending Balance Rmb	Ending Balance INR	Type of Content	Ageing
Shanghai Yu Qian Trading Co Ltd	197007.3	1855808.86	Payment for goods	Within a year

3. Other Account Receivable

Analysis on other account receivable based on ageing:

	Ending Balance				Beginning Balance			
Ageing	**Amount Rmb**	**Amount INR**	**Percentage in Total (%)**	**Bad Debt Provision**	**Amount Rmb**	**Amount INR**	**Percentage in Total (%)**	**Bad Debt Provision**
Within a Year	263,622.17	2,483,320.84	46.13	–	168,762.64	1,589,744.07	46.22	–
1 to 2 Years	167,891.40	1,581,536.99	29.38	–	113,642.36	1,070,511.03	31.12	–
2 to 3 Years	70,214.36	661,419.27	12.29	–	67,600.00	636,792.00	18.51	–
Over 3 years	69,720.00	656,762.40	12.2	–	15,120.00	142,430.40	4.15	–
Total	**571,447.93**	**5,383,039.50**	**100**	**–**	**365,125.00**	**3,439,477.50**	**100**	**–**

Information of debtors regarding huge amount in other account receivable at the end of year:

Name of Debtor	Balance at End of Year Rmb	Balance at End of Year INR	Type of Content	Ageing
Jason	466,549.80	4,394,899.12	Loan	2 to 3 Years
Shanghai Hongshen freight forwarding Co. Ltd	50,000.00	471,000.00	Freight	over 3 years

4. Fixed Assets

(1) Original Cost:

Amount RMB

Item	Beginning Balance	Current Increase	Currrent Decrease	Ending Balance
Electrical Equipments	98,761.84	–	5,088.00	93,673.84
Office Furniture	10,047.00	–	–	10,047.00
Total	**108,808.84**	**–**	**5,088.00**	**103,720.84**

Amount INR

Item	Beginning Balance	Current Increase	Currrent Decrease	Ending Balance
Electrical Equipments	930,336.53	–	47,928.96	882,407.57
Office Furniture	94,642.74	–	–	94,642.74
Total	**1,024,979.27**	**–**	**47,928.96**	**977,050.31**

(2) Accumulated Depreciation:

Amount RMB

Item	Beginning Balance	Current Increase	Currrent Decrease	Ending Balance
Electrical Equipments	69,763.81	9,708.48	1,653.60	77,818.69
Office Furniture	3,092.20	1,903.14	–	4,995.34
Total	**72,856.01**	**11,611.62**	**1,653.60**	**82,814.03**

Amount INR

Item	Beginning Balance	Current Increase	Currrent Decrease	Ending Balance
Electrical Equipments	657,175.09	91,453.88	15,576.91	733,052.06
Office Furniture	29,128.52	17,927.58	–	47,056.10
Total	**686,303.61**	**109,381.46**	**15,576.91**	**780,108.16**

(3) Net Value:

Item	Beginning Balance	Amount RMB Ending Balance
Electrical Equipments	30,197.89	15,855.15
Office Furniture	5,754.94	5,051.66
Total	**35,952.83**	**20,906.81**

Item	Beginning Balance	Amount INR Ending Balance
Electrical Equipments	284,464.12	149,355.51
Office Furniture	54,211.53	47,586.64
Total	**338,675.66**	**196,942.15**

5. Account Payable

Analysis on account payable based on ageing:

Ageing	Ending Balance Rmb	Beginning Balance Rmb	Percentage in Total%	Beginning Balance Rmb	Beginning Balance INR	Percentage in Total%
within a Year	750,474.75	7,069,472.15	100.00	7,754,223.89	73,044,789.04	100.00
Total	**750,474.75**	**7,069,472.15**	**100.00**	**7,754,223.89**	**73,044,789.04**	**100.00**

Information on creditors lending huge amount in account payable at the end of year:

Name	Ending Balance Rmb	Beginning Balance Rmb	Type of Content	Ageing
ODA HK	6,398,426.96	60,273,181.96	Payment for goods	Within 1 year

6. Tax Payable

Type	Ending Balance Rmb	Beginning Balance Rmb	Ending Balance INR	Beginning Balance INR
Value-added Tax	(1,418,710.22)	(1,651,822.47)	(13,364,250.27)	(15,560,167.67)
Individual Income Tax	9,926.04	9,500.13	93,503.30	89,491.22
Corporate income tax	(6,970.45)	–	(65,661.64)	–
Total	**(1,415,754.63)**	**(1,642,322.34)**	**(13,336,408.61)**	**(15,470,676.44)**

7. Paid-in Capital

Name of Enterprise	Beginning Balance					Ending Balance		
	Invested Amount Rmb	Invested Amount INR	Percentage	Current Increase	Current Decrease	Invested Amount Rmb	Invested Amount INR	Percentage
Origin Direct Asia Limited	925,876.00	8,721,751.92	100%	–	–	925,876.00	8,721,751.92	100%
Total	**925,876.00**	**8,721,751.92**	**100%**	**–**	**–**	**925,876.00**	**8,721,751.92**	**100%**

Details in above paid-in capital item had already been reviewed by Shanghai Yonghua Certified Public Accountants and related Capital Verification Report (No. 141 [2011] Capital Verification Report of Shanghai Yonghua) was also issued by this office on August 24, 2011.

8. Undistributed Profit

Item	Amount Rmb	Amount INR
Beginning Balance of Current Year	(3,762,695.48)	(35,444,591.42)
Current Increase	180,139.71	1,696,916.07
Including: Transfer-in of Net Profits of Current Year	180,139.71	1,696,916.07
Ending Balance of Current Year	(3,582,555.77)	(33,747,675.35)

9. Revenue of Main Business

Item	**Amount of Current Year Rmb**	**Amount of Current Year INR**
Revenue of Fruit Trading	50,660,377.08	477,220,752.09
Total	50,660,377.08	477,220,752.09

10. Cost of Main Business

Item	**Amount of Current Year Rmb**	**Amount of Current Year INR**
Cost of Fruit Trading	41,402,637.72	390,012,847.32
Total	41,402,637.72	390,012,847.32

11. Sales Expense

Item	**Amount of Current Year Rmb**	**Amount of Current Year INR**	**Amount of Last Year Rmb**	**Amount of Last Year INR**
Accumulative Amount of Current Year	5,678,740.44	53,493,734.94	4,169,025.88	39,272,223.79
Main Items include:				
Logistic Service Fee	4,350,518.00	40,981,879.56	2,865,519.71	26,993,195.67
The Sales Salary	732,109.65	6,896,472.90	750,000.00	7,065,000.00
Housing Rental Fees	160,974.00	1,516,375.08	105,600.00	994,752.00

12. Administrative Expense

Item	**Amount of Current Year Rmb**	**Amount of Current Year INR**	**Amount of Last Year Rmb**	**Amount of Last Year INR**
Accumulative Amount of Current Year	1,521,726.93	14,334,667.68	1,183,770.36	11,151,116.79
Main Items include:				
Rent fot Houses	221,011.54	2,081,928.71	187,511.28	1,766,356.26
Wages of Employees	645,368.93	6,079,375.32	328,293.10	3,092,521.00
Entertainment Expense	54,719.03	515,453.26	90,211.14	849,788.94
Social Insurance premium	233,507.40	2,199,639.71	204,496.80	1,926,359.86

13. Financial Expense

Item	**Amount of Current Year Rmb**	**Amount of Current Year INR**	**Amount of Last Year Rmb**	**Amount of Last Year INR**
Interest Expense	0.00	0.00	0.00	0.00
Less: Interest Income	4,462.85	42,040.05	3,756.42	35,385.48
Exchange Loss	1,880,846.55	17,717,574.50	0.22	2.07
Less: Exchange Income	0.00	0.00	0.00	0.00
Bank Commission	2,996.40	28,226.09	1,237.20	11,654.42
Total	1,879,380.10	17,703,760.54	(2,519.00)	(23,728.98)

V. Relationship and Corresponding Transactions with Related Parties 1. Related Parties Having a Relationship of Controlling

(1) Information of Related Parties Having a Relationship of Controlling

Name of Enterprise	Origin	Relationship with the Company	Economical Characteristic or Type
Jason	South Africa	Legal Representatives	Offshore Natural Person
Origin Direct Asia Limited	Hong Kong	Investors	Legal Representatives in Hongkong

Name of Enterprise	Beginning Amount			Current Increase	Current Decrease	Ending Amount		
	Invested Amount RMB	Invested Amount INR	Percentage			Invested Amount RMB	Invested Amount INR	Percentage
Origin Direct Asia Limited	925,876.00	8,721,751.92	100%	–	–	925,876.00	8,721,751.92	100%
Total	**925,876.00**	**8,721,751.92**	**100%**	–	–	**925,876.00**	**8,721,751.92**	**100%**

Quantities and Changes of Shares Held by Related Parties Having a Relationship of Controlling

VI. Contingencies

Till December 31, 2016, the Company had no contingency such as mortgage or promise needed to be disclosed.

VII. Subsequent Events

Till these financial statements were signed and issued, the Company had no subsequent event that would affect the reading and understanding of them.

VIII. Explanation on going concern

Origin Direct Asia (Shanghai) Trading Company Limited On Decemberr 31, 2016, current liabilities are greater than total assets by RMB2,656,679.77 (Rs 25,025,923.43). The Company's stockholders undertake continuing support to the Company in the operations of October 31, 2016 and the following years to assure the capital needed for development of business, to assure the ability of the Company as a going concern, and to gradually turn losses into gains.

IX. Approval of Accounting Statements

The Accounting statement of 2016 was already approved by authorized department of the Company.

Supplementary Information

The functional currency of the company is measured using the currency of the economic environment in which the company operates. For disclosure purpose at the year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of RMB: 1 = Rs 9.42, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India as on 31st March 2017

Origin Direct Asia (Shanghai) Trading Company Limited

Bosch Jason Dean
Sole Director

Legal Representative (Signature & Stamp):

March 31, 2017

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Twenty First Report together with the Audited Financial Statements of your Company for the year ended March 31, 2017.

1. Operations and Financial Overview

During 2016-17, your Company has registered an impressive performance in spite of a subdued consumer sentiments, especially towards high-value discretionary spend categories and weakened further in the immediate aftermath of currency demonetisation. Your Company added 18,557 new members to its vacation ownership business, a growth of 15% over the last year, taking the total membership to 2.18 lakh at the end of the year. The growth in the member addition reflects the successful execution of its marketing strategy and brand building initiatives implemented during the year under review. During the year, your Company added 273 new room units, taking the total inventory to 3,152 units as of March 31, 2017.

Your Company, during the year, has increased its stake in Holiday Club Resorts Oy, Finland (HCR) from 85.61% to 91.94% on account of acquisition of additional shares in line with the agreements executed with the shareholders of HCR. Subsequently, during the month of April 2017, the stake was further increased to 95.16%.

During the year under review, your Company made a strategic investment by acquiring 12% stake in Nreach Online Services Private Limited (Nreach). Nreach is a leading tech-enabled marketplace which provides widest range of experiences and activities including travel & adventure, gourmet dinning, health & wellness, art & learning and other interesting things to do in and around city or in travel destinations under its flagship brand name Xoxoday (earlier known as "Giftxoxo").

Your Company's total income (including other income) grew from ` 96,394 lakh in 2015-16 to ` 1,10,593 lakh in 2016-17. Profit After Taxes (PAT) grew from ` 11,359 lakh in 2015-16 to ` 13,065 lakh in 2016-17. Diluted earnings per share (EPS) for 2016-17 stood at ` 14.75, up from ` 12.87 in the previous year.

Your Company's consolidated total income (including other income) grew from ` 1,61,297 lakh in 2015-16 to ` 2,30,999 lakh in 2016-17. The consolidated PAT grew from ` 8,681 lakh in 2015-16 to ` 14,858 lakh in 2016-17 and the Diluted EPS for 2016-17 stood at ` 16.78 from ` 9.83 in the previous year.

There are no audit qualifications in the Standalone or Consolidated Financial Statements by the Statutory Auditors for the year under review.

2. Financial Highlights — Standalone

(` Lakh)

	2017	2016
Income:		
Income from sale of Vacation Ownership and other services	**1,08,873**	95,153
Other Income	**1,720**	1,241
Total Income	**1,10,593**	96,394
Expenditure:		
Less: Employee Cost & other expenses	**84,443**	72,444
Profit before Depreciation, Interest and Taxation	**26,150**	23,950
Less: Depreciation	**6,053**	7,133
Interest	**2**	8
Profit for the year before Tax	**20,095**	16,809
Less: Provision for Tax – Current Tax	**7,535**	4,990
– Deferred tax (net)	**(505)**	460
Net Profit for the year after tax	**13,065**	11,359
Other Comprehensive Income (Net of Tax)	**(3)**	(10)
Total Comprehensive Income	**13,062**	11,349

3. Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs ("MCA"), vide its notification dated February 16, 2015, notified the Indian Accounting Standards ("Ind AS") applicable to certain classes of companies. Ind AS has replaced the existing Indian Generally Accepted Accounting Policies ("GAAP") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014. In compliance with the aforesaid notification, your Company has adopted Ind AS with effect from April 1, 2016 and the Financial Statements have been prepared in accordance with the principles laid down therein. Further, the corresponding figures for the period ending March 31, 2016 have also been presented in compliance with the provisions of Ind AS and accordingly, a reconciliation of equity and net profit/loss have been provided along with the Audited Financial Statements for the financial year ended March 31, 2017, which forms a part of this Annual Report.

4. Share Capital

The Paid up Equity Share Capital as on March 31, 2017 was ` 8,878 lakh. During the year under review, your Company did not issue shares with differential voting rights/sweat equity except fresh grants issued under the Company's Employees' Stock Option Scheme 2014 discussed later in this report.

Details of Directors' shareholding as on March 31, 2017, are mentioned in the Corporate Governance Report, which forms a part of this Annual Report.

During the year under review, Mahindra & Mahindra Limited (M&M), holding company of the Company has sold 66,58,565 Equity Shares in the open market representing 7.5% of the share capital of the Company and consequently, the shareholding of M&M in the Company has come down from 75% to 67.5% of the total share capital of the Company as of March 31, 2017. The Company continues to be a subsidiary company of M&M and accordingly, all subsidiary companies of the Company are consequently subsidiary companies of M&M.

Subsequent to the end of financial year 2016-17, the Board of Directors at their meeting held on May 19, 2017 has approved issue and allotment of 55,000 fully paid equity shares of ` 10/- each pursuant to the exercise of Options granted under the Company's Employees' Stock Option Scheme 2014. Pursuant to this allotment, the issued and paid up share capital of the Company has increased from ` 8,878 lakh to ` 8,883 lakh.

5. Dividend

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the top 500 listed entities based on market capitalization are required to formulate Dividend Distribution Policy.

During the year under review, your Company, in compliance with the said provisions, has formulated and adopted the Dividend Distribution Policy of the Company and the same is annexed herewith as Annexure I and is also available at the Company's website at:http://www.clubmahindra.com/sites/default/files/uploaded%20documents/Dividend-Distribution-Policy.pdf

In line with the financial performance for the year ended March 31, 2017 and Company's Dividend Distribution Policy, your Directors are pleased to recommend a dividend of ` 5/- per equity share of face value ` 10/- each for the financial year ended March 31, 2017. The dividend, if approved at the ensuing Annual General Meeting, will be paid to the shareholders whose names appear in the Register of Members of the Company as on the Book Closure Date. The equity dividend outgo for 2016-17, exclusive of tax on distributed profits would absorb a sum of ` 4,442 lakh (as compared to ` 4,439 lakh in the previous financial year).

6. Transfer to Reserve

The Board of Directors proposes to transfer ` 1,500 lakh to the General Reserve from the current year's distributable profits of the Company.

7. Bonus Issue

The Board of Directors at their meeting held on May 19, 2017 has approved issue of Bonus Shares, in the proportion of 1 (One) Bonus Equity Share of ` 10/- each for every 2 (Two) fully Paid-up Equity Shares held as on the Record Date, subject to approval by the Members of the Company. The Bonus Issue of Equity Shares would, *inter alia,* require appropriate adjustments with respect to all the stock options of the Company under its Employees' Stock Option Schemes.

In view of the above, the Board of Directors have recommended for the approval of the Shareholders increase in Authorised Share Capital of the Company from ` 10,000 lakh (Rupees Ten Thousand lakh only) to ` 15,000 lakh (Rupees Fifteen Thousand lakh only) and consequent amendment to Clause V of the Memorandum of Association of the Company.

Accordingly, the Company is seeking approval of the Shareholders through Postal Ballot Notice dated May 19, 2017 for increase in the Authorised Share Capital and consequential alteration to the Memorandum of Association of the Company and issuance of Bonus Shares. The Postal Ballot Notice can be viewed on the Company's website at: http://www.clubmahindra.com/sites/default/files/Postal-Ballot-Notice-dated-May192017.pdf

8. Related Party Transactions

Your Company undertakes various transactions with related parties in the ordinary course of business. All transactions entered with related parties during the year under review are on arm's length basis and in the ordinary course of business. Your Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material in accordance with the policy of the Company i.e. Policy on Materiality of and Dealing with Related Party Transactions ("RPT Policy"). Accordingly, AOC-2 is not applicable to the company. Further, transactions entered by the Company with related parties in the normal course of business were placed before the Audit Committee of the Board.

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

The RPT Policy as approved by the Audit Committee and the Board is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Your Directors draw attention of the members to Note No. 51 to the Standalone Financial Statements which sets out related party disclosure.

9. Particulars of Loans and Advances, Guarantees or Investments

As your Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Act related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of such loans made, and guarantees given to/on behalf of subsidiary companies/JV company are provided in the Standalone Financial Statements at Note Nos. 8, 9 and 17 to the Standalone Financial Statements. These loans and guarantees for which loans are provided are proposed to be utilised by the respective recipients for their business purposes.

During the year under review, your Company has provided corporate guarantee of Thai Baht 162 million on behalf of Infinity Hospitality Group Company Limited, Thailand (Infinity), subsidiary company of the Company, as a collateral security towards financial facility availed by Infinity from a bank.

The details of loans and advances which are required to be disclosed in the Annual Report of the Company pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations are furnished separately as Annexure II to this report.

Particulars of investments made by your Company are provided in the Standalone Financial Statements at Note Nos. 6 and 13.

10. 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 the future.

11. Corporate Social Responsibility

Corporate Social Responsibility ("CSR") activities of the Company are guided by its CSR Policy, which is framed and approved by the Board. These are discussed in detail in the Management Discussion and Analysis Report, which forms a part of this Annual Report. The statutory disclosure with respect to CSR activities forms part of this Report and is annexed herewith as Annexure III.

12. Sustainability

In line with the philosophy of the Mahindra Group, your Company is committed to following sustainable practices in its operations. The details of the initiatives taken by your Company in this regard are discussed in the section on Sustainability in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

13. Business Responsibility Report

Regulation 34(2) of SEBI Listing Regulations, inter alia, provides that the Annual Report of the top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR").

Your Company, being one of such top 500 listed entities, has included BRR, as part of the Annual Report, describing initiatives taken by the Company from an environmental, social and governance perspective.

As a green initiative, the BRR for the FY 2016-17 has been hosted on the website of the Company, which can be accessed at http://www.clubmahindra.com/about-us/investor-relations/financials.

Any Member interested in obtaining a copy of BRR may write to the Company Secretary.

14. Corporate Governance Report

A Report on Corporate Governance along with a certificate from the Statutory Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Schedule V of the SEBI Listing Regulations forms a part of this Annual Report.

15. Management Discussion and Analysis Report

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in key functional areas such as Resort Operations, Member Relations, Quality and Information Technology are separately discussed in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

16. Whistle Blower Policy & Vigil Mechanism

As per the provisions of Section 177(9) of the Act, the Company is required to establish an effective Vigil Mechanism for Directors, employees and other stakeholders to report genuine concerns. The details of the Whistle Blower Policy and Vigil Mechanism have been disclosed in the Corporate Governance Report, which forms a part of this Annual Report.

17. Employees' Stock Options

Employees' Stock Options represent a reward system based on overall performance of the individual employee and the Company. It helps companies attract, retain and motivate the best available talent. This also provides an opportunity to employees to participate in the growth of the Company and also encourages employees to align individual performances with the Company and promotes increased participation by the employees in the growth of the Company. Accordingly, the Company formulated the Employees' Stock Option Scheme in 2006 (2006 Scheme) and subsequently in 2014 (2014 Scheme) after obtaining requisite approvals from the Shareholders. All the balance shares available under 2006 Scheme together with any other shares represented by Options that may lapse for any reason thereat, was/will be considered for issuing/ granting Options to the Employees pursuant to the provisions under 2014 Scheme.

During the year under review, pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations"), a total of 80,000 new options were granted (Grant IV) under the 2014 Scheme by the Nomination and Remuneration Committee to the eligible employees and noted by the Board.

Details required to be provided under Regulation 14 of SEBI ESOP Regulations is available on the Company's website at: http://www.clubmahindra.com/about-us/investor-relations/financials.

The details of Employees' Stock Options forms part of the Notes to accounts of the Financial Statements in this Annual Report.

A certificate from the Statutory Auditors of the Company confirming that the 2006 Scheme and 2014 Scheme have been implemented in accordance with the SEBI ESOP Regulations, and the resolution passed by the Shareholders, will be placed at the ensuing Annual General Meeting for inspection by members.

18. Subsidiaries, Joint Venture and Associate Companies

During the year under review, Holiday Club Resorts Oy, Finland (HCR), step-down subsidiary of the Company, had entered into a Joint Venture (JV) Agreement with City of Kuusamo (JV partner) for establishment of Tropiikin Rantasauna Oy (Tropiikin). Consequently Tropiikin became Joint Venture company of HCR with effect from August 31, 2016.

Further, Åre Semesterby A AB, Åre Semesterby B AB, Åre Semesterby C AB, Åre Semesterby D AB, Caribia Service Oy, Kiinteistö Oy Tunturinrivi and Saimaa Gardens Arena Oy, ceased to be subsidiaries of your Company and Saimaa Adventures Oy, ceased to be Associate company of your Company during the year under review.

As of March 31, 2017 your Company has 35 subsidiaries (including 29 indirect subsidiaries), 1 Joint Venture company and 3 associate companies (including 2 indirect associates).

19. Performance of Subsidiaries

Domestic Subsidiaries

Gables Promoters Private Limited (GPPL), is a wholly owned subsidiary company of the Company and is yet to commence its operations. GPPL is currently developing a resort property of 116 rooms at Naldhera, Himachal Pradesh which is expected to open shortly.

Mahindra Hotels and Residences India Limited is a wholly owned subsidiary company of the Company and did not have any operations during the year under review.

Foreign Subsidiaries

Heritage Bird (M) Sdn. Bhd, Malaysia (Heritage Bird) is a wholly owned subsidiary company of the Company. Heritage Bird's principal activities are holding of investments and leasing of properties. Heritage Bird has rooms/units in apartment properties in a well-known location in Kuala Lumpur, Malaysia.

MH Boutique Hospitality Limited, Thailand (MH Boutique), in which your Company holds forty nine per cent of equity stake, is a subsidiary of the Company by virtue of control on the composition of the Board of MH Boutique and it mainly holds investments in Infinity Hospitality Group Company Limited, Thailand.

Infinity Hospitality Group Company Limited, Thailand (Infinity) is the subsidiary company of MH Boutique and by virtue of the same is also subsidiary of the Company. Infinity owns and operates a hotel/apartment property at Bangkok, Thailand. Your Company avails rooms in the hotel property of Infinity for usage of its guests and vacation ownership members.

MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings), is a wholly owned subsidiary company of the Company. The principal activity of MHR Holdings is to hold investments. Currently, it holds investments in Covington S.à.r.l, Luxembourg.

Covington S.à.r.l, Luxemburg (Covington) is a wholly owned subsidiary of MHR Holdings and in turn a subsidiary of your Company. The principal activity of Covington is to hold investments. Currently, it holds investments in Holiday Club Resorts Oy (HCR), Finland. In January 2017, Covington has increased its stake in HCR by acquiring additional 6.33% stake in the share capital of HCR and consequently, its stake in HCR has increased from 85.61% to 91.94%. Further, in April 2017, Covington has acquired 3.22% stake in the share capital of HCR and consequently, its stake in HCR has been further increased to 95.16%.

HCR, subsidiary of Covington in turn of the Company, is the leading vacation ownership company in Europe and a significant operator in the fields of holiday housing and tourism. As of March 31, 2017, HCR has 32 resorts of which 24 are located in Finland, 2 in Sweden and 6 in Spain. Further, out of these, 7 resorts in Finland and 1 resort in Sweden have a spa hotel attached. HCR operates 1,059 hotel rooms and 2,172 holiday homes (Time share units and villa units).

HCR Management Oy, Finland (HCRM) is a wholly owned subsidiary of Covington in turn subsidiary of your Company. HCRM is primarily engaged in the sale and trade of real estates, property management, investment activities and dealing in securities. Currently, HCRM hold investment in the share capital of HCR

Arabian Dreams Hotel Apartments LLC, Dubai (Arabian Dreams) subsidiary of the Company operates 75 room hotel property in Dubai (UAE) taken on lease basis. Your Company avails rooms/apartments in the hotel property of Arabian Dreams for usage of its guests and vacation ownership members. Arabian Dreams, Joint Venture company of the Company, is considered as subsidiary company from FY 2016-17 in compliance with the provisions of Ind AS.

Associate Companies

Guestline Hospitality Management & Development Services Limited (Guestline) is an associate company of your Company pursuant to the provisions of the Act, as the Company is holding more than 20 per cent of total share capital which includes preference share capital. Guestline did not have any operations during the year under review.

Kiinteistö Oy Seniori-Saimaa and Kiinteistö Oy Sallan Kylpylä, associate companies of HCR and consequently associates of your Company.

Joint Venture company

Tropiikin Rantasauna Oy is a Joint Venture (JV) company of HCR and consequently JV of your Company.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture company as per the Act (in the prescribed format i.e. "Form AOC-1") is provided as Annexure to the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at: http://www.clubmahindra.com/sites/default/files/Policy_For_Determining_Material_Subsidiaries.pdf.

In accordance with the third proviso to Section 136(1) of the Act, the Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements are available on the Company's website www.clubmahindra.com. Further, as per fourth proviso to the said Section, the Audited Annual Accounts of each of the said subsidiary companies of the Company are also available on the Company's website www.clubmahindra.com. Any shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Company Secretary at the Company's Registered Office. Further, the said documents will be available for examination by the shareholders of the Company at its Registered Office during all working days except Saturday, Sunday, Public Holidays and National Holidays, between 10.00 AM to 12.00 Noon.

20. Directors

As on March 31, 2017, your Company had 10 Directors, which includes 5 Independent Directors (IDs), 3 Non-Executive Directors (NEDs) and 2 Executive Directors (EDs).

Mr. Kavinder Singh (DIN 06994031) was appointed as Managing Director & CEO for a period of 5 (five) years with effect from November 3, 2014 to November 2, 2019 (both days inclusive) and remuneration payable to Mr. Kavinder Singh was approved by the Members for a period of 3 (three) years with effect from November 3, 2014 to November 2, 2017 (both days inclusive) in accordance with the provisions of Schedule V of the Act.

The Board of Directors at their meeting held on May 19, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee approved the remuneration payable to Mr. Kavinder Singh for the balance period of 2 (two) years of the tenure of his appointment i.e. with effect from November 3, 2017 to November 2, 2019 (both days inclusive), subject to the approval of the Members to be obtained at the ensuing Annual General Meeting of the Company.

21. Retirement by Rotation

In terms of the Articles of Association of the Company and as per Section 152(6) of the Act, Mr. V S Parthasarathy (DIN 00125299), being longest in the office, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

22. Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that he/she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations.

23. Key Managerial Personnel (KMPs)

The Board of Directors at their meeting held on May 19, 2017, on the recommendation of Audit Committee and Nomination and Remuneration Committee, approved the appointment of Mrs. Akhila Balachandar as the Chief Financial Officer of the Company and designated her as a KMP of the Company with effect from May 20, 2017. Further, consequent to this, the Board of Directors re-designated Mr. S Krishnan as "Executive Director" of the Company with effect from May 20, 2017.

Mr. Kavinder Singh, Managing Director & CEO, Mr. S Krishnan, CFO & Executive Director and Mr. Dinesh Shetty, General Counsel & Company Secretary, are the other KMPs as per the provisions of the Act. None of the KMPs resigned during the year.

24. Board Evaluation

The Board has conducted an annual evaluation of the performance of all its Directors, Committees of the Board and that of its Non-Executive Chairman, in terms of the relevant provisions of the Act, Rules made thereunder and SEBI Listing Regulations. The manner in which the evaluation was conducted by the Company has been explained in the Corporate Governance Report, which forms a part of this Annual Report.

The Policy on appointment of Directors and Senior Management, Policy on Remuneration of Directors and Policy on Remuneration of Key Managerial Personnel and Employees are attached herewith and marked as Annexure IV, Annexure V-A and Annexure V-B respectively.

The Managing Director & CEO and CFO & Executive Director do not receive remuneration or commission from any of its subsidiaries and draw remuneration only from the Company.

25. Number of Board Meetings

During the year under review, the Board of Directors met 5 (five) (5) times. The details of the Board Meetings and attendance of Directors are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

26. Composition of Audit Committee

The Board has constituted the Audit Committee with Mr. Sridar Iyengar as its Chairman and Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. V S Parthasarathy as its other members. Further details are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

27. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable Accounting Standards had 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) 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.

28. Internal Financial Controls and Their Adequacy

Your Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. Further details are provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report. 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 Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

29. Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with the Act and applicable Accounting Standards forms part of this Annual Report.

The Consolidated Financial Statements presented by the Company includes the Financial Results of its subsidiary companies, associates and joint venture company.

30. Risk Management

Your Company has a well-defined risk management framework to identify and evaluate elements of business risks. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

31. Auditors

A) Statutory Auditors

Under Section 139 of the Act and Rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the said Section subject to the transitional period prescribed therein.

M/s Deloitte Haskins & Sells, Chartered Accountants, Chennai (ICAI Firm Registration Number 00807S) have been Auditors of the Company from the conclusion of the 12th Annual General Meeting ("AGM") and accordingly, they had completed the tenure of 10 years (after considering terms of the prior Audit firm) under the provisions of the Act and Rules made thereunder. Further, the incumbent Auditors, M/s Deloitte Haskins & Sells, will be completing the maximum number of transition period (3 years) as Auditors on the conclusion of the forthcoming AGM.

The Board placed on record their appreciation for the professional services rendered by M/s Deloitte Hakins & Sells during their association with the Company as it's Auditors.

Subject to the approval of the Members, the Board of Directors of the Company, based on the recommendations received from Audit Committee of the Board of Directors, has recommended the appointment of M/s. B S R & Co., LLP, Mumbai (ICAI membership No:101248W/W-100022) as Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of the 21st AGM till the conclusion of 26th AGM, subject to ratification of their appointment by the Members at every AGM of the Company. M/s. B S R & Co., LLP, Mumbai have consented to the said appointment, and confirmed that their appointment if made, would be within the limits mentioned under Section 143 of the Act and Rules thereon.

Members' attention is drawn to a Resolution proposing the appointment of M/s. B S R & Co., LLP, Mumbai as Statutory Auditors of the Company which is included at Item No. 4 of the Notice convening the Annual General Meeting.

B) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company has appointed M Siroya and Company, Practicing Company Secretaries to undertake the secretarial audit of the Company. The Report of the Secretarial Auditor is annexed herewith as Annexure VI.

There are no qualifications, reservations or adverse remarks made by M Siroya and Company, Practicing Company Secretaries, Secretarial Auditor of the Company in their secretarial audit report.

32. Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividend and the application money received by Company for allotment of any securities & due for refund are required to be transferred by the companies to IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years or more shall be transferred to the demat account created by the IEPF Authority. Accordingly, during the year under review, the Company has transferred the application money received by Company under Initial Public Offer for allotment of Equity Shares of the Company and were due for refund to IEPF. Further, the unclaimed or unpaid dividend for consecutive seven years and corresponding shares will be transferred as per the requirements of IEPF rules, details of which are provided at the Company's website at: http://www.clubmahindra.com/about-us/investor-relations/financials.

33. Deposits

Your Company has not accepted any deposits from public or its employees and, as such no amount on account of principal or interest on deposit were outstanding as of the Balance Sheet date.

34. Material Changes and Commitment Affecting Financial Position of the Company

There are no material changes and commitments, affecting financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2017, and the date of the Directors' Report.

35. Extract of Annual Return

An extract of the Annual Return as of March 31, 2017 pursuant to the sub section (3) of Section 92 of the Act, in form MGT 9 is annexed herewith as Annexure VII.

36. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations. Some of these initiatives are discussed in the section on Sustainability in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

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 VIII to this Report.

37. Human Resources

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of its business. It considers people as its biggest assets. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. Apart from continued investment in skill and leadership development of its people, this year your Company has also focused on Employee Engagement Initiatives and drives aimed at increasing the Culture of Innovation & Collaboration across all strata of the workforce. This year the Employee Engagement Scores as reflected through MCARES survey has been the highest ever for your Company. Your Company has also been certified as one of India's Great Places to Work For by Great Place To Work (GPTW) Organization which also is testimony to the great work it has done and is continuously doing for its people. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. There was one complaint pending at the beginning of the year. During the year under review, the Company received three complaints under the Policy. While three complaints were disposed and appropriate actions were taken in all cases within the statutory timelines, one compliant was pending at the end of the year, which was also investigated and resolved prior to the date of this Report. Further, there were no complaints pending for more than 90 days during the year.

38. Particulars of Employees

Disclosures with respect to the remuneration of Directors, KMPs and employees under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules"), is given in Annexure IX to this report.

The Company had 4 (four) employees who were employed throughout the year and were in receipt of remuneration more than ` 102 lakh per annum and 2 (two) employees were employed for part of the year and were in receipt of remuneration of more than ` 8.50 lakh per month.

In terms of Section 136 of the Act, the copy of the Financial Statements of the Company, including the Consolidated Financial Statements, the Auditor's Report and relevant Annexures to the said Financial Statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said Rules, which is available for inspection by the Members at the Company's Registered Office during all working days except on Saturday, Sunday, Public Holidays and National Holidays, between 10.00 AM to 12.00 Noon up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, he may write to the Company Secretary of the Company at its Registered Office.

The Financial Statements, reports etc. of the Company are available on the website of the Company www.clubmahindra.com.

39. Acknowledgement and Appreciation

Your Directors take this opportunity to thank the Company's Customers, Shareholders, Suppliers, Bankers, Financial Institutions and the Central and State Governments for their unstinted support. The Directors would also like to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE I TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2017

Dividend Distribution Policy

The Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st April, 2016.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of ` 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, out of the profits of the Company for current year or out of profits of the Company for any previous financial years or out of both, as may be permitted under the Companies Act, 2013 ("the Act").

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

The Board may also declare interim dividend as may be permitted by the Act.

The Company's dividend policy aims to balance the objective of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable laws, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 20% to 40% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Internal Factors:
  - i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
    - a. Previous years and
    - b. Internal budgets,
  - ii. Cash flow position of the Company,
  - iii. Accumulated reserves
  - iv. Earnings stability
  - v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
  - vi. Brand acquisitions,
  - vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  - viii. Deployment of funds in short term marketable investments,
  - ix. Long term investments,
  - x. Capital expenditure(s), and
  - xi. The ratio of debt to equity (at net debt and gross debt level).
- External Factors:
  - i. Business cycles,
  - ii. Economic environment,
  - iii. Cost of external financing,
  - iv. Applicable taxes including tax on dividend,
  - v. Industry outlook for the future years,
  - vi. Inflation rate, and
  - vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure or working capital,

ii. Organic and/ or inorganic growth,

iii. Investment in new business(es) and/or additional investment in existing business(es),

iv. Declaration of dividend,

v. Capitalisation of shares,

vi. Buy back of shares,

vii. General corporate purposes, including contingencies,

viii. Correcting the capital structure,

ix. Any other permitted usage as per the Act.

Information on dividends paid in the last 5 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board.

The policy will be available on the Company's website and the link to the policy is http://www.clubmahindra.com/about-us/policies.

The policy will also be disclosed in the Company's Annual Report

For and on behalf of the Board

Arun Nanda

Mumbai
May 19, 2017

Chairman
DIN: 00010029

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Loans and Advances as per Regulation 34(3) read with Part A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"):

Particulars of loans and advances to subsidiaries, associates, etc., as required to be disclosed in the annual report of the Company pursuant to Regulation 34(3) read with Part A of Schedule V of SEBI Listing Regulations:

Loans and advances in the nature of loans to subsidiary:

(` in lakh)

Name of the Company	Balance as on March 31, 2017	Maximum outstanding during the year
Heritage Bird (M) Sdn Bhd., Malaysia	**684**	775
Infinity Hospitality Group Company Limited, Thailand	**1,359**	2,630
MH Boutique Hospitality Limited, Thailand	**528**	538
Arabian Dreams Hotel Apartments LLC, Dubai*	**810**	849
Gables Promoters Private Limited	**220**	1,300
MHR Holdings (Mauritius) Limited, Mauritius	**173**	188
Mahindra Hotels and Residences India Limited	**10**	10

* Joint Venture company of the Company, is considered as subsidiary company from FY 2016-17 in compliance with the provisions of Ind AS.

For and on behalf of the Board

Arun Nanda

Mumbai — Chairman

May 19, 2017 — DIN: 00010029

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Annual Report on Corporate Social Responsibilities (CSR) Activities

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   As in the past, the Company's CSR activities were undertaken through its own CSR department. The Company undertook various CSR activities through (i) its active involvement of employees under ESOPs (Employee Social Options Program) which is the employees volunteering program in the nearby areas of Company's Resorts across India; (ii) partnerships with Corporate Foundations namely: the Mahindra Foundation, The K C Mahindra Education Trust which promotes girl child education through Nanhi Kali programme; and (iii) partnerships with other reputed Not for Profit Organisations having an established track record of at least 3 years in carrying on the specific CSR activity.

   The Company's CSR initiatives are mostly in the areas of education, public health, environment (includes Swach Bharat) and rural development. CSR initiatives taken up by the Company reflects in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". During the year, the Company has spent ` 288 lakh on CSR activities. The amount equal to 2% of the average net profit for the past three Financial Years is ` 288 lakh.

   The Company's CSR Policy is available under it's website: http://www.clubmahindra.com/sites/default/files/MHRIL_CSR_Policy.pdf

2. **The composition of the CSR Committee of the Board of Directors as on March 31, 2017:**

   Mr. Arun Nanda – Chairman

   Mr. Cyrus Guzder – Member

   Mr. V S Parthasarathy – Member

   Mr. Kavinder Singh – Member

3. **Average net profit of the company for last three financial years :** ` 14,373 lakh.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) :** ` 288 lakh

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year : ` 288 lakh

   (b) Amount unspent, if any : Nil

   (c) Manner in which the amount spent during the financial year is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project of activity identified	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (` in lakh)**	**Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (` in lakh)**	**Cumulative expenditure upto the reporting period (` in lakh)**	**Amount spent: Direct or through implementing agency**
Conservation of natural resources, Swach Bharat, Environment Sustainability	Ensuring Environmental Sustainability	Pan India where Company has resort operations [Kumarakom, Thekkady and Cherai (Kerala), Binsar (Uttarakhand), Dharamshala and Kandaghat (Himachal Pradesh), Ooty (Tamil Nadu), Virajpet (Karnataka), Puducherry, Tungi (Maharashtra)], Mumbai (Maharashtra) and Chennai (Tamil Nadu).	8.33	8.33	8.33	Direct and through SVM School Pragpur and Animal Matters to Me.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project of activity identified	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (` in lakh)**	**Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (` in lakh)**	**Cumulative expenditure upto the reporting period (` in lakh)**	**Amount spent: Direct or through implementing agency**
Health Care including preventive health care	Health Care	Pan India where Company has resort operations [Puducherry, Coorg and Virajpet (Karnataka) Manali (Himachal Pradesh), Mussoorie and Binsar (Uttarakhand), Tungi (Maharashtra)], Chennai (Tamil Nadu) and Mumbai (Maharashtra).	33.47	33.51	41.84	Direct and through Disha, Jaldoot, Narmada Kidney Foundation, Cancer Patients Aids Association and Little Flower School for Blind & Deaf
Conservation & renovation of school buildings and classrooms	Promotion of Education	Pan India where Company has resort operations [Coorg (Karnataka), Manali and Dharmashala (Himachal Pradesh), Mussoorie and Binsar (Uttarakhand), Thekkady, Ashtamudi and Poovar (Kerala), Khumbhalgarh (Rajasthan), Puducherry], Mumbai (Maharashtra) and Chennai (Tamilnadu)	218.66	218.62	260.46	Direct and through Sewa Bharat, Masoom, Mumbai Lakers, Hejamadi Foundation, K.C Mahindra Trust and Shakti Foundation
Rural Development, Homes/Hostels for Orphan/ Women, Rural sports	Rural Development	Pan India where Company has resort operations [Kumbhalgarh (Rajasthan), Thekkady (Kerala), Manali (Himachal Pradesh), Chennai (Tamil Nadu) and Mumbai (Maharashtra).	27.54	27.54	288.00	Direct and through Special Children Sports Academy, Maharashtra Kusthi Premier League, Economic Development Committee Periyar Tiger Reserve, Kautilya Vilkas Sansthan and SIP Memorial Trust
Total			**288.00**	**288.00**		

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report :**

   The Company has spent all the amount reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Kavinder Singh
Managing Director & CEO

DIN: 0699403

Arun Nanda
Chairman - Corporate Social Responsibility Committee

DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE IV TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2017

Policy on Appointment of Directors and Senior Management

Appointment of Directors

- The Nomination and Remuneration Committee (NRC) reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

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

Senior Management Personnel

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management cadre in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed/relieved amongst the Leadership Team during a quarter shall be presented to the Board.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE V-A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Policy on Remuneration of Directors

This Policy shall be effective from the financial year 2014–15.

Objective

The objective of the Remuneration Policy of Directors of Mahindra Holidays & Resorts India Limited ("the Company") is to focus on enhancing the value, to attract, retain and motivate Directors for achieving objectives of the Company and to place the Company in leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to Employee Stock Option Scheme 2006 (ESOS 2006), the Company has granted Stock Options to Directors including Independent Directors. The vesting and exercise of these Options shall continue to be governed by ESOS 2006 and terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while designing the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering a remuneration, the NRC shall also ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director and Executive Directors

The term of office and remuneration of Managing Director and Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director and Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director and Executive Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director and Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director and Executive Directors comprises of salary, perquisites and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Annual increments are effective from 1st April each year, as recommended/approved by the Remuneration Committee/Board.

The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director and Executive Directors to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually after the salary increment exercise.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director and Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc. as per policies of the Company. The Managing Director and Executive Directors are entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Non-executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

The Directors who are members of the Corporate Social Responsibility (CSR) Committee of the Board have voluntarily waived the receipt of sitting fees for attending the CSR Committee meetings.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board’s report and the Company’s annual report / website as per statutory requirements in this regard.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE V-B TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2017

Policy on Remuneration for Key Managerial Personnels and Employees

Applicability

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- 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.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances based on laid down limits as per Company policy. The flexible component can be varied only once annually.
- The variable component of the remuneration for eligible employees, will vary from 15% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and Performance rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the CEO along with the CHRO & CFO decides:
  - The increment that needs to be paid for different performance ratings as well as grades.
  - The increment for promotions and the total maximum increment.
  - The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in few relevant cases to keep it in tune with the market.
- Mid-term compensation correction, if any, are made on a case-to-case basis.
- Remuneration to the Managing Director/CEO, Whole-time Directors & KMP's are subject to the approval of the Remuneration Committee/Board.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,
The Members,
Mahindra Holidays & Resorts India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Holidays & Resorts India Limited (hereinafter called the "Company") for the audit period covering the Financial year ended March 31, 2017. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the applicable 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;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There is no External Commercial Borrowing in the Company; and

(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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) 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; and

   (f) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vii) As confirmed by the Company, it is operating in the Leisure Hospitality Industry and mainly in the business of vacation ownership and there are no laws which are specifically applicable in relation to the business of the Company.

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

(i) The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and

(ii) 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 Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Other statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

(a) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(b) Acts as prescribed under Direct Tax and Indirect Tax;

(c) Acts prescribed under prevention and control of pollution;

(d) Acts prescribed under environmental protection;

(e) Land Revenue laws of respective States;

(f) Labour Welfare Act of respective States; and

(g) Local laws as applicable to various offices of the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to what is stated herein before. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the Unpublished Price Sensitive Information which were, pursuant to clause no. 1.3.7 of Secretarial Standard 1 (“SS 1”), circulated separately or placed at the Meetings of the Board and the Committees, after due compliance with the SS 1 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.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period the Company has undertaken following major corporate events/actions having a bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) The members at their Annual General Meeting held on July 29, 2016, inter-alia, declared a dividend @ ` 5 per Equity Share of ` 10 each;

(ii) The Company has given a Corporate Guarantee amounting to THB 162 Million for and on behalf of Infinity Hospitality Group Company Ltd, Thailand, a step down subsidiary of the Company;

(iii) Caribia Service Oy, Finland, a subsidiary of Holiday Club Resorts Oy, Finland (HCR) and step down subsidiary of the Company has been liquidated w.e.f. July 4, 2016. Åre Semesterby A AB, Åre Semesterby B AB, Åre Semesterby C AB, Åre Semesterby D AB, ceased to be subsidiary of Holiday Club Sweden AB, Sweden, step down subsidiary of HCR and in turn of the Company w.e.f. September 7, 2016. Kiinteistö Oy Tunturinrivi and Saimaa Gardens Arena Oy, Finland have been merged with HCR w.e.f. February 28, 2017 and consequently, both the companies ceased to be subsidiaries of HCR and in turn of the Company;

(iv) Company had made a strategic investment by acquiring 12% stake in Nreach Online Services Private Limited; and

(v) Covington S.à.r.l, Luxemburg, step down subsidiary of the Company, has increased its stake in HCR by acquiring additional 6.33% stake in the share capital of HCR and consequently, its stake in HCR has increased from 85.61% to 91.94%;

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

May 19, 2017
Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To,
The Members,
Mahindra Holidays & Resorts India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management’s representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

May 19, 2017
Mumbai

ANNEXURE VII TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2017

[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	L55101TN1996PLC036595
ii	Registration Date	September 20, 1996
iii	Name of the Company	Mahindra Holidays & Resorts India Limited
iv	Category/Sub-Category of the Company	Public Company Limited by Shares
v	Address of the Registered office and contact details	Mahindra Towers, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002 Tele.: +91 44 3988 1000 Fax.: +91 44 3027 7778 E- Mail: investors@mahindraholidays.com Website : www.clubmahindra.com
vi	Whether listed company	Yes
vii	Name, address and contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Ph : +91 40 6716 2222 Fax : +91 40 2300 1153 Toll free no : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/Service	% to total turnover of the company
1	Income from sale of vacation ownership (VO)	55101	55.00%
2	Annual Subscription Fee from VO members	55101	19.30%
3	Income from sale of Food and Beverages	55101	10.67%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	67.50	2(46)
2.	Gables Promoters Pvt Ltd No. 504, Block A, 5th Floor, Elante Office Suites, Plot No-178-178/A, Industrial Area, Phase 1, Chandigarh – 160 001	U45209CH2012PTC033473	Subsidiary	100	2(87)(ii)
3.	Mahindra Hotels and Residences India Ltd Mahindra Towers, 1st Floor, 17/18 Patullos Road, Chennai – 600 002	U55101TN2007PLC063285	Subsidiary	100	2(87)(ii)
4.	Heritage Bird (M) Sdn. Bhd. 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, Malaysia.	–	Subsidiary	100	2(87)(ii)

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
5.	MH Boutique Hospitality Limited No. 33/118-119 Wall Street Tower Building, 23rd Floor Surawongse Road, Suriyawongse SubDistrict, Bangrak District, Bangkok, Thailand	–	Subsidiary	49	2(87)(i)
6.	Infinity Hospitality Group Company Ltd [@] No. 20 Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Road, Khwaeng Khlongtoey Nua, Khet Wattana Bangkok	–	Subsidiary	73.99	2(87)(ii)
7.	MHR Holdings (Mauritius) Ltd IFS Court, Twenty Eight Cyber City, Ebene, Mauritius.	–	Subsidiary	100	2(87)(ii)
8.	Covington S.á.r.l [>] 16 Avenue Pasteur, L-2310, Luxembourg, Grand Duchy of Luxembourg	–	Subsidiary	100	2(87)(ii)
9.	HCR Management Oy, Finland[#] Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	100	2(87)(ii)
10.	Holiday Club Resorts Oy, Finland[#] Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	91.94	2(87)(ii)
11.	Holiday Club Sweden AB[$] Box 68, 83013 Åre, Sweden	–	Subsidiary	91.94	2(87)(ii)
12.	Ownership Service Sweden AB[^] c/o Holiday Club Sweden AB, Box 68, 83013 Åre, Sweden	–	Subsidiary	91.94	2(87)(ii)
13.	Holiday Club Canarias Investment S.L.U.[^] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	91.94	2(87)(ii)
14.	Holiday Club Canarias Sales & Marketing S.L.U.[+] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	91.94	2(87)(ii)
15.	Holiday Club Canarias Resort Management S.L.U.[+] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	91.94	2(87)(ii)
16.	Holiday Club Resorts Rus LLC[$] Bolshaya Konushennaya str, 8, 191186 St-Petersburg, Russia	–	Subsidiary	91.94	2(87)(ii)
17.	Suomen Vapaa-aikakiinteistöt Oy[$] c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere	–	Subsidiary	91.94	2(87)(ii)
18.	Kiinteistö Oy Himos Gardens[$] c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
19.	Kiinteistö Oy Himoksen Tähti 2[$] c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere	–	Subsidiary	91.94	2(87)(ii)
20.	Kiinteistö Oy Vanha Ykköstii[$] Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	91.94	2(87)(ii)
21.	Kiinteistö Oy Katinnurkka[$] c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
22.	Kiinteistö Oy Tenetinlahti[$] c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
23.	Kiinteistö Oy Mällösniemi[$] c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	91.94	2(87)(ii)
24.	Kiinteistö Oy Rauhan Ranta 1[$] c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	91.94	2(87)(ii)

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
25.	Kiinteistö Oy Rauhan Ranta 2$ c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	91.94	2(87)(ii)
26.	Kiinteistö Oy Tiurunniemi$ c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
27.	Kiinteistö Oy Rauhan Liikekiinteistöt 1$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
28.	Supermarket Capri Oy$ c/o Kauppakeskus Capri Oy Vipelentie 3-5, 55320 Rauha	–	Subsidiary	91.94	2(87)(ii)
29.	Kiinteistö Oy Kylpyläntorni 1$ c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
30.	Kiinteistö Oy Spa Lofts 2$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
31.	Kiinteistö Oy Spa Lofts 3$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
32.	Kiinteistö Oy Kuusamon Pulkkajärvi 1$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	91.94	2(87)(ii)
33.	Holiday Club Sport and Spahotels AB (Formerly known as Visionsbolaget 10088 AB)^ Box 68, 830 14 Åre, State Jamtlands Lan, Åre Kummun	–	Subsidiary	45.97	2(87)(ii)
34.	Åre Villa 1 AB^ c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden	–	Subsidiary	91.94	2(87)(ii)
35.	Åre Villa 2 AB^ c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden	–	Subsidiary	91.94	2(87)(ii)
36.	Arabian Dreams Hotel Apartments LLC PO Box 31993, Bur Dubai, Al Rafaa, Dubai, United Arab Emirates	–	Joint Venture	49	2(6)
37.	Guestline Hospitality Management & Development Service Limited Saleh Centre Annexe, 1st Floor, 18/4, Cunningham Road, Bangalore – 560 052	U55101KA1994PLC015472	Associate	49.94	2(6)
38.	Kiinteistö Oy Seniori-Saimaa€ Villimiehenkatu 1, 53100 Lappeenranta	–	Associate	26.54	2(6)
39.	Kiinteistö Oy Sallan Kylpylä€ c/o Sallan Kunta, PL 28, 98901 Salla, Finland	–	Associate	41.95	2(6)
40.	Tropiikin Rantasauna Oy~ c/o Kuusamon kaupunki, Keskuskuja 6 93600 Kuusamo, Finland	–	Joint Venture	45.95	2(6)

* Percentage holding in subsidiaries/associates represents the proportion of ownership interest of the Company
@ a subsidiary of MH Boutique Hospitality Limited
> a subsidiary of MHR Holdings (Mauritius) Limited
# a subsidiary of Covington S.à.r.l
$ a subsidiary of Holiday Club Resorts Oy
^ a subsidiary of Holiday Club Sweden AB
\+ a subsidiary of Holiday Club Canarias Investment S.L.U.
€ an associate of Holiday Club Resorts Oy
~ a Joint venture of Holiday Club Resorts Oy

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

(i) Category-wise Share Holding

CAT-EGORY CODE	CATEGORY OF SHAREHOLDER	No. of shares held at the beginning of the year 01/04/2016				No. of shares held at the end of the Year 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual/HUF	–	–	–	–	–	–	–	–	–
(b)	Central Government/State Government(s)	–	–	–	–	–	–	–	–	–
(c)	Bodies Corporate	6,65,85,642	–	6,65,85,642	75.00	5,99,27,077	–	5,99,27,077	67.50	–7.50
(d)	Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–
(e)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(1) :	**6,65,85,642**	**–**	**6,65,85,642**	**75.00**	**5,99,27,077**	**–**	**5,99,27,077**	**67.50**	**–7.50**
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	–	–	–	–	–	–	–	–	–
(b)	Bodies Corporate	–	–	–	–	–	–	–	–	–
(c)	Institutions	–	–	–	–	–	–	–	–	–
(d)	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
(e)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(2) :	–	–	–	–	–	–	–	–	–
	Total A=A(1)+A(2)	**6,65,85,642**	**–**	**6,65,85,642**	**75.00**	**5,99,27,077**	**–**	**5,99,27,077**	**67.50**	**–7.50**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds/UTI	44,08,680	–	44,08,680	4.97	1,29,02,434	–	1,29,02,434	14.53	9.56
(b)	Financial Institutions/ Banks	23,482	–	23,482	0.03	23,373	–	23,373	0.03	–
(c)	Central Government/ State Government(s)	–	–	–	–	–	–	–	–	–
(d)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(e)	Insurance Companies	–	–	–	–	–	–	–	–	–
(f)	Foreign Institutional Investors	80,34,196	–	80,34,196	9.05	60,18,103	–	60,18,103	6.78	–2.27
(g)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(h)	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
(i)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total B(1) :	**1,24,66,358**	**–**	**1,24,66,358**	**14.05**	**1,89,43,910**	**–**	**1,89,43,910**	**21.34**	**7.29**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	11,93,716	–	11,93,716	1.34	13,54,110	–	13,54,110	1.53	0.19
(b)	Individuals									
	(i) Individuals holding nominal share capital upto `2 lakh	31,33,044	14,302	31,47,346	3.55	40,11,532	14,302	40,25,834	4.53	0.98
	(ii) Individuals holding nominal share capital in excess of `2 lakh	34,05,332	–	34,05,332	3.84	31,87,239	–	31,87,239	3.59	–0.25

CAT-EGORY CODE	CATEGORY OF SHAREHOLDER	No. of shares held at the beginning of the year 01/04/2016				No. of shares held at the end of the Year 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**	**(X)**	**(XI)**
(c)	Others									
	Clearing Members	9,907	–	9,907	0.01	1,00,332	–	1,00,332	0.11	0.10
	Foreign Bodies	8,24,565	–	8,24,565	0.93	58,111	–	58,111	0.07	–086
	Non Resident Indians	1,61,095	–	1,61,095	0.18	3,58,122	–	3,58,122	0.40	0.22
	Trusts	7,22,438	–	7,22,438	0.81	5,56,360	–	5,56,360	0.63	–0.18
	HUF	2,63,388	1	2,63,388	0.30	2,67,775	1	2,67,776	0.30	–
	NBFC	1,069	–	1,069	0.00	1,985	–	1,985	0.00	–
(d)	Qualified Foreign Investor	–	–	–	–					–
	Sub-Total B(2) :	**97,14,553**	**14,303**	**97,28,856**	**10.95**	**98,95,566**	**14,303**	**99,09,869**	**11.16**	**1.48**
	Total B=B(1)+B(2):	**2,21,80,871**	**14,303**	**2,21,95,214**	**25.00**	**2,88,39,476**	**14,303**	**2,88,53,779**	**32.50**	**7.50**
	Total (A+B):	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	–
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
(2)	Public	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A+B+C) :	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	–

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2016			Shareholding at the end of the year 31/03/2017			% Change in sharehold-ing 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 & Mahindra Limited	6,65,85,642	75.00	0.00	5,99,27,077	67.50	0.00	-7.50
	TOTAL	**6,65,85,642**	**75.00**	**0.00**	**5,99,27,077**	**67.50**	**0.00**	**-7.50**

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

Sl. No.	Date	Reason for Increase/ Decrease	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	01/04/2016	Opening Balance	Mahindra & Mahindra Limited	6,65,85,642	75.00	6,65,85,642	75.00
	10/03/2017	Sale		–66,58,565	–7.50	–66,58,565	–7.50
	31/03/2017	Closing Balance		5,99,27,077	67.50	5,99,27,077	67.50

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

Sl. No.	Date	Reason for Increase/ Decrease	Name of the Share Holder	Shareholding at the beggining of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	01/04/2016	Opening Balance	GOVERNMENT PENSION FUND GLOBAL	36,18,706	4.08	36,18,706	4.08
	15/04/2016	Sale		18,706	0.02	36,00,000	4.05
	26/08/2016	Sale		20,000	0.02	35,80,000	4.03
	02/09/2016	Sale		29,000	0.03	35,51,000	4.00
	14/10/2016	Sale		1,000	0.00	35,50,000	4.00
	18/11/2016	Sale		25,000	0.03	35,25,000	3.97
	13/01/2017	Sale		25,000	0.03	35,00,000	3.94
	31/03/2017	Closing Balance				35,00,000	3.94
2	01/04/2016	Opening Balance	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAP OPPORTUNITIES FUND	0	0.00	0	0.00
	17/03/2017	Purchase		24,39,000	2.75	24,39,000	2.75
	31/03/2017	Closing Balance				24,39,000	2.75
3	01/04/2016	Opening Balance	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND	0	0.00	0	0.00
	29/04/2016	Purchase		9,85,000	1.11	9,85,000	1.11
	06/05/2016	Purchase		3,500	0.00	9,88,500	1.11
	13/05/2016	Purchase		5,500	0.01	9,94,000	1.12
	20/05/2016	Purchase		30,000	0.03	10,24,000	1.15
	17/06/2016	Purchase		1,00,000	0.11	11,24,000	1.27
	24/06/2016	Purchase		2,01,000	0.23	13,25,000	1.49
	22/07/2016	Purchase		1,50,000	0.17	14,75,000	1.66
	29/07/2016	Purchase		1,00,000	0.11	15,75,000	1.77
	28/10/2016	Purchase		2,00,000	0.23	17,75,000	2.00
	11/11/2016	Purchase		1,81,000	0.20	19,56,000	2.20
	31/03/2017	Closing Balance				19,56,000	2.20
4	01/04/2016	Opening Balance	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS EQUITY FUND	12,05,351	1.36	12,05,351	1.36
	21/10/2016	Sale		5,00,000	0.56	7,05,351	0.79
	28/10/2016	Sale		7,05,351	0.79	0	0.00
	31/03/2017	Closing Balance				0	0.00
5	01/04/2016	Opening Balance	NYLIM JACOB BALLAS INDIA (FII) III LLC A/C NYLIM JACOB BALLAS INDIA (FII) III LLC	11,74,676	1.32	11,74,676	1.32
	10/06/2016	Sale		1,10,610	0.12	10,64,066	1.20
	17/06/2016	Sale		2,23,513	0.25	8,40,553	0.95
	24/06/2016	Sale		4,44,175	0.50	3,96,378	0.45
	30/06/2016	Sale		20,773	0.02	3,75,605	0.42
	01/07/2016	Sale		59,708	0.07	3,15,897	0.36
	08/07/2016	Sale		37,240	0.04	2,78,657	0.31
	15/07/2016	Sale		46,186	0.05	2,32,471	0.26
	22/07/2016	Sale		1,57,416	0.18	75,055	0.08
	03/02/2017	Sale		75,055	0.08	0	0.00
	31/03/2017	Closing Balance				0	0.00

Sl. No.	Date	Reason for Increase/ Decrease	Name of the Share Holder	Shareholding at the begginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
6	01/04/2016	Opening Balance	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	0	0.00	0	0.00
	17/06/2016	Purchase		55,928	0.06	55,928	0.06
	24/06/2016	Purchase		1,230	0.00	57,158	0.06
	30/06/2016	Purchase		2,29,331	0.26	2,86,489	0.32
	08/07/2016	Purchase		43,511	0.05	3,30,000	0.37
	22/07/2016	Purchase		67,126	0.08	3,97,126	0.45
	29/07/2016	Purchase		36,341	0.04	4,33,467	0.49
	05/08/2016	Purchase		73,722	0.08	5,07,189	0.57
	12/08/2016	Purchase		8,693	0.01	5,15,882	0.58
	19/08/2016	Purchase		11,032	0.01	5,26,914	0.59
	26/08/2016	Purchase		2,480	0.00	5,29,394	0.60
	02/09/2016	Purchase		7,795	0.01	5,37,189	0.61
	23/09/2016	Purchase		4,418	0.00	5,41,607	0.61
	30/09/2016	Purchase		5,582	0.01	5,47,189	0.62
	28/10/2016	Purchase		3,10,000	0.35	8,57,189	0.97
	04/11/2016	Purchase		1,003	0.00	8,58,192	0.97
	11/11/2016	Purchase		1,89,649	0.21	10,47,841	1.18
	18/11/2016	Purchase		51,403	0.06	10,99,244	1.24
	25/11/2016	Purchase		57,441	0.06	11,56,685	1.30
	31/03/2017	Closing Balance				11,56,685	1.30
7	01/04/2016	Opening Balance	SBI MAGNUM MIDCAP FUND	0	0.00	0	0.00
	17/03/2017	Purchase		11,53,933	1.30	11,53,933	1.30
	31/03/2017	Closing Balance				11,53,933	1.30
8	01/04/2016	Opening Balance	SBI MAGNUM GLOBAL FUND	0	0.00	0	0.00
	17/03/2017	Purchase		11,40,000	1.28	11,40,000	1.28
	31/03/2017	Closing Balance				11,40,000	1.28
9	01/04/2016	Opening Balance	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE MID & SMALL CAP FUND	11,21,746	1.26	11,21,746	1.26
	27/05/2016	Sale		2,200	0.00	11,19,546	1.26
	03/06/2016	Sale		5,200	0.01	11,14,346	1.26
	10/03/2017	Sale		35,200	0.04	10,79,146	1.22
	31/03/2017	Closing Balance				10,79,146	1.22
10	01/04/2016	Opening Balance	MORGAN STANLEY MAURITIUS COMPANY LIMITED	10,33,731	1.16	10,33,731	1.16
	15/04/2016	Sale		865	0.00	10,32,866	1.16
	22/04/2016	Sale		2,247	0.00	10,30,619	1.16
	29/04/2016	Sale		10,18,464	1.15	12,155	0.01
	06/05/2016	Sale		485	0.00	11,670	0.01
	13/05/2016	Sale		1,427	0.00	10,243	0.01
	20/05/2016	Sale		2,105	0.00	8,138	0.01
	27/05/2016	Sale		1,962	0.00	6,176	0.01
	03/06/2016	Sale		2,661	0.00	3,515	0.00
	10/06/2016	Sale		1,203	0.00	2,312	0.00
	08/07/2016	Sale		178	0.00	2,134	0.00
	22/07/2016	Sale		497	0.00	1,637	0.00
	05/08/2016	Purchase		5,950	0.01	7,587	0.01
	12/08/2016	Purchase		2,003	0.00	9,590	0.01
	28/10/2016	Purchase		196	0.00	9,786	0.01
	17/02/2017	Purchase		21,033	0.02	30,819	0.03
	24/02/2017	Purchase		6,518	0.01	37,337	0.04
	17/03/2017	Purchase		3,80,000	0.43	4,17,337	0.47
	31/03/2017	Closing Balance				4,17,337	0.47

Sl. No.	Date	Reason for Increase/ Decrease	Name of the Share Holder	Shareholding at the begginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
11	01/04/2016	Opening Balance	MIRAE ASSET EMERGING BLUECHIP FUND	0	0.00	0	0.00
	26/08/2016	Purchase		3,22,090	0.36	3,22,090	0.36
	02/09/2016	Purchase		75,666	0.09	3,97,756	0.45
	09/09/2016	Purchase		12,265	0.01	4,10,021	0.46
	30/09/2016	Purchase		15,000	0.02	4,25,021	0.48
	07/10/2016	Purchase		9,100	0.01	4,34,121	0.49
	03/02/2017	Purchase		98,598	0.11	5,32,719	0.60
	10/02/2017	Purchase		1,62,000	0.18	6,94,719	0.78
	17/03/2017	Purchase		2,54,226	0.29	9,48,945	1.07
	31/03/2017	Closing Balance				9,48,945	1.07
12	01/04/2016	Opening Balance	NYLIM JACOB BALLAS INDIA FUND III, LLC	8,24,565	0.93	8,24,565	0.93
	22/07/2016	Sale		1,00,000	0.11	7,24,565	0.82
	29/07/2016	Sale		1,72,165	0.19	5,52,400	0.62
	05/08/2016	Sale		27,683	0.03	5,24,717	0.59
	26/08/2016	Sale		30,000	0.03	4,94,717	0.56
	02/09/2016	Sale		14,041	0.02	4,80,676	0.54
	27/01/2017	Sale		2,684	0.00	4,77,992	0.54
	03/02/2017	Sale		1,72,503	0.19	3,05,489	0.34
	10/02/2017	Sale		72,325	0.08	2,33,164	0.26
	17/02/2017	Sale		97,683	0.11	1,35,481	0.15
	24/02/2017	Sale		25,889	0.03	1,09,592	0.12
	03/03/2017	Sale		3,566	0.00	1,06,026	0.12
	10/03/2017	Sale		13,500	0.02	92,526	0.10
	31/03/2017	Sale		34,415	0.04	58,111	0.07
	31/03/2017	Closing Balance				58,111	0.07
13	01/04/2016	Opening Balance	MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED EMPLOYEES STOCK OPTION TRUST	7,22,438	0.81	7,22,438	0.81
	06/05/2016	Sale		5,450	0.01	7,16,988	0.81
	15/07/2016	Sale		25,000	0.03	6,91,988	0.78
	19/08/2016	Sale		25,000	0.03	6,66,988	0.75
	16/09/2016	Sale		30,000	0.03	6,36,988	0.72
	07/10/2016	Sale		636	0.00	6,36,352	0.72
	21/10/2016	Sale		36,000	0.04	6,00,352	0.68
	18/11/2016	Sale		27,992	0.03	5,72,360	0.64
	30/12/2016	Sale		1,000	0.00	5,71,360	0.64
	24/02/2017	Sale		25,000	0.03	5,46,360	0.62
	31/03/2017	Closing Balance				5,46,360	0.62
14	01/04/2016	Opening Balance	SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES	6,81,813	0.77	6,81,813	0.77
	30/09/2016	Sale		41,293	0.05	6,40,520	0.72
	07/10/2016	Sale		46,834	0.05	5,93,686	0.67
	14/10/2016	Sale		7,685	0.01	5,86,001	0.66
	21/10/2016	Sale		37,793	0.04	5,48,208	0.62
	28/10/2016	Sale		1,58,147	0.18	3,90,061	0.44
	04/11/2016	Sale		3,88,536	0.44	1,525	0.00
	11/11/2016	Sale		1,525	0.00	0	0.00
	31/03/2017	Closing Balance				0	0.00
15	01/04/2016	Opening Balance	PPFAS LONG TERM VALUE FUND	5,69,281	0.64	5,69,281	0.64
	17/06/2016	Purchase		5,000	0.01	5,74,281	0.65
	12/08/2016	Sale		5,000	0.01	5,69,281	0.64
	31/03/2017	Closing Balance				5,69,281	0.64
15	01/04/2016	Opening Balance	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	4,10,287	0.46	4,10,287	0.46
	10/02/2017	Sale		67,123	0.08	3,43,164	0.39
	17/02/2017	Sale		47,877	0.05	2,95,287	0.33
	03/03/2017	Sale		9,295	0.01	2,85,992	0.32
	10/03/2017	Sale		1,20,291	0.14	1,65,701	0.19
	17/03/2017	Purchase		50,000	0.06	2,15,701	0.24
	31/03/2017	Closing Balance				2,15,701	0.24

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Share Holder	No of Shares Held as on 01/04/2016	Change in Shareholding	No of Shares Held as on 31/03/2017	% Change in Shareholding
1	Arun Nanda	6,94,630	0.00	6,94,630	0.00
2	Cyrus Guzder	26,700	0.00	26,700	0.00
3	Vineet Nayyar	26,700	0.00	26,700	0.00
4	Rohit Khattar	26,700	0.00	26,700	0.00
	TOTAL	**7,74,730**	**0.00**	**7,74,730**	**0.00**

None of the other Directors and KMPs hold any shares in the Company.

V. INDEBTEDNESS

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

(` in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01/04/2016				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition			Nil	
• Reduction				
Net Change				
Indebtedness at the end of the financial year 31/03/2017				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(` in lakh)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Kavinder Singh (Managing Director & CEO)	S Krishnan (CFO & Executive Director)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	320.25	165.58	485.83
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.24	3.41	8.65
	(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	–	–	–
	Total (A)	**325.49**	**168.99**	**494.48**
	Ceiling as per the Act	` 2,270.90 lakh (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other directors:

(` in lakh)

Particulars of Remuneration	Name of Directors								Total Amount
	Arun Nanda	Cyrus Guzder	Rohit Khattar	Sanjeev Aga	Sridar Iyengar	Radhika Shastry	V S Parthasarathy	Vineet Nayyar	
Independent Directors									
• Fee for attending board/ committee meetings	–	6.40	7.10	5.20	7.40	5.00	–	–	31.10
• Commission	–	14.00	12.50	12.50	14.00	12.50	–	–	65.50
• Others, please specify	–	–	–	–	–	–	–	–	–
Total (1)	**–**	**20.40**	**19.60**	**17.70**	**21.40**	**17.50**		**–**	**96.60**
Other Non-Executive Directors									
• Fee for attending board/ committee meetings	7.70	–	–	–	–	–	–	5.90	13.60
• Commission	100.00	–	–	–	–	–	–	8.33	108.33
• Others, please specify	–						–	–	–
Total (2)	**107.70**	**–**	**–**	**–**	**–**	**–**	**–**	**14.23**	**121.93**
Total (B)=(1+2)	**107.70**	**20.40**	**19.60**	**17.70**	**21.40**	**17.50**	**–**	**14.23**	**218.53**
Total Managerial Remuneration (A+B)									**713.01**
Overall Ceiling as per the Act (A+B)	` 2,497.99 lakh (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)								

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

(` in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	**CFO**	**Total**
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	75.03	Refer Point No. VI A	75.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.44		0.44
	(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	–		–
	TOTAL	75.47		75.47

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

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE VIII TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

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 Solar Energy for hot water generation at resorts
- Installation of energy efficient heat pumps at resort for air-conditioning and space heating.
- Occupancy sensors for lighting in public areas.
- Timers for external lighting and Installation of energy efficient LED lighting at the resorts.
- Maintaining power factor to 0.99.
- Using VFD (Variable Frequency Drives) for critical pumps.
- Installation of energy efficient variable refrigerator volume air conditioner machines in resorts.

(ii) The steps taken by the company for utilizing alternate sources of energy: Installation of Bio gas plant and solar heating at various resorts.

(iii) The capital investment on energy conservation equipment: ` 115 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:

Particulars with regard to Foreign Exchange Outgo & Earnings are provided in Note Nos. 39 & 40 to the standalone financial statements.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

ANNEXURE IX TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Disclosures required with respect to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **The ratio of the remuneration of each director to the median employees remuneration for the Financial Year:**

Name of the Directors	Ratio to median remuneration
Non-Executive Directors*	
Mr. Arun Nanda	43:1
Mr. Cyrus Guzder	8:1
Mr. Sridar Iyengar	9:1
Mr. Sanjeev Aga	7:1
Mr. Rohit Khattar	8:1
Ms. Radhika Shastry	7:1
Mr. V S Parthasarathy	–
Mr. Vineet Nayyar	6:1
Executive Directors	
Mr. Kavinder Singh	129:1
Mr. S Krishnan	72:1

* The remuneration of Non-executive directors covers sitting fee and commission.

2. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name of the Directors, Chief Financial Officer and Company Secretary	Percentage increase in remuneration
Mr. Arun Nanda	70.8%
Mr. Cyrus Guzder	4.1%
Mr. Sridar Iyengar	12.6%
Mr. Sanjeev Aga	-2.2%
Mr. Rohit Khattar	55.6%
Ms. Radhika Shastry	75.9%
Mr. V S Parthasarathy	NA
Mr. Vineet Nayyar	Refer Note
Mr. Kavinder Singh, Managing Director & CEO	18.5%
Mr. S Krishnan, Chief Financial Officer & Executive Director	7.0%
Mr. Dinesh Shetty, General Counsel & Company Secretary	22.0%

Note: Mr. Vineet Nayyar was in the whole-time employment of Tech Mahindra Limited, an associate company of holding company and was drawing remuneration from it during FY 2015-16. The details of remuneration paid to Mr. Vineet Nayyar during the year 2016-17 are provided in Form No. MGT 9.

3. **The Percentage increase in the median remuneration of employees in the financial year:**

   The percentage increase in the median remuneration of the employees in the financial year was around 11.8%. The calculation of percentage increase in median remuneration is done based on comparable employees by excluding employees who were not eligible for any increment.

4. **The number of permanent employees on the rolls of the Company: 4,615**

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:**

   The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel during the FY 2016-17 was around 10.1%, while the average increase in the remuneration of the Key Managerial Personnel was around 15.1%. Mr. Kavinder Singh joined the Company w.e.f. November 3, 2014 and his first revision in remuneration was made effective from April 1, 2016. Further, the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

   While recommending the increase in remuneration of its employees the Company considered overall organisation performance, industry benchmarking, cost of living adjustment/inflation apart from individual performance on the basis of Balanced Scorecard approach.

   The total compensation is a prudent mix of fixed and variable pay in the form of performance pay. The proportion of variable pay to total compensation is higher at senior level and lower at middle level.

   The performance of the Company has bearing on the quantum of variable pay declared for employees across senior and middle levels.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company.**

   It is hereby affirmed that the remuneration paid is as per the policy for Remuneration of the Directors, Key Managerial Personnel and Employees.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 19, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays', 'MHRIL' or 'the Company') is a leading player in the leisure hospitality industry. Founded in 1996, Mahindra Holidays has established vacation ownership business in India, and is the market leader in the business. Apart from providing quality rooms in the form of furnished apartments and cottages at resorts in unique and popular destinations, Mahindra Holidays offers its vacation ownership members family-friendly amenities including dining, holiday activities, spa and wellness facilities for a complete holiday experience.

Mahindra Holidays completed twenty years of operations in 2016-17. In this period, the Company has built a membership base of over 2 lakh, offering them holidays across 49 resorts, (many of which are in new unexplored destinations) and together with its Finnish subsidiary Holiday Club Resorts, Mahindra Holidays has a bouquet of 81 resorts across India, Thailand, Malaysia, Dubai, Finland, Sweden and Spain (Gran Canaria), making it the largest vacation ownership company outside USA.

This Management Discussion and Analysis Report (MDA) presents an overview of the markets and opportunities as well as the operational and financial performance of the Company during 2016-17. It also highlights Mahindra Holidays' strategy, and discusses important initiatives taken by the Company during the year to achieve its growth and performance objectives.

PERFORMANCE HIGHLIGHTS

Sustained growth in membership

Mahindra Holidays added more than eighteen thousand five hundred members to its vacation ownership business in 2016-17 — taking the total membership base to 2.18 lakh at the end of 2016-17.

What makes this performance even more creditable is that it was delivered amidst considerable macroeconomic headwinds. The Company's efforts — execution of its marketing strategy, brand building initiatives and creation of a responsive sales organisation — are discussed in the sections on 'Opportunities and Strategy' and 'Business Performance'.

Inventory addition; new destinations

Mahindra Holidays added 273 new units to its room inventory, taking the total room inventory to 3,152 units across its 49 resorts. This includes new destinations such as Hatgad (Maharashtra near Saputara), Wayanad (Kerala), Jodhpur and Jaipur (Rajasthan) as well as existing locations where further inventory was added. Pace of room inventory growth is expected to remain strong — with four ongoing greenfield projects adding around 600 units in the next 2-3 years. Further details are provided in the section on 'Properties and New Projects'.

Member satisfaction at an all-time high

Member satisfaction improved considerably during the year — both in terms of holiday experience at the resorts and member services. These are reflected in customer-as-promoter and post-holiday feedback scores, which are at an all-time high. Several new holiday activities, theme-based events and food and beverage (F&B) concepts introduced during the year contributed to the objective of providing immersive holiday experiences. These are discussed in greater detail in the section on 'Resort Operations'.

The launch of the Company's full-feature mobile app during the year has enhanced member servicing and convenience significantly. ***Online bookings have jumped from 66 per cent to 85 per cent by the end of 2016-17. Occupancy rates were also at an all-time high of 85 per cent in 2016-17. With over 1 million room nights serviced during 2016-17, Mahindra Holidays has become the leading player in the leisure hospitality industry in India.*** Further information on initiatives and improvements in member servicing is available in the section on 'Member Relations'.

Enhancing the 'Club' proposition

Mahindra Holidays launched 'Experience Zone' — an online marketplace of in-city experiences — especially curated for its members. Mahindra Holidays also offered its members unique vacation experiences such as 'Rann of Kutch' festival and cruises at very attractive prices. Besides, member engagement outside resorts was increased through member meets, events and curated experiences under the banner of 'Heart-to-Heart' programs. These have enhanced the exclusivity and the value proposition of a 'Club Mahindra' membership, creating a significant pull for the product.

Online engagement to strengthen the brand

Online and digital media offer an unmatched opportunity to increase the scale and scope of engagement with members. ***Social media campaigns during major festivals and other celebratory occasions have been extremely successful in creating a favourable buzz around the brand and generate digital leads.*** Overall online sentiment of the brand has improved significantly.

Creditable financial performance

The Company's success in delivering immersive holiday experiences and creating a favourable pull around its brand allowed it to overcome the adverse macroeconomic situation and register an impressive performance in 2016-17:

- Total income (including other income) grew by 15 per cent from ` 96,394 lakh in 2015-16 to ` 1,10,593 lakh in 2016-17.
- Profit before Taxes, before considering the exceptional item in the previous year, grew by 20 per cent from ` 16,809 lakh in 2015-16 to ` 20,094 lakh in 2016-17.
- Profit after Taxes grew by 15 per cent from ` 11,359 lakh in 2015-16 to ` 13,065 lakh in 2016-17.
- Diluted EPS for the standalone entity increased from ` 12.87 in 2015-16 to ` 14.75 in 2016-17.

The rest of this MDA provides details of opportunities and strategy, operational and financial performance of the Company, initiatives in the areas of quality, CSR, sustainable development, and key functional areas such as human resources and information technology. This MDA ends with a discussion on risks and concerns, and the Company's outlook for the future.

OPPORTUNITIES AND STRATEGY

India's economic performance saw a moderate decline in 2016-17. According to the second advance estimates released by the Central Statistical Organisation (CSO), India's Gross Value Added (GVA) growth is estimated to be 6.7 per cent in 2016-17, a decline of 1.1 per cent from 7.8 per cent recorded in the previous year. Consumer sentiment for discretionary spends, which was already subdued, weakened further in the immediate aftermath of currency demonetisation.

However, the situation improved marginally towards the end of the year. And, even as there are downside risks, the outlook for Indian economy has turned positive. The RBI expects GVA growth to strengthen to 7.4 per cent in 2017-18. Besides, with inflation under control, interest rates are likely to come down further, improving consumer and business confidence. The travel and tourism industry, too, is likely to benefit from this improvement in macroeconomic environment.

The Indian travel and tourism industry is worth USD 116 billion and is estimated to grow at 7.5 per cent annually to USD 250 billion by 2025. Around 83 per cent of the spend is in domestic tourism. As far as the vacation ownership industry in India is concerned, the market penetration is still very low. If one compares the Indian vacation ownership industry with the US in terms of its share in the hospitality sector, the scope for growth in India is at least five times of its current size. Similar conclusions can be drawn if one considers other surrogates such as ownership and sales of cars.

Mahindra Holidays has recorded a fair growth in its membership over the last few years despite the challenging environment. Mahindra Holidays believes that there is a significant potential for further growth of the business, especially with the Indian economy witnessing a revival in its growth prospects. The Company's strategy to realise this opportunity is to differentiate itself as a provider of unique and immersive holiday experiences for the entire family and creating a strong pull for the brand. Several activities were carried out during the year to support this.

First, the in-resort experience was considerably improved during the year with introduction of best-in-class holiday activities, innovative themed events and upgrade in F&B options. Further details are available in the section on 'Resort Operations'. This has transformed the resort experience of the members and resulted in substantial increase in member satisfaction levels. An 85 per cent occupancy is testimony to the strong product proposition that the Company has built.

Second, member engagement program has been extended beyond the 7-day holiday period to foster a sense of belonging and create member privileges to enhance the 'Club' proposition. These include:

- **In-city experiences:** Mahindra Holidays launched 'Experience Zone' — an online marketplace with a variety of experiences — especially curated for its members in collaboration with Xoxoday, a leading online aggregator of experiences and activities in or around cities and other travel destinations.
- **Festivals and theme-based vacation experiences:** Vacation experiences such as 'Rann of Kutch' festival and cruises were offered to members at very attractive prices. The scope of these offerings will be expanded significantly in the future.
- **Heart-to-Heart events:** These are member meets with various leisure activities; exclusive screenings of movies, plays and musicals; or curated experiences. These events provide an opportunity to update members, seek referrals and solve any issues they might be facing. During the year, over 5,500 members and their families participated in these events.

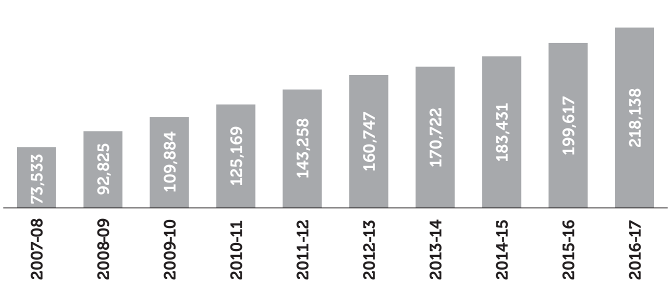
Third, social media was used extensively to communicate about the brand and improve its perception as well as increasing the awareness about the destinations and the experiences that the Company offer. The Company carried out several successful campaigns and contests during major festivals and other celebratory occasions such as Mother's Day and Children's Day. The social media strategy has been effective in creating a favourable buzz around the brand. Overall online sentiment of the brand has improved significantly over the years.

To support these initiatives, the Company also carried out extensive advertising and brand-building campaigns in print and television which amplified the key message that unique experiences happen '*Only At ClubMahindra*'.

BUSINESS PERFORMANCE

'Club Mahindra' is the Company's flagship product in the vacation ownership business, which entitles its members a week's holiday every year for a period of 10 or 25 years depending on the membership. ***During 2016-17, the Company added 18,557 members, taking the total membership to 218,138 as on March 31, 2017. This represents a growth of 9.3 per cent on cumulative base in 2016-17 as compared to 8.8 per cent in the previous year.*** Chart A provides details of the growth in membership in the last 10 years.

Chart A: Cumulative Vacation Ownership Membership



This performance is a result of concerted efforts by the Company in three key areas. First, continued success of Company's pull-based marketing strategy in generating high-quality leads with a better rate of conversion. The contribution of digital and referral leads has increased since the launch of the effort in 2014-15. These accounted for approximately 50 per cent of sales in 2016-17.

Second, the Company was also successful in expanding its geographic reach — branch network and channel partners. During the year, Mahindra Holidays identified certain high-potential Tier 2 and Tier 3 cities and focused on them to drive sales. In addition, the contribution of resort locations as a sales channel also improved. At the end of 2016-17, Mahindra Holidays was present in 115 locations in India through a network of Branches and Channel partners.

Third, performance in international markets saw further progress. Contribution of international markets to sales, which was negligible a few years back, has gradually increased to 4.2 per cent during the year. Currently, the Company has international footprint in the Middle East and Africa. Going forward, focus will be to expand it to other countries with sizeable Indian population.

The Company also markets a corporate product called 'Club Mahindra Fundays', which allows enrolled organisations to offer holiday entitlements to its employees either as a part of their reward and recognition program or as an employment perquisite or compensation. During the year, this product performed satisfactorily. New clients were added and there was an increase in the number of room nights utilised.

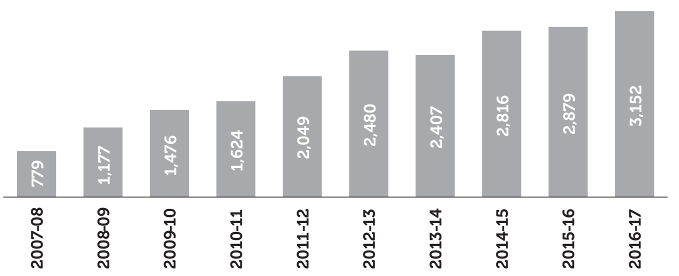
The Company launched a new shorter duration vacation ownership product 'Bliss' in January 2017, which offers one week of holiday every year over Ten Years. It is targeted at seniors. Seniors travel is a fast growing segment. It is a point-based product that has been designed to offer greater flexibility to the customers in terms of choice of season, room configuration and duration of the holiday. The product has generated considerable interest since its launch.

PROPERTIES AND NEW PROJECTS

Mahindra Holidays currently has a pan-India presence through its extensive network of resorts across destinations including hill stations, beaches, backwaters, wildlife sanctuaries, forts and heritage destinations. Mahindra Holidays is also present in international destinations such as Bangkok, Innsbruck (Austria), Kuala Lumpur and Dubai. In addition, Club Mahindra members have a choice to visit HCR's 32 exotic resorts in Finland, Sweden and Spain (Gran Canaria).

During the year, Mahindra Holidays added 273 room units to its inventory — taking the total inventory to 3,152 units across 49 resorts by the end of 2016-17. This included 75 units in Hatgad (Maharashtra), 50 in Jaipur (Rajasthan), 36 in Wayanad (Kerala), 25 in Jodhpur (Rajasthan), 20 Kuala Lumpur (Malaysia) and 20 in Nadiad (Gujarat). Rooms were also added in its existing properties at Kodaikanal and Baiguney. Chart B provides information on growth of inventory in the last 10 years.

Chart B: Cumulative Inventory (Number of Room Units)



In line with the Company's strategy, majority of the inventory is owned by it. In cases where resorts are under long-term lease arrangements, the Company manages the resorts to ensure delivery of complete range of services to its members.

Increasing room inventory in line with membership additions continues to be a key focus area. ***The Company is currently undertaking four projects: Naldhera (Himachal Pradesh), Assanora (Goa), and expansion at Ashtamudi (Kerala) and Kandaghat (Himachal Pradesh), which are in different stages of planning and development*.** The 116-unit property in Naldhera, being developed by a subsidiary company, is expected to open shortly.

These ongoing projects would add around 600 units to the Company's inventory over the next 2-3 years.

Besides, the Company is also considering attractive opportunities for acquisition and leases in various parts of the country. It also has land bank at ten destinations across six states. Efforts are on to expand this further. Some of the existing resorts also have additional land that can be utilised for further expansion. This will provide the flexibility to build such destinations and add room inventory on an ongoing basis.

RESORT OPERATIONS

Efficient resort operations are central to delivering a holiday experience that meets the expectations of the members. This encompasses three key areas: infrastructure and facilities, holiday activities, and F&B. During 2016-17, focus was on delivering unique family experiences at resorts through improvements and innovation in these areas.

The Company made significant investments in upgrading over 220 rooms, common areas and amenities across several resorts during the year. The Company has also introduced souvenir shops at its resorts for the convenience of its members & guests. One important innovation during the year was the Host Program, where specially trained employees lead customer interaction at various touch points such as reception, F&B outlets, evening entertainment, holiday activities and spa. This has improved member engagement and increased qualitative feedback.

The Company's resorts have holiday activities built around learning, adventure, relaxation and local experiences, depending on the terrain and type of holiday the destination offers. Focus during the year was on engaging family members across all age-groups with an array of new and innovative activities. For instance, the Company institutionalised 'Thrill Zones' — outdoor games and adventure activities in collaboration with specialised service providers — which are being expanded to all major properties. Similarly, the Company has 'Toddler's Space' for infants and 'Crocodile Club' for kids which provide a range of activities that combine learning and entertainment. Several theme-based events were also introduced during the year such as Sunrise Parties, Dil Se, Desi Rangeela and Comedy Nights.

Mahindra Holidays has the unique distinction of having 27 RCI Gold Crown and 1 Silver Crown resorts in India, which bears testimony to the high standards of resort facilities, amenities and services that its resorts offer. Trip Advisor and Holiday IQ have recognised 17 and 14 resorts respectively over the years under various categories. The resort at Mussoorie won Tourism Award from Ministry of tourism Uttarakhand.

In the area of F&B, efforts are continuously made to increase the variety and make the dining experience more exciting. In line with the objective of greater engagement of members, the Company introduced speciality restaurants, theme dining and events such as Barbeque Bay, Cruise Dining and Celebrity Chef. All-inclusive F&B offers were also introduced which gives members access to combo offers at attractive prices.

With another 4 resorts being certified during 2016-17, 14 of your Company's resorts have the NABCB Branch Hygiene Code (BHC) certification. This certification is awarded upon meeting prescribed standards of hygiene in all activities related to F&B — from procurement of raw materials to preparation and serving it to the customers.

Mahindra Holidays has institutionalised 'post-holiday feedback' (PHF), which encompasses all key areas of resort operations. This serves as the measure of its success in delivering quality holiday experience to the members as well as identifying and addressing their concerns. ***PHF scores have shown consistent improvement since the inception of the program*.**

MEMBER RELATIONS (MR)

Efficient and responsive member servicing is key to success of Mahindra Holidays as an enterprise that markets long-duration discretionary products. During 2016-17, the Company continued on its path towards excellence in member services through sustainable innovations. The drive towards deployment of technology has been an important factor in delivering the desired results.

During the year, the Company launched its full-feature Mobile App, which has been downloaded by over one lakh members by the end of the year. The website was also upgraded and a lot of features were added to improve its self-servicing capability. ***Consequently, the percentage of online bookings increased to 85 per cent by the end of 2016-17, a significant step-up over 66 per cent in the previous year. In absolute terms, online bookings increased by over 100,000 during the year*.** Better online services have increased the transparency and efficiency of booking process, thereby contributing to a superior member experience.

The Company recorded its highest ever occupancy rate of 85 per cent in 2016-17 as compared to 81 per cent in the previous year. It is Company's endeavour to ensure all new members holiday within the first year of taking their membership. To achieve this, the Company reaches out proactively to assist new members in booking their first holiday.

The Company has institutionalised a feedback generation mechanism to continuously improve its internal processes. During 2016-17, with an increase in number of touch points and mechanisms to gather feedback, the number of feedbacks captured more than doubled over the previous year. There has been a steady increase in the loyalty scores based on feedback received through both the Company's internal feedback generation mechanisms as well as external surveys. ***Transactional customer-as-promoter score (CAPS) increased from 42 per cent in 2015-16 to 60 per cent in 2016-17. This healthy improvement in CAPS is reflected in MR servicing, contact center, website, mobile app and post-holiday.***

HUMAN RESOURCES (HR)

Given the highly specialised nature of the Company's business and the large number of locations where it operates, attracting and nurturing the right talent is at the core of your Company's strategy for success and growth. The HR function at Mahindra Holidays is organised into three key areas: customer acquisition, resort operations and corporate functions.

During 2016-17, significant improvements were made in the recruitment process in the form of standardised pre-employment evaluation as well as interview and assessment processes across locations based on the job profile. The Company introduced an employee referral program to improve the quality of hire and faster filling of positions. Towards this end, it also institutionalised internal job postings to provide employees opportunities to grow with the organisation. Close to 150 first time managers were promoted from within the Company during 2016-17.

During the year, focus was on building capabilities and skills through targeted learning and development (L&D) interventions. In customer acquisition, the Company has comprehensive sales training workshops for its front-line sales executives, which covers 100 percent of eligible employees. Over 600 employees went through each of these programs in 2016-17. In resort operations, the Company has skills training and certification programs for all key functions: F&B, food preparation, front office and housekeeping. Over 500 employees were certified under this program during 2016-17. Over 1,000 frontline employees at resorts went through another program on improving customer service orientation.

The Company also has a structured program for first time managers, most of whom have grown from within the organisation. This program, which focuses on 'Managing Self' and 'Managing Teams', was provided to over 200 first time managers in 2016-17. The Company also revamped the

Club Mahindra Executive Training (CMET) — an intensive 18 months program to build the internal talent pipeline for senior managerial positions at resorts and over 50 people have graduated from this program in the last two years.

On the corporate and organisational development front, the Company regularly nominates executives to participate in development programs and workshops to enhance their skills. During the year under review, 33 senior managers were trained under the Harvard Mentor Program.

Apart from the specific L&D programs, the Company continues to provide induction and operational training to its employees. ***During the year, the Company provided 29,577 man days and 34,748 man days of training in the areas of customer acquisition and resort operations respectively. Overall, each employee received an average of 11.5 man days of training in 2016-17***.

As on March 31, 2017, there were 4,615 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

QUALITY

Mahindra Holidays has adopted the principles of Total Quality Management (TQM) under the banner of 'The Mahindra Way' (TMW) — the Mahindra Group's integrated approach to promote excellence in all spheres of its operations. The Company has successfully institutionalised quality systems in all critical business functions. During the year, the Company moved up from Level 3 to Level 4 in its quality journey. Some of the key developments during the year are discussed below.

The Company's efforts to promote a culture of continuous improvements through Kaizen received a major boost with the creation of a special online portal. This has improved participation by making the process very user friendly. The portal also acts as a repository for Kaizens that can be accessed for reference and their horizontal deployment. The number of Kaizen projects increased from 6,400 in 2015-16 to over 12,000 in 2016-17.

During the year, the Company, as part of its Business Excellence (BE) program, initiated the implementation CAPA (Corrective actions & Preventive actions) methodology across the Company, to identify problems in the processes by monitoring daily work to arrive at permanent solutions. An online portal was created for employees to share their CAPA, which again acts as a systemic repository and a reference point and over 2,000 CAPA projects were documented in 2016-17.

E-learning module was created for Kaizen, CAPA and Yellow belt to train and spread awareness on the benefits of these quality tools across the company. Each training module is followed by a mandatory quiz and an e-certificate is awarded upon its successful completion.

As part of Business Excellence program, the Company continues to train employees on Daily Workflow Management (DWM) implementation across all levels and departments in the organization. DWM and ISO audits are conducted regularly to monitor progress.

INFORMATION TECHNOLOGY (IT)

Mahindra Holidays believes that technology today plays an active role in providing a competitive edge in the market and contributes directly to meeting business goals. The Company has invested significant resources in upgrading its IT architecture and is benefiting in all key spheres of its operations — be it customer acquisition, resort operations, member relations or internal controls.

Online services continue to be a key focus area for the Company. During 2016-17, the Company launched Android and iOS mobile app for its members. This full feature app enables all members related transactions such as booking, managing member accounts and payment of dues and allows the Company to provide customised offers, notifications and services. The backend for the application is hosted on cloud-based architecture, which helps in scalability and availability. The Company also launched a micro-site for its new product 'Bliss', which is integrated with respective backend systems to give members a superior experience.

Another area of significant value addition during the year was business analytics. During 2016-17, the Company implemented three important solutions: identification of members for proactive engagement; lead scoring for better targeting; and a waitlist model to assess likelihood of confirmation for increasing occupancy. A related area on which significant groundwork happened during the year was creation of performance dashboards with data sanctity, visualisation tools and user control. This will be fully implemented in 2017-18.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been at the forefront of taking affirmative action and seeks to contribute to the socio-economic well-being of the communities that it interacts with in carrying out its business. The Company implements the CSR projects directly as well as through implementing partners. As per the Company's CSR Policy it continues to focus its CSR efforts towards girl child education, health and environment, community welfare and skill development.

Apart from working with NGOs, foundations and trusts, and contributing resources for socially relevant projects, the Company also encourages community service by its employees by involving them through its 'Employee Social Options Program'. ***During the year, 4,451 employees volunteered 13,936 man hours on CSR initiatives. Overall, the Company carried out around 325 different initiatives, which directly benefitted over 39,000 people during the year*.**

Some of the key CSR initiatives undertaken by the Company during 2016-17 are mentioned below:

- ***Education, Skill Development and Livelihood:*** The Company sponsored the education of 4,531 girls through the '*Nanhi Kali*' project. Projects involving provisioning and upgrading of infrastructure and amenities at government schools were carried out across multiple locations. As a part of '*Hunnar*', vocational skill training was carried out at Ponneri village in Chennai.
- ***Environment:*** 22,400 trees were planted across 33 resort locations during the year as a part of 'Mahindra Hariyali' —

an initiative of Mahindra Group for tree plantation — taking the total trees planted to 272,040 since the beginning of the project in 2010-11. Initiatives under the aegis of '*Swachh Bharat Abhiyaan*' included refurbishing of 20 toilets in Pragpur (Himachal Pradesh) and distribution of 130 dustbins in the vicinity of its resort in Puducherry and Kandaghat.

- ***Health and Community Welfare:*** The Company regularly carries out blood donation and medical check-up camps as well as awareness sessions in the areas of health. The Company also supports NGOs working for the benefit of people afflicted with critical illnesses. During the year, the Company donated ambulances at Manali and Tungi. In the area of community welfare, activities included supporting dairy farming at Kumbalgarh, building community roads at Thekkady, and supporting old age homes, orphanages and homes for differently-abled.

SUSTAINABILITY

Sustainable development aims at achieving economic growth and improvement in well-being while preserving the natural resources and ecosystem for future generations. The Company recognises the importance of sustainability, and is committed to conserve the ecological integrity of its locations through responsible business practices, accountability and transparency.

Mahindra Holidays' initiatives in this area are carried out in line with these long term objectives. Accordingly, the Company has set a roadmap that identifies the key areas of focus and parameters that are monitored to measure progress in its sustainability journey. The Company believes that practicing sustainable development makes good business sense and it considers the impact of its actions in making business decisions, thereby demonstrating its commitment to the global sustainable development efforts.

Some of the key areas that have been identified for implementing sustainable practices include carbon footprint measurement, conservation of biodiversity and assessment, environment, energy, water and community development. During the year, a number of activities were carried out across resort locations. These include use of solar power plants at some of the Company's resorts and provisioning of newer technologies and energy efficient machines at new projects. Besides, measures are taken to further conserve power and water and deployment of biogas plants and compost machines for recycling dry and wet garbage respectively.

During the year, Mahindra Holidays joined EP100, making the commitment to double its energy productivity by 2030 and became the first global hospitality company to take on a leadership role in energy productivity and actively supporting India's national commitments to mitigate the impacts of climate change. The Company has also invested in equipment upgrades, such as switching to light-emitting diode (LED) lighting, highly-efficient heat pumps and variable frequency drives at its various resorts.

The Company actively participates in the Mahindra Group's initiative for Corporate Sustainability Reporting. The 'Sustainability Report' of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). This framework sets out the principles and indicators that should be used to measure and report economic, environmental, and social performance. During 2016-17, the number of resorts that participated in sustainability reporting of the Group increased from 14 to 22.

FINANCIALS

As a listed entity with a net worth of more than ` 500 crore, Indian Accounting Standards (Ind AS) is applicable to the company for the period commencing April 1, 2016. Accordingly, the financial results for 2016-17 have been prepared in line with Ind AS. Following the adoption of Ind AS, classification of subsidiary for consolidation of accounts is now based on control and not just shareholding. As a result, one entity —Arabian Dreams Hotels Apartments LLC, Dubai – which was formerly treated as JV, is now being consolidated as a subsidiary. The results for 2015-16 are also Ind AS compliant.

Table 1 presents the abridged profit and loss statement of the Company.

Table 1: Financial Information – Standalone & Consolidated

(` lakh)

	Standalone		**Consolidated**	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Operating Income	**1,08,873**	95,153	**2,28,216**	1,60,212
Other Income	**1,720**	1,241	**2,783**	1,085
Total Income	**1,10,593**	96,394	**2,30,999**	1,61,297
Operating & Other Expenses	**84,444**	72,444	**1,96,028**	1,33,885
Financial Expenses	**2**	8	**1,972**	1,515
Depreciation	**6,053**	7,133	**10,592**	9,756
Total Expenditure	**90,499**	79,585	**2,08,592**	1,45,156
Profit Before Tax (PBT)	**20,094**	16,809	**22,407**	16,141
Provision for Tax	**7,029**	5,450	**7,857**	5,638
Profit After Tax (PAT)	**13,065**	11,359	**14,550**	10,503
Share of profit/ (loss) of joint venture and associates	**–**	–	**5**	(1,493)
Share of (profit)/ loss of Non Comprehensive Income (NCI)	**–**	–	**303**	(329)
PAT after NCI	**–**	–	**14,858**	8,681
Diluted EPS (`)	**14.75**	12.87	**16.78**	9.83
Fixed Assets	**95,635**	95,390	**1,44,431**	1,41,428
Cash & Marketable Securities	**26,496**	8,433	**31,135**	16,934

Standalone Financial Results

- Total income, which includes both operating and other income, grew by 15 per cent from ` 96,394 lakh in 2015-16 to ` 1,10,593 lakh in 2016-17. Income from sale of vacation ownership products, which is the largest component of the Company's operating income, grew at 11 per cent to ` 59,882 lakh. Resort income, which includes revenues from F&B, resort activities and rooms, grew at 10 per cent to ` 19,036 lakh.
- Total expenditure grew by 14 per cent from ` 79,585 lakh in 2015-16 to ` 90,499 lakh in 2016-17. This increase in expenditure was due to higher Employee and Sales & Marketing expenses, which grew at 16 per cent from ` 40,210 lakh in 2015-16 to ` 46,709 lakh in 2016-17. Financial expenses remained negligible. Depreciation was lower by 15 per cent from ` 7,133 lakh in 2015-16 to ` 6,053 lakh in 2016-17 due to completion of life of various intangible assets.
- PBT grew at 20 per cent from ` 16,809 lakh in 2015-16 to ` 20,094 lakh in 2016-17 mainly on account of higher revenue from operations, control over costs and benefit of lower depreciation. PAT increased from ` 11,359 lakh in 2015-16 to ` 13,065 lakh in 2016-17 — representing an increase of 15 per cent over the previous year. Accordingly, diluted EPS increased from ` 12.87 in 2015-16 to ` 14.75 in 2016-17.
- On a Standalone basis, the Company has no debt as at March 31, 2017.

Consolidated Financial Results

As on March 31, 2017, for the purpose of consolidated financial results of the Company, 35 Subsidiaries, 1 Joint Venture and 2 Associates were considered. As a consolidated entity, your Company's total income (including other income), grew by 43 per cent from ` 1,61,297 lakh in 2015-16 to ` 2,30,999 lakh in 2016-17. This increase is partly due to the fact that HCR became subsidiary of the Company during the month of September 2015 and hence consolidated income for the financial year 2015-16 represents from the period HCR became subsidiary. During the year, PAT grew by 39 per cent from ` 10,503 lakh in 2015-16 to ` 14,550 lakh in 2016-17 and the Diluted EPS increased from ` 9.83 in 2015-16 to ` 16.78 in 2016-17. On a consolidated basis, total debt was at ` 77,422 lakhs as at March 31, 2017.

INTERNAL CONTROLS

The Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. As is the consistent practice, the Company had engaged a reputed firm specialising in implementation of internal controls to test the design and operating effectiveness of existing controls (both manual and system-based) and to remediate issues arising out of the testing.

The Company has an Internal Auditor who oversees the entire internal audit function. However, given the size of its operations in terms of number of resort locations and nature of its business, it also uses services of independent audit firms to conduct periodic internal audits in line with an audit plan that is drawn at the beginning of the year. This audit plan, prepared by the Internal Auditor, is approved by the Audit Committee. The scope of the exercise includes ensuring adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. The Internal Auditor also reports on the implementation of the audit recommendations.

The Company's ERP system has appropriate controls embedded in its processes and systems to reduce the need and reliance for compensating manual controls. These have also been strengthened from time to time.

Internal audit reports are placed periodically before the Audit Committee of the Board of Directors, which reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

THREATS, RISKS AND CONCERNS

Mahindra Holidays' risk management framework consists of identification of risks, assessment of their nature, severity and potential impact, and measures to mitigate them. This framework is in place for adequate and timely reporting and monitoring. Risks are reviewed periodically and updated to reflect the business environment and change in the size and scope of the Company's operations. The Company has a Risk Management Committee consisting of four Directors for monitoring risk management plan and policy of the Company from time to time in addition to evaluation of internal financial controls and risk management systems by the Audit Committee.

MACROECONOMIC RISKS

Although the macroeconomic situation appears to be improving, cyclical downturns may continue to resurface in the future. Besides, even with the current environment of stable macro-environment and benign inflation, there still are downside risks in the form of poor south-west monsoons and strengthening of global commodity prices. These can impact the Company's ability to generate sales and affect its growth prospects.

The Company recognises these risks and has measures in place to mitigate the impact of adverse macroeconomic situation. This includes focusing on pull-based strategy for customer acquisition through referrals and targeted digital marketing, which allows the Company to reach the right segments and at the same time ensures higher conversion to sales. The Company is also in the process of increasing its international presence both in terms of its marketing network and vacation ownership business through HCR. Other initiatives taken during the year include its 10-year product '*Bliss*', that allows the Company to reach out to seniors. Seniors travel is a fast growing segment in India.

OPERATIONAL RISKS

Operational risks mainly relate to meeting customer expectations in terms of quality of service and maintaining a balance between the inventory of resorts and growth of customers. These assume significance given the long service duration of the key products. As there are multiple choices of locations and seasons, there could be occasions where the first choice of holiday requested by the customers may not be available, which may result in dissatisfaction. Another operational risk is in the ability to consistently attract, retain and motivate managerial talent and other skilled personnel, especially in a high growth industry with unique characteristics. Further, some of the Company's resorts are located in remote areas and natural calamities such as earthquake, flood, landslide etc. may affect the accessibility of the resort to members as well as online connectivity.

The Company has invested significant resources in systems and processes to mitigate these risks. Customer satisfaction continues to be favourable and on an upward trend. Regarding room inventory, the Company will continue to be judicious in the use of different options — greenfield projects, expanding inventory at existing locations, leases and inventory arrangements — to meet the expectations of its customers and at the same time maintain a balance between demand and supply. Regarding talent management and retention, the management believes that its HR practices enhance employee engagement and satisfaction to effectively mitigate this risk.

Financial Risks

The Company's business involves significant investments in building resorts for its operations. These expose it to risks in terms of timely and adequate availability of funds at competitive rates to finance its growth. Besides, the Company offers its customers schemes to finance the purchase of the vacation ownership and similar products, which exposes it to credit risks. The Company is exposed to potential non-payment or delayed payment of membership instalments and/or the annual subscription fee by members resulting in higher outstanding receivables.

Currently, Mahindra Holidays has no debt on a standalone basis, and has a strong and stable capital structure to raise money for further expansion, if needed. The Company undertakes comprehensive assessment of the profile of its customers and carefully monitors its exposure to credit risk. Further, several improvements in control and monitoring mechanisms have been implemented to reduce credit risks and aid the management in this process.

While there is no currency risk at the standalone entity basis, in respect of the debts in the books of the subsidiary companies there are underlying assets in the same currency and hence the Company does not foresee any significant risk in this regard.

REGULATORY AND LEGAL RISKS

Mahindra Holidays is exposed to regulatory and legal risks. These include cumbersome processes and risks relating to land acquisition, conversion of land for commercial usage and development of properties, environmental clearances, approvals and activities related to development of new resorts. There are also other regulatory and legal risks pertaining to tax proceedings, legal proceedings on properties, customer complaints, non-compliance of regulations including environmental regulations and those pertaining to the hospitality sector. Further, as the Company has investments and operations in different countries, it is also exposed to political and regulatory risks that emanate from its international presence.

The Company has systems and controls in place to mitigate these risks and minimise instances of non-compliance. The Company also believes that its proactive stance on sustainability will hold it in good stead for future development and growth.

OUTLOOK

Mahindra Holidays registered a creditable performance in 2016-17. The Company's strategy to strengthen its brand proposition and generate more pull-based leads has been successful at a time when the industry faced considerable headwinds in the form of low consumer disposition towards high-value discretionary spends.

The Company believes that penetration of vacation ownership in India is low and there is considerable room for growth. Consistent improvements in member satisfaction, which are at an all-time high, are testimony to its ability to deliver unique and immersive holiday experiences at scale. At the same time, the excellence in member servicing achieved through a combination of technology-based solutions and scalable processes has improved its competitive positioning in the industry.

Today, Mahindra Holidays is a leading player in the leisure hospitality industry in India. The Company's 49 resorts offer an unmatched variety of experiences to its members. Efforts taken during the year to engage with members outside the 7-day holiday period has strengthened the product proposition further. These augur well for the Company's performance in the future. Besides, any improvement in the macroeconomic situation is likely to further boost the Company's prospects in 2017-18.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include poor macroeconomic growth and consumer confidence, inability to add resorts and increase the inventory of room, cyclical demand and pricing in the Company's principal markets, changes in tastes and preferences, government regulations, tax regimes, economic development within India and other incidental factors.

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ("Mahindra Holidays" or "the Company") upholds highest standards of integrity, transparency, professionalism, business ethics and accountability. The Company's philosophy on corporate governance aims to strive a balance between safeguarding and promoting interests of the stakeholders and maintaining a steadfast commitment to ethics and code of conduct.

Mahindra Holidays strongly believes that corporate governance is an integral means for the existence of the Company. Corporate governance is a process by which the values, principles, management policies and procedures of the Company are inculcated and manifested. The Company ensures adherence to the moral and ethical values, legal and regulatory framework and the adoption of good practices beyond the realms of law.

Mahindra Holidays continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management level.

A report on compliance with Code of Corporate Governance as prescribed by the Securities and Exchange Board of India ("SEBI") and incorporated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is given below.

Board of Directors

Board Diversity and Composition of the Board

The Company has in place the Board Diversity Policy which sets out the approach of the diversity of the Board of Directors. In line with the same, the Company continues to have a very balanced and diverse Board of Directors ("the Board"), which primarily takes care of the business needs and stakeholders' interest. The Board Diversity Policy is available on the Company's website at: http://www.clubmahindra.com/sites/default/files/board_diversity.pdf

The composition of the Board is in conformity with Regulation 17(1) of the SEBI Listing Regulations and also with the provisions of the Companies Act, 2013 ("the Act"). The Chairman of the Board is a Non-Executive Director and half of the Board comprises of Independent Directors.

The composition of the Board remained unchanged during the financial year under review. As on March 31, 2017, the Board comprised of ten Directors. Mr. Arun Nanda is the Non-Executive Chairman of the Company. Mr. Kavinder Singh is the Managing Director & Chief Executive Officer (CEO) and Mr. S Krishnan is the Chief Financial Officer (CFO) & Executive Director of the Company. Mr. V S Parthasarathy and Mr. Vineet Nayyar are Non-Executive Non Independent Directors of the Company. Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sridar Iyengar, Mr. Sanjeev Aga and Ms. Radhika Shastry are the Independent Directors of the Company.

The Independent Directors are from diverse fields and bring to the Company a wide range of experience, knowledge and judgement as they draw on their varied proficiencies in general corporate management, finance, hospitality, telecom, financial services, vacation ownership, corporate strategy and other allied fields which enable them to contribute effectively to the Company in their capacity as the Directors, while participating in its decision making process. The terms and conditions of appointment of the Independent Directors has been uploaded under the Company's website.

Mr. V S Parthasarathy, Non-Executive Director of the Company is a Key Managerial Personnel (KMP) of the Holding Company, and draws remuneration from it. Mr. Vineet Nayyar, Non-Executive Director of the Company, is the Non-Executive Vice-Chairman of Tech Mahindra Limited, an Associate Company of the Holding Company.

Apart from the above, and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Non-executive Directors, the Managing Director & CEO and the CFO & Executive Director would be entitled to under the Act, none of the Directors have any other pecuniary relationships with the Company, its Holding Company, subsidiaries or associate companies or their Promoters, Directors, which in their judgement would affect their independence. The Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

Board Meetings and Attendance

Five Board Meetings were held during the financial year 2016-17, on: May 17, 2016, July 29, 2016, October 28, 2016, January 31, 2017, and March 20, 2017. The gap between two Meetings did not exceed one hundred and twenty (120) days. These Meetings were well attended including attendance of the Independent Directors. The Twentieth Annual General Meeting (AGM) of the Company was held on July 29, 2016. The Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Stakeholders Relationship Committee were present at the AGM.

Directors	Number of Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. Arun Nanda	5	5	Y
Mr. Vineet Nayyar	5	5	Y
Mr. Cyrus Guzder	5	4	Y
Mr. Rohit Khattar	5	5	Y
Mr. Sridar Iyengar	5	5	Y
Mr. Sanjeev Aga	5	4	N
Mr. V S Parthasarathy	5	4	Y
Ms. Radhika Shastry	5	5	Y
Mr. Kavinder Singh	5	5	Y
Mr. S Krishnan	5	5	Y

Details of other directorship(s) and committee membership(s) held:

The number of Directorships and Committee positions held by them in companies at the end of the year under review, are given below. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors. Further, none of the Directors on the Board is an Independent Director in more than seven listed companies. In addition, none of the Whole Time Directors of the Company and a Director who is the whole-time director in other listed company, are not Independent Directors in more than three listed companies. None of the Directors of the Company are inter se related to each other.

No. of Directorship(s) and Committee Membership(s) held as on March 31, 2017 are given below:

Directors	Category of Directors	As on March 31, 2017*			
		Indian Listed Companie(s)#	Total Directorship(s)#	Committee Membership(s)^	Committee Chairmanship(s)^
Mr. Arun Nanda	Non-Executive Chairman	3	6	2	2
Mr. Vineet Nayyar	Non-Executive	3	5	1	Nil
Mr. Cyrus Guzder	Independent	2	3	3	2
Mr. Rohit Khattar	Independent	1	3	1	Nil
Mr. Sridar Iyengar	Independent	3	4	4	4
Mr. Sanjeev Aga	Independent	6	8	6	2
Mr. V S Parthasarathy	Non-Executive	3	7	5	2
Ms. Radhika Shastry	Independent	1	1	Nil	Nil
Mr. Kavinder Singh	Managing Director & CEO	1	1	1	Nil
Mr. S Krishnan	CFO and Executive Director	1	1	Nil	Nil

* Excludes private limited companies, foreign companies and companies registered under Section 8 of the Act (erstwhile Section 25 of the Companies Act, 1956).

^ Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Mahindra Holidays.

Excludes Alternate Directorships but includes Additional Directorships and Directorship in Mahindra Holidays.

Shares and Convertible Instruments, if any, held by Directors

Details of ownership of any shares in the Company by the Directors either on their own or for any other person on a beneficial basis and stock options granted to Directors are given below:

Name of Directors	Category of Directors	Shares held as on March 31, 2017	No. of Options granted	Date of Grant	Exercise Price (`)	Vesting Period^
Mr. Arun Nanda	Non-Executive Chairman	6,94,630*	200,000	February 18, 2016	370	Four equal installments in February 2017, 2018, 2019 and 2020
Mr. Vineet Nayyar	Non-Executive	26,700	–	–	–	–
Mr. Cyrus Guzder	Independent	26,700	–	–	–	–
Mr. Rohit Khattar	Independent	26,700	–	–	–	–
Mr. Sridar Iyengar	Independent	–	27,500	February 21, 2012	323	Four equal installments in February 2013, 2014, 2015 and 2016
Mr. Sanjeev Aga	Independent	–	–	–	–	–
Ms. Radhika Shastry	Independent	–	–	–	–	–
Mr. V S Parthasarathy	Non-Executive	–	–	–	–	–
Mr. Kavinder Singh	Managing Director & CEO	–	400,000	January 22, 2015	264	Four equal installments in January 2016, 2017, 2018 and 2019
Mr. S Krishnan	CFO & Executive Director	–	200,000			

* In addition 1,02,050 Equity Shares are held by relatives of Mr. Arun Nanda. Further, the Company has allotted 50,000 shares on May 19, 2017, pursuant to the exercise of stock options by Mr. Arun Nanda.

^ Exercise Period: On the date of vesting or at the end of each year for a period of five years from the date of vesting

Board Procedure

A detailed agenda, setting out the business to be transacted at the meeting supported by detailed notes are sent to each Director at least seven days before the date of the Board and Committee Meetings except for the Unpublished Price Sensitive Information which are circulated separately or placed at the Meetings of the Board and the Committees. To provide web-based solution, a soft copy of the said agenda is also uploaded on the Board Portal which acts as a document repository. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents of the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board was appraised at every meeting of the overall performance of the Company. A detailed report on the operations of the Company and quarterly compliance report are also presented at the Board Meetings.

The Board also, inter-alia periodically reviews the strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, minutes of the Board Meetings of Company's subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of Quarterly / half yearly / annual Financial Results, significant labour issues, if any, transactions pertaining to purchase / disposal of property, if any, major accounting provisions and write-offs, corporate restructuring, if any, Quarterly details of foreign exchange exposures, minutes of meetings of the Audit Committee and other Committees of the Board, information on recruitment of senior officers just below the Board level including appointment or removal of Chief Financial Officer and Company Secretary, CSR spends, plan and its review, borrowings, investments and issue of securities.

The Board reviews a compliance certificate issued by the Managing Director & CEO regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management, finalises the agenda for Board meetings.

Directors Seeking Re-Appointment/Appointment

Mr. V S Parthasarathy, Non-Executive Non Independent Director, being longest in the office, retires by rotation at the forthcoming Annual General Meeting. Mr. Parthasarathy being eligible, has offered himself for re-appointment.

Brief resume of Mr. Parthasarathy, Director seeking re-appointment is given below.

Mr. V S Parthasarathy

Mr. V S Parthasarathy holds a Bachelor's Degree in Commerce and is a fellow member of the Institute of Chartered Accountants of India. He is Harvard Alumni of Advanced Management Program - batch 2011. He has also been part of Mahindra Group's Senior Management team for Group Strategy development, facilitated by Harvard Business School.

Mr. V S Parthasarathy is Group Chief Financial Officer (CFO) and Group Chief Information Officer (CIO) of Mahindra & Mahindra Limited (M&M), the Holding Company. In his role as Group CFO & Group CIO of M&M, he facilitates Mahindra Group in accomplishing its vision of 'being amongst the Top 50 most admired brands in the world'. He is a member of the think-tank of Mahindra Group's supervisory Board called "Group Executive Board". He is also a member of the Global IT Customer Advisory Board of CISCO. He is also on the Board of other listed entities of the Mahindra Group viz. Tech Mahindra Ltd. and Mahindra & Mahindra Financial Services Ltd., as well as several unlisted companies of the Group. He joined M&M in 2000. At M&M, he spearheaded functions like Finance, HR, M&A, IT and International Operations before he was appointed CFO of M&M. He has received many accolades and recognitions in the field of Finance, M&A & IT being a Group CFO and Group CIO.

Mr. Parthasarathy is a member of the following Board Committees:

Name of the Company	Name of the Committee	Position Held
Mahindra Holidays & Resorts India Limited	Audit Committee	Member
	Risk Management Committee	Member
	Corporate Social Responsibility Committee	Member
	Stakeholders Relationship Committee	Member
	Committee of Directors - Investments	Member
Mahindra Aerospace Private Limited	Audit Committee	Member
Mahindra Electric Mobility Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Member

Name of the Company	Name of the Committee	Position Held
Mahindra & Mahindra Financial Services Limited	Audit Committee	Member
	Risk Management Committee	Member
	ALCO Committee	Member
	Committee for Strategic Investments	Member
Mahindra Two Wheelers Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Member
Peugeot Motorcycles SAS	Audit and Finance Committee	Chairman
Tech Mahindra Limited	Investment Committee	Member

Mr. Parthasarathy does not hold any equity shares in the Company.

Meetings of Independent Directors

The Company's Independent Directors meet at least once every year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. Further, the Independent Directors also reviews the performance of the Non-Independent Directors, Chairman (after taking into account the views of Executive and Non-Executive 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. During the year under review, two Meetings of Independent Directors were held on May 17, 2016 and March 20, 2017 and the same were attended by all the Independent Directors.

Familiarisation Programmes for Independent Directors

Regulation 25(7) of the SEBI Listing Regulations requires a Company to familiarise its Independent Directors through various programmes about the Company, including the nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of Independent Directors and any other relevant information.

In terms of above, the Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The details of familiarization programmes imparted to the Independent Directors are posted on the website of the Company and can be accessed at http://www.clubmahindra.com/sites/default/files/Familiarisation_Programe.pdf.

Board Committees

Audit Committee

The Audit Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. As on March 31, 2017, the Committee comprised of 5 Directors: Mr. Sridar Iyengar, Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. V S Parthasarathy. Mr. Sridar Iyengar is the Chairman of the Committee. Mr. Sridar Iyengar, Mr. Cyrus Guzder, Mr. Rohit Khattar and Mr. Sanjeev Aga are Independent Directors. All members of the Committee are financially literate and the Chairman possesses financial management/accounting expertise. The Company Secretary is the Secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Part C of Schedule II of SEBI Listing Regulations and Section 177 of the Act.

A. Role of the Audit Committee, inter alia, includes the following:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;

  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

B. The audit committee shall mandatorily review the following information:

- management discussion and analysis of the financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

The Committee met five times during the year under review and the gap between two Meetings did not exceed one hundred and twenty (120) days. During the financial year 2016-17, the Committee met on: May 17, 2016, July 29, 2016, October 28, 2016, January 30, 2017 and January 31, 2017. Attendance of members of the Committee at the meetings held during the FY 2016-17 is as below:

Directors	**Number of Board Meetings**	
	Held	**Attended**
Mr. Sridar Iyengar	5	5
Mr. Cyrus Guzder	5	4
Mr. V S Parthasarathy	5	3
Mr. Rohit Khattar	5	4
Mr. Sanjeev Aga	5	4

Further, during the year under review, the Committee also approved certain transactions by passing of resolutions by circulation.

Invitees to the Meetings of the Audit Committee included the Chairman of the Board, Managing Director & CEO, Chief Financial Officer & Executive Director, Sr. Vice President – Finance & Accounts, Statutory Auditors and Internal Auditors.

Nomination and Remuneration Committee

The broad terms of reference of the Nomination and Remuneration Committee (NRC) are to recommend to the Board about the Company's policy on appointment and remuneration package for Directors, Key Managerial Personnel and Senior Management and to advise the Board in framing the remuneration policy of the Company from time to time, to formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors, to give directions for administration of the ESOP scheme and to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The Nomination and Remuneration Committee consists of Mr. Arun Nanda, Mr. Cyrus Guzder, Mr. Vineet Nayyar, Mr. Rohit Khattar and Mr. Sridar Iyengar. Mr. Cyrus Guzder is the Chairman of the Committee.

Terms of Reference of NRC, *inter alia*, includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme;
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee's constitution and terms of reference are in compliance with provisions of the Act, SEBI Listing Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014.

The Committee met three times during the year under review on: May 17, 2016, July 29, 2016, and January 31, 2017. All the members of the Committee attended all the meetings, except Mr. Cyrus Guzder who attended two meetings out of the three, held during FY 2016-17.

Performance Evaluation of the Board

The Act and SEBI Listing Regulations stipulate the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Company has devised the process and the criteria for the performance evaluation which had been recommended by NRC. The NRC of the Board evaluated the performance of individual Director. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors taking into account the views of the Executive Directors and Non-Executive Directors. Evaluation of Independent Directors was also carried out by the entire Board of Directors, excluding the Director being evaluated. A structured questionnaire was prepared and circulated amongst the Directors, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, preparedness on the issues to be discussed, meaningful and constructive contributions, inputs in the meetings, Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

Remuneration to Directors

Remuneration Policy

The Company has formulated a policy on remuneration of Directors and Senior Management Employees. While deciding on the remuneration for Directors, the Board and the NRC consider the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the NRC regularly track the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed and forms part of this Annual Report.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder. No sitting fee is payable in respect to Corporate Social Responsibility (CSR) Committee meetings as the same was waived by the CSR Committee Members.

A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board. The total commission payable to the Directors shall not exceed 1 (One) per cent of the net profit of the Company, calculated as per provisions of the Act.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company introduced by the Company.

The remuneration paid to Whole-time Directors were fixed by NRC which was subsequently approved by the Board of Directors. The Shareholders have approved the remuneration paid/payable to the Managing Director & CEO (uptil November 2017) and Chief Financial Officer & Executive Director (uptil January 2018). The Board of Directors at their meeting held on May 19, 2017 pursuant to the recommendation of NRC approved the remuneration payable to Mr. Kavinder Singh for the balance period of 2 (two) years of the tenure of his appointment i.e. with effect from November 3, 2017 to November 2, 2019 (both days inclusive), subject to the approval of the Members to be obtained at the ensuing Annual General Meeting of the Company.

During the year under review, the Non-Executive Directors were paid a commission of ` 173.83 lakh (as provided in the accounts of the year ended March 31, 2016), distributed amongst themselves as shown in the table below.

Detailed information of Directors' remuneration paid during the year 2016-17 are given below:

(` lakh)

Name of Directors	Category of Directors	Sitting Fees (Note 1)	Commission	Salary, Performance pay and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. Arun Nanda	Non-Executive Chairman	7.70	100.00	–	–	**107.70**
Mr. Vineet Nayyar	Non-Executive	5.90	8.33	–	–	**14.23**
Mr. Cyrus Guzder	Independent	6.40	14.00	–	–	**20.40**
Mr. Rohit Khattar	Independent	7.10	12.50	–	–	**19.60**
Mr. Sridar Iyengar	Independent	7.40	14.00	–	–	**21.40**
Mr. Sanjeev Aga	Independent	5.20	12.50	–	–	**17.70**
Mr. V S Parthasarathy	Non – Executive	–	–	–	–	**–**
Ms. Radhika Shastry	Independent	5.00	12.50	–	–	**17.50**
Mr. Kavinder Singh	MD & CEO	–	–	306.65	18.84	**325.49**
Mr. S Krishnan	CFO & ED	–	–	163.60	5.39	**168.99**
TOTAL		**44.70**	**173.83**	**470.25**	**24.23**	**713.01**

Notes:

1. Non-Executive Directors and Independent Directors are paid sitting fees for attending meetings of the Board / Committees of the Board of Directors of the Company. The sitting fee has been fixed to ` 1,00,000/- for attending meetings of Board and for all other Committee Meetings the same has been fixed to ` 30,000/-. In respect of Corporate Social Responsibility Committee, no sitting fee is paid as the sitting fee has been waived by the members of the CSR Committee.

2. Aggregate of the Company's contributions to Superannuation Fund, Provident Fund and National Pension Scheme.

3. Salary to Mr. Kavinder Singh and Mr. S Krishnan

(` in lakh)

Particulars	Kavinder Singh	S Krishnan
Salary and Allowances	227.58	128.78
Perquisites	5.24	3.41
Performance Pay	92.67	36.80

4. The Company has not advanced loans to any Director during the year.

5. The nature of employment of the Managing Director & CEO and CFO & Executive Director with the Company are contractual and can be terminated by giving 3

months' notice from either party. Mr. Kavinder Singh's appointment is for a period of 5 years and Mr. S. Krishnan's appointment is for a period of 3 years. The contract does not provide for any severance fees. Remuneration payable to Mr. Kavinder Singh and Mr. S Krishnan was approved for a period of 3 years by the Shareholders.

6. Performance pay to the Whole-Time Directors are determined by the NRC and then approved by the Board on the basis pre-determined performance parameters.

A commission of ` 184 lakh has been provided as payable to the Non-Executive Directors in the accounts of the year under review.

Stakeholders Relationship Committee

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Mr. Arun Nanda, Chairman of the Board. Mr. V S Parthasarathy, Non-Executive Director and Mr. Kavinder Singh, Managing Director & CEO of the Company are the other members of the Committee. Mr. Dinesh Shetty, Company Secretary, is the Compliance Officer of the Company.

The Committee meets as and when required, to inter-alia deal with matters relating to its terms of reference which include transfer of shares and monitoring redressal of complaints from Shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The Committee met four times during the financial year 2016-17 on: May 17, 2016, July 29, 2016, October 28, 2016 and January 31, 2017. All the members of the Committee attended all the meetings, except Mr. V S Parthasarathy who attended three meetings out of the four held during FY 2016-17.

During the financial year under review, 8 complaints were received from the Shareholders, all of which have been attended to/resolved. As of March 31, 2017, there are no pending share transfers or complaints from the Shareholders.

Corporate Social Responsibility Committee

The role of the Corporate Social Responsibility (CSR) Committee is inter-alia to approve the overview the CSR activities of the Company in terms of compliance under provisions of the Act. The Members of the CSR Committee are Mr. Arun Nanda, as the Chairman, Mr. V S Parthasarathy, Mr. Cyrus Guzder and Mr. Kavinder Singh.

The Committee met four times during the financial year 2016-17 on: May 17, 2016, July 29, 2016, October 28, 2016 and January 31, 2017. All the members of the Committee attended all the meetings, except Mr. V S Parthasarathy and Mr. Cyrus Guzder who attended three meetings out of the four held during FY 2016-17.

Loans & Investment Committee

The Loans & Investment Committee approves the loans, investment, subscription/acquisition, sale/transfer and all related aspects of these transactions. The Committee consists of Mr. Arun Nanda, Chairman and Mr. Kavinder Singh, Managing Director & CEO as the members. There was no meeting of the Committee during the financial year 2016-17 as all loans, investments and subscription/acquisition made during the year were approved by the Board in its meetings.

Investment Committee

The Investment Committee was formed during the year to evaluate proposal of Investment in Nreach Online Services Private Limited. The Committee consists of Mr. Arun Nanda, Chairman, Mr. V S Parthasarathy, Non-Executive Director and Mr. Cyrus Guzder, Independent Director as the members. One meeting of the Investment Committee was held on August 31, 2016 and the same was attended by Mr. Arun Nanda & Mr. Cyrus Guzder.

Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition by way of outright purchase as well as long term lease proposals and short term inventory arrangement for the Company. Mr. Arun Nanda, Mr. Kavinder Singh and Mr. Cyrus Guzder are the members of the Committee.

The Committee met once during the financial year 2016-17 on January 30, 2017. All the members of the Committee attended the meeting. Further, during the year under review, the Committee also approved certain transactions by passing of resolutions by circulations.

Strategy and Review Committee

The Strategy and Review Committee was constituted by the Board to evaluate and review the business plan and make necessary recommendations and also review the performance of the Company. Mr. Arun Nanda, is the Chairman and Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. Kavinder Singh are the other members of the Committee. There was no meeting of the Committee during the financial year 2016-17 as the evaluation and review of business plan was considered and approved by the Board in its meetings.

Committee of Directors - Investment

The Committee of Directors – Investment was constituted to *inter alia* consider in detail the proposal for further investment in Holiday Club Resorts Oy, Finland and to approve the same. Mr. Arun Nanda, is the Chairman and Mr. V S Parthasarathy, Mr. Sanjeev Aga and Mr. Cyrus Guzder are the other members of the Committee. There was no meeting of the Committee during the financial year 2016-17.

Risk Management Committee

The Company has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, Regulation 21 of the SEBI Listing Regulations with reference to Risk Management Committee is not applicable to your Company. However, your Company has voluntarily constituted a "Risk Management Committee" consisting of Mr. Arun Nanda, Mr. V S Parthasarathy, Mr. Cyrus Guzder and Mr. Kavinder Singh as members of the Committee. The Risk Management Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. There was no meeting of the Committee held during 2016-17 as the Risk Management framework was discussed and deliberated by the Audit Committee. Further, the risk management framework has been discussed in greater detail in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

Other Disclosures

Code of Conduct

The Board has laid down two separate Codes of Conduct ("Codes"), one for Board Members and other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website www.clubmahindra.com. All Board Members and Senior Management personnel of the Company have affirmed compliance with these Codes. A declaration signed by Managing Director & CEO on the same is attached at the end of this report.

CEO and CFO Certification

Certificate issued by Mr. Kavinder Singh, Managing Director & CEO and Mr. S. Krishnan, CFO & Executive Director of the Company, for the financial year under review, was placed before the Board of Directors at its meeting held on May 19, 2017, in terms of Regulation 17(8) of the SEBI Listing Regulations. The MD & CEO and CFO & ED also gave quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI Listing Regulations.

Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s Deloitte Haskins & Sells confirming compliance with conditions of Corporate Governance as stipulated under Clause E of the Schedule V of the SEBI Listing Regulations, is attached to this Report.

Subsidiary Companies

All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As of March 31, 2017, the Company does not have any material unlisted subsidiary incorporated in India, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at: http://www.clubmahindra.com/sites/ default/files/Policy_For_Determining_Material_Subsidiaries.pdf

The Company monitors performance of subsidiary companies, inter alia, through Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed by the Company's Audit Committee; Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board; A statement containing all significant transactions and arrangements, if any, entered into by unlisted material subsidiary companies is placed before the Company's Board.

Related Party Transactions

During the financial year 2016-17, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, holding company, subsidiaries or relatives that may have potential conflict with the interests of the Company at large. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report.

The Policy on materiality of and dealing with the related party transactions as approved by the Audit Committee and the Board is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Details of Non-compliance Relating to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

Code for Prevention of Insider Trading Practices

The Company has adopted a comprehensive Code of Conduct for prevention of insider trading for its Directors & designated person. The Code lays down guidelines, through which it advises the designated persons or Directors on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautions them of the consequences of violations. In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and adopted "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and "Code of Conduct for Prevention of Insider Trading in Securities of Mahindra Holidays & Resorts India Limited.

Dividend Distribution Policy

The Company has adopted Dividend Distribution Policy in terms of the requirements of SEBI Listing Regulations and the same is annexed with this Annual Report and is also available under Company's website at: http://www.clubmahindra.com/sites/default/files/uploaded%20documents/Dividend-Distribution-Policy.pdf.

Proceeds from Public Issues

During the year under review, the Company has not raised any proceeds from public issue, right issue or preferential issue.

Details of Establishment of Vigil Mechanism, Whistle Blower Policy etc.

The Company has established a vigil mechanism by adopting Whistle Blower Policy pursuant to which whistle blowers can raise concerns in prescribed manner. Further, the mechanism adopted by the Company encourages a whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of the whistle blower who avails of such mechanism as well as direct access to the Chairman of the Audit Committee. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/MHRIL_Whistle_Blower_ Policy.pdf.

Details of Unclaimed Shares

In compliance with the provisions of Regulation 39 of the SEBI Listing Regulations, the Company has a Demat account titled "Mahindra Holidays & Resorts India Limited - Unclaimed Shares Demat Suspense Account" ("Demat Suspense Account") for holding the unclaimed shares which were allotted pursuant to Initial Public Offer (IPO) of the Company.

As on March 31, 2017, the Company has 5 shareholders with 230 unclaimed shares lying in the suspense account. The voting shall remain frozen till the rightful owner of such shares claims the shares. The details as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2016	6	262
Number of Shareholders who approached Issuer / Registrar and Transfer Agent for transfer of shares from suspense account during the year 2016-17	1	32
Number of Shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2017	5	230

Investor Education and Protection Fund (IEPF)

During the year under review, the Ministry of Corporate Affairs notified provisions relating to unpaid / unclaimed dividends under Section 124 and 125 of the Act and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules). Pursuant to the provisions of IEPF Rules, all unpaid or unclaimed dividend are required to be transferred by the companies to IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account created by the IEPF Authority. Accordingly, the unclaimed or unpaid dividend for consecutive seven years and corresponding shares will be transferred as per the requirements of IEPF rules, the details of which are provided on our website, at http://www.clubmahindra.com/about-us/investor-relations/financials.

Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached as a separate chapter and forms part of this Annual Report.

Compliance with Regulations pertaining to Corporate Governance

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

As regards the discretionary requirements, there is no modified audit opinion in the Company's financial statements. The Company continues to adopt best practices to ensure that its financial statements remained with unmodified audit opinion. The Company is maintaining the separation in the post of Chairperson and Chief Executive officer. Further, the Internal Auditors do report to the Audit Committee of the Board of Directors of the Company.

General Body Meetings

Details of Annual General Meetings held during past three years and Special Resolutions passed

Year	Date	Time	Venue	Special Resolutions Passed
2014	August 27, 2014	3.00 PM	Vani Mahal, Main Hall, T. Nagar, Chennai – 600017	Consent to the Board of Directors to exercise power to create charges, mortgages, hypothecations and pledges under Section 180(1)(a) of the Companies Act, 2013.

Year	Date	Time	Venue	Special Resolutions Passed
2015	July 28, 2015	3.00 PM	Mini Hall, The Music Academy, No. 168, T.T.K. Road, Chennai – 600 014	1. Appointment of and Remuneration payable to Mr. S. Krishnan, Chief Financial Officer and Executive Director of the Company. 2. Payment of Commission to Directors other than Managing Director and Whole time Director. 3. Alteration of Articles of Association to align it with the provisions of the Companies Act, 2013.
2016	July 29, 2016	3.00 PM	Rani Seethai Hall, 603, Anna Salai, Chennai – 600006	No special resolution was passed.

Details of Extraordinary General Meeting (EGM)/Court Conveyed Meetings held during past three years and Special Resolutions passed

Year	Date	Time	Venue	Special Resolutions Passed at EGM / CCM
2014	February 19, 2014*	3.00 PM	Mahindra Towers, 4th Floor, No. 17/18, Patullos Road, Chennai – 600 002.	Approval of the Scheme of Amalgamation & Arrangement of Bell Tower Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors.
2015	September 10, 2015*	3.00 PM	Mahindra Towers, Roof Top, No. 17/18, Patullos Road, Chennai – 600 002.	Approval of the Scheme of Amalgamation & Arrangement of Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors.

* Meeting of the Equity Shareholders of the Company pursuant to the Orders of the Hon'ble High Court of Judicature at Madras dated December 9, 2013 and July 10, 2015 respectively directing the said Meetings to be held.

During the year under review, no EGM was held and no Special Resolution requiring a Postal Ballot was passed. Further, no Special Resolution is proposed to be passed through Postal Ballot.

General Shareholder Information

Twenty First Annual General Meeting

Date : August 2, 2017

Time : 3.00 PM

Venue : Rani Seethai Hall, 603, Anna Salai, Chennai - 600006

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from June 7, 2017 to June 9, 2017, both days inclusive.

Dividend Payment Date

Dividend if declared at the Annual General Meeting will be paid on or after August 3, 2017.

Financial Year

The financial year covers the period from April 1 to March 31.

Financial Reporting for 2017-18

The First Quarter Results –June 30, 2017	By beginning of August, 2017
The Half Yearly Results – September 30, 2017	By beginning of November 2017
Third Quarter Results – December 31, 2017	By end of January, 2018
Approval of Annual Accounts – March 31, 2018	By second week of May, 2018

Note: The above dates are indicative.

Means of Communication

The quarterly, half-yearly and yearly results are normally published in Business Standard (English editions) and Makkal Kural (Tamil edition). These are not sent individually to the Shareholders.

The Company's results and official news releases are displayed on the Company's website at www.clubmahindra.com and also available the website of National Stock Exchange of India Ltd. (www.nseindia.com) and BSE Ltd (www.bseindia.com).

Presentations are also made to international and national institutional investors and analysts, which are also put up on the website of the Company.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges

Name and address of Stock Exchanges	Stock Code / Symbol
(1) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051	MHRIL
(2) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	533088

The requisite listing fees have been paid in full to the Stock Exchanges where the Company's shares are listed.

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares

ISIN: INE998I01010

Stock Performance

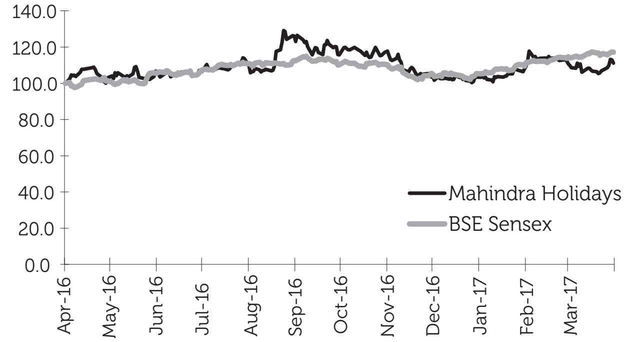
BSE and NSE – Monthly High / Low and Volumes

	National Stock Exchange			BSE Limited		
	High (`)	Low (`)	Monthly Volume	High (`)	Low (`)	Monthly Volume
April, 2016	427.95	380.05	986,622	428.00	382.10	727,351
May, 2016	437.70	388.00	723,930	437.80	382.65	119,070
June, 2016	420.00	390.35	1,161,134	421.00	389.35	277,237
July, 2016	452.00	409.50	1,266,632	452.55	392.35	106,191
August, 2016	514.00	406.00	1,895,159	513.30	404.40	252,332
September, 2016	495.70	437.70	623,012	495.00	437.65	100,529
October, 2016	497.90	437.75	1,405,744	480.00	439.10	631,804
November, 2016	468.50	360.00	1,250,964	467.30	386.15	121,513
December, 2016	408.00	387.00	240,566	408.90	386.05	43,093
January, 2017	425.00	388.00	647,968	425.20	388.00	81,954
February, 2017	461.00	411.70	1,157,230	461.50	410.00	349,697
March, 2017	444.00	403.00	1,999,611	444.00	403.15	10,137,134

Performance in comparison to BSE – Sensex, NSE Nifty and BSE 500 Index

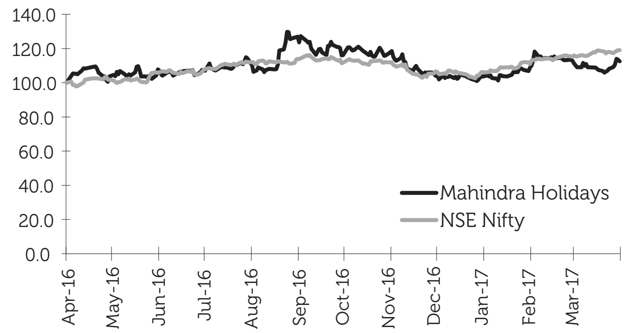
Month	MHRIL's Closing Price on NSE on the last trading day of month (`)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2016	398.75	25,606.62	7,849.80	10,406.12
May, 2016	414.60	26,667.96	8,160.10	10,761.49
June, 2016	413.65	26,999.72	8,287.75	11,029.45
July, 2016	439.30	28,051.86	8,638.50	11,585.96
August, 2016	488.10	28,452.17	8,786.20	11,834.89
September, 2016	446.70	27,865.96	8,611.15	11,700.65
October, 2016	450.75	27,930.21	8,625.70	11,878.89
November, 2016	399.80	26,652.81	8,224.50	11,195.09
December, 2016	398.05	26,626.46	8,185.80	11,036.44
January, 2017	418.70	27,655.96	8,561.30	11,659.94
February, 2017	434.20	28,743.32	8,879.60	12,176.95
March, 2017	433.20	29,620.50	9,173.75	12,631.90

Mahindra Holidays' Share Performance versus BSE Sensex



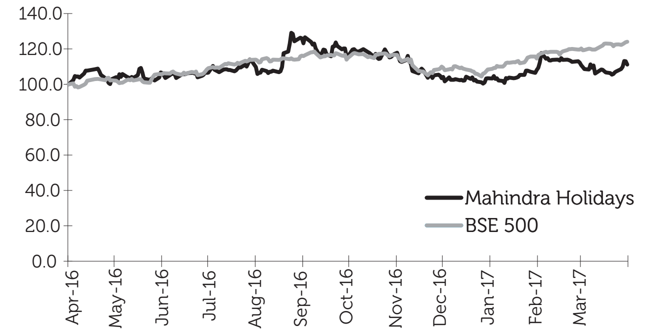
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on April 1, 2016

Mahindra Holidays' Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on April 1, 2016

Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on April 1, 2016

Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Stakeholders Relationship Committee meets as and when required to consider the other transfer proposals and attend to Shareholders' grievances. As of March 31, 2017, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on March 31, 2017

Category (Shares)	Number of Shareholders	% to Shareholders	Number of Shares	% to shares
1 - 100	17,543	72.55	7,02,358	0.79
101 - 500	4,793	19.82	11,96,164	1.35
501 - 1000	925	3.83	7,12,653	0.80
1001 - 5000	670	2.77	14,68,860	1.65
5001 - 10000	106	0.44	7,79,088	0.88
10001 - 50000	84	0.35	18,94,987	2.13
50001 - 100000	20	0.08	14,61,379	1.65
100001 & above	40	0.17	8,05,65,367	90.75
Total:	**24,181**	**100.00**	**8,87,80,856**	**100.00**

Shareholding Pattern as on March 31, 2017

Category of Shareholders	Total Holdings	Holdings in Percentage
Promoters holdings	59,927,077	67.50
Foreign Portfolio Investors, Foreign Institutional Investors and Foreign Bodies	60,76,214	6.84
Mutual Funds	1,29,02,434	14.53
Banks, Financial Institutions & others	23,373	0.03
Bodies Corporate	13,54,110	1.53
NRIs/OCBs/Foreign Nationals	3,58,122	0.40
Indian Public	81,39,526	9.17
Total	**8,87,80,856**	**100.00**

Dematerialisation of Shares

As on March 31, 2017, 99.98 per cent of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share, as trading in the Equity Shares of the Company on exchanges is permitted only in dematerialised form. Non-Promoters' holding is 32.50 per cent.

Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

Offices of the Company
Registered Office:

Mahindra Towers, 2nd Floor,
No. 17/18, Patullos Road,
Chennai - 600 002.
Tel: 044 - 3988 1000
Fax: 044 - 3027 7778
E: investors@mahindraholidays.com
W: www.clubmahindra.com

Corporate Office:

Mahindra Towers, 1st Floor,
'A' Wing, Dr. G. M. Bhosle Marg,
P. K. Kurne Chowk,
Worli, Mumbai – 400 018.
Tel: 022 - 3368 4722
Fax: 022 - 3368 4721
E: investors@mahindraholidays.com
W: www.clubmahindra.com

Apart from the registered & corporate office, the Company has an extensive network of branch offices, including site offices at the resorts to carry out the business of the Company. Details of these offices can be found at the Company's website at: www.clubmahindra.com.

Registrar and Transfer Agent

M/s. Karvy Computershare Private Limited
Unit: Mahindra Holidays & Resorts India Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032,
Andhra Pradesh, India.
Tel no: 040 67162222/67161551
Toll Free no. 18003454001
Fax No.: 040 23001153
E: einward.ris@karvy.com

Address for Correspondence

Shareholders may correspond with the Company at its Corporate Office or with the Registrar and Transfer Agent M/s. Karvy Computershare Private Limited at the above mentioned address in respect of all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

Company Secretary & Compliance Officer

Mr. Dinesh Shetty
Mahindra Towers, 1st Floor,
'A' Wing, Dr. G. M. Bhosle Marg,
P. K. Kurne Chowk,
Worli, Mumbai – 400 018.
Tel: 022 - 3368 4722
Fax: 022 - 3368 4721
Email id: investors@mahindraholidays.com

Company's Investor E-mail ID

The Company has also designated investors@mahindraholidays.com as an exclusive email ID for Shareholders for the purpose of registering complaints. This has also been displayed on the Company's website.

Company's website

www.clubmahindra.com

Declaration on Codes of Conduct

To
The Members of Mahindra Holidays & Resorts India Limited

I, Kavinder Singh, Managing Director & CEO of Mahindra Holidays & Resorts India Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2017.

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Mumbai
May 19, 2017

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Mahindra Holidays & Resorts India Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MKA/EL/MHRIL/2016-17 dated November 17, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Mahindra Holidays & Resorts India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affair of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 19, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Mahindra Holidays & Resorts India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income) and the Cash Flow Statement and 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 Standalone Ind AS 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 including other comprehensive income, cash flows and changes in 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone Ind AS financial statements based on our audit.

In conducting 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 of the standalone Ind AS financial statements 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 standalone Ind AS 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. 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 obtained by us 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, of the state of affairs of the Company as at 31st March, 2017, its profit, total 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 Section 143(3) of the Act, based on our audit, referred to in the Other Matters paragraph above we report, to the extent applicable that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (Refer Note 42 to the financial statements);

   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.

   iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company. (Refer Note 53 to the financial statements).

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 19, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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 Holidays & Resorts India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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. 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 whether the risk of a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, to the best of our information and according to the explanations given to us, 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, 2017, 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 DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 19, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of Fixed assets :

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on the examination of the registered sale deeds and Court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) In respect of inventories, physical verification was carried out by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(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 Companies Act, 2013 in respect of making investments and providing guarantees.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits at any time during the year.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the order is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Luxury Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities, except for some delays in remittances noticed during the year.

(b) There were no undisputed amounts payable by the Company, in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Luxury Tax , Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of Income Tax, Service Tax and Luxury Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lakhs.)	Amount Unpaid (Rs. Lakhs.)
Income Tax Act	Income Tax	Commissioner of income Tax – Appeals	2009-10, 2011-12 to 2014-15	49,340	31,639
Finance Act	Service Tax	Central Excise & Service Tax Appellate Tribunal	2005 to 2014	7,840	7,342
Tamilnadu Luxury Tax Act	Luxury Tax	Deputy Commissioner/ Commissioner – Appeals	2002-03 to 2005-06, 2010-11, 2011-12	81	81
Kerala Luxury Tax Act	Luxury Tax	Intelligence Officer – Debikulam	2008-09 to 2010-11	659	659
		Appellate commissioner	2011- 2012, 2012-13, 2014-15	124	98
Uttarakhand Luxury Tax Act	Luxury Tax	Appellate Commissioner	2012-13	34	34
Gujarat Luxury Tax Act	Luxury Tax	Commissioner of Commercial taxes	2014-16	751	751

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 19, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Note No.	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	4	**87,861.72**	90,160.94	77,340.67
Capital work-in-progress		**5,960.64**	3,253.54	6,438.34
Other intangible assets	5	**1,601.01**	1,625.84	2,243.52
Intangible assets under development		**211.42**	349.77	730.89
Financial Assets				
Investments				
Investments in subsidiaries	6	**8,000.61**	8,000.61	14,147.67
Other Investments	6	**365.59**	56.13	46.30
Trade receivables	7	**49,443.33**	43,138.61	35,554.22
Loans	8	**4,436.08**	3,907.97	4,431.80
Others	9	**1,243.12**	1,051.98	208.93
Deferred Tax Assets (Net)	10	**2,068.80**	1,563.51	2,122.51
Other non-current tax assets (Net)	11(a)	**10,777.77**	11,491.08	11,340.45
Other non-current assets	11(b)	**2,168.65**	1,725.07	3,548.46
		174,138.74	166,325.05	158,153.76
Current assets				
Inventories	12	**593.39**	588.97	533.62
Financial Assets				
Investments	13	**9,711.29**	5,788.77	958.26
Trade receivables	14	**90,134.28**	83,338.72	71,014.10
Cash and cash equivalents	15	**15,470.53**	2,558.34	1,298.46
Other bank balances	16	**1,314.10**	85.93	337.94
Loans	17	**4,226.99**	6,671.69	14,660.92
Others	18	**–**	34.10	29.00
Other current assets	19	**3,052.36**	2,929.04	2,507.33
		124,502.94	101,995.56	91,339.63
		298,641.68	268,320.61	249,493.39
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	**8,823.45**	8,805.84	8,802.63
Other equity	21	**58,618.97**	50,253.10	53,144.71
		67,442.42	59,058.94	61,947.34
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Other financial liabilities	22	**101.86**	8.72	504.45
Provisions	23	**859.64**	682.42	497.64
Other non-current liabilities				
Deferred Revenue	24	**187,801.25**	168,932.50	150,866.32
		188,762.75	169,623.64	151,868.41
Current liabilities				
Financial Liabilities				
Borrowings	25	**–**	–	641.21
Trade payables	26	**13,158.53**	12,646.84	11,371.10
Other financial liabilities	27	**6,135.62**	7,160.17	6,143.90
Provisions	28	**161.46**	22.88	17.12
Other current liabilities				
Deferred Revenue	29(a)	**21,680.75**	19,141.39	16,690.70
Others	29(b)	**1,300.15**	666.75	813.61
		42,436.51	39,638.03	35,677.64
		298,641.68	268,320.61	249,493.39

See accompanying notes to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

M. K. Ananthanarayanan
Partner
Membership Number 19521

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Executive Director &
Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 19, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from operations	**30**	**108,872.98**	95,153.40
Other Income	**31**	**1,720.43**	1,240.56
Total Revenue		**110,593.41**	96,393.96
Expenses			
Employee benefits expense	**32**	**22,529.36**	19,470.05
Finance costs	**33**	**2.16**	8.05
Depreciation and amortisation expense	**4 & 5**	**6,053.37**	7,132.62
Other expenses	**34**	**61,914.06**	52,973.99
Total Expenses		**90,498.95**	79,584.71
Profit before tax		**20,094.46**	16,809.25
Tax Expense			
Current tax	**35**	**7,534.55**	4,989.55
Deferred tax	**35**	**(505.29)**	460.29
Total tax expense		**7,029.26**	5,449.84
Profit after tax		**13,065.20**	11,359.41
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit liabilities/(asset)		**(4.48)**	(15.45)
Income taxes related to items that will not be reclassified to profit or loss		**1.55**	5.35
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(2.93)**	(10.10)
Total comprehensive income for the period attributable to:			
Owners of the Company		**13,062.27**	11,349.31
Earnings per equity share (for continuing operation):			
Basic	**36**	**14.82**	12.90
Diluted	**36**	**14.75**	12.87

See accompanying notes to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

M. K. Ananthanarayanan
Partner
Membership Number 19521

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Executive Director & Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 19, 2017

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax for the year	**20,094.46**	16,809.25
Adjustments for:		
Finance costs recognised in profit or loss	**2.16**	8.05
Interest income recognised in profit or loss	**(912.50)**	(769.69)
Dividend income recognised in profit or loss	**(423.46)**	(176.02)
Impairment loss recognised on trade receivables	**2,100.00**	125.00
Depreciation and amortisation of non-current assets	**6,053.37**	7,132.62
Net (Gain)/Loss on disposal of property, plant and equipment	**41.13**	12.11
Net foreign exchange (gain)/loss	**217.22**	(6.90)
Investments carried at FVTPL (gain)/loss	**(9.46)**	(9.82)
Expense recognised in respect of equity-settled share-based payments	**350.98**	348.91
	7,419.44	6,664.26
Operating profit before working capital changes	**27,513.90**	23,473.51
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(16,940.45)**	(23,288.98)
(Increase)/decrease in inventories	**(4.42)**	7.92
Increase/(decrease) in trade and other payables	**511.68**	(6,180.47)
Increase/(decrease) in provisions	**315.80**	190.54
Increase/(decrease) in deferred revenue	**21,408.11**	20,516.87
Increase/(decrease) in other liabilities	**597.15**	1,995.93
Cash generated from operations	**5,887.87**	(6,758.20)
Income taxes paid	**(6,821.23)**	(5,140.18)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**26,580.54**	11,575.13
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Interest received	**912.50**	769.69
Dividend income	**423.46**	176.02
Repayments by related parties	**1,839.08**	7,583.81
Payments for property, plant and equipment	**(7,307.56)**	(9,438.33)
Proceeds from disposal of property, plant and equipment	**28.99**	60.99
Purchase of investment	**(300.00)**	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(4,403.53)**	(847.82)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of borrowings	**–**	(641.21)
Dividends paid to owners of the Company	**(5,340.14)**	(4,273.26)
Interest paid	**(2.16)**	(8.05)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES	**(5,342.30)**	(4,922.52)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**16,834.71**	5,804.78
Cash and cash equivalents at the beginning of the year	**8,347.11**	2,256.72
Add : Acquired on account of amalgamation	**–**	285.60
Cash and cash equivalents at the end of the year	**25,181.82**	8,347.11

See accompanying notes to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

M. K. Ananthanarayanan
Partner
Membership Number 19521

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Executive Director &
Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 19, 2017

STATEMENT OF CHANGES IN EQUITY

(All amounts are in INR Lacs unless otherwise stated)

	Share Capital	Reserves and Surplus						Other Comprehensive Income	Total
Particulars	**Equity Share Capital**	**Capital Reserve**	**Securities Premium Reserve**	**General Reserve**	**Equity-Settled Employee Benefits Reserve**	**Capital Redemption Reserve**	**Retained Earnings**	**Acturial Gain/Loss**	
Balance at the beginning of the reporting period - April 1, 2016	8,805.84	44.75	13,504.51	8,890.18	494.41	145.80	27,183.55	(10.10)	59,058.94
Profit for the year	–	–	–	–	–	–	13,065.20	–	13,065.20
Additions during the year	17.61	–	301.18	(5.82)	350.98	–	–	–	663.95
OCI component of actuarial gains/losses (Net of Taxes)	–	–	–	–	–	–	–	(2.93)	(2.93)
Dividends	–	–	–	–	–	–	(5,342.74)	–	(5,342.74)
Transfer to General reserve	–	–	–	1,500.00	–	–	(1,500.00)	–	–
Balance at the end of the reporting period - March 31, 2017	**8,823.45**	**44.75**	**13,805.69**	**10,384.36**	**845.39**	**145.80**	**33,406.01**	**(13.03)**	**67,442.42**

STATEMENT OF CHANGES IN EQUITY

(All amounts are in INR Lacs unless otherwise stated)

	Share Capital	Reserves and Surplus						Other Comprehensive Income	Total
Particulars	**Equity Share Capital**	**Capital Reserve**	**Securities Premium Reserve**	**General Reserve**	**Equity-Settled Employee Benefits Reserve**	**Capital Redemption Reserve**	**Retained Earnings**	**Acturial Gain /Loss**	
Balance at the beginning of the reporting period - April 1, 2015	8,802.63	14.75	22,527.02	7,673.15	145.50	–	22,784.29	–	61,947.34
Profit for the year	–	–	–	–	–	–	11,359.41	–	11,359.41
Additions during the year	3.21	–	90.45	(0.45)	348.91	–	–	–	442.12
OCI component of actuarial gains/losses	–	–	–	–	–	–	–	(10.10)	(10.10)
Addition/(Deletion) on account of business combination	–	30.00	(9,112.96)	47.48	–	145.80	(1,515.97)	–	(10,405.65)
Dividends	–	–	–	–	–	–	(4,274.18)	–	(4,274.18)
Transfer to General reserve	–	–	–	1,170.00	–	–	(1,170.00)	–	–
Balance at the end of the reporting period - March 31, 2016	8,805.84	44.75	13,504.51	8,890.18	494.41	145.80	27,183.55	(10.10)	59,058.94

See accompanying notes to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

M. K. Ananthanarayanan
Partner
Membership Number 19521

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Executive Director & Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 19, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in INR Lacs unless otherwise stated)

1 Corporate Information

The Company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

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. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2 (xxiii) for the details of first-time adoption exemptions availed by the Company.

(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. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of IND AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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

a. *Revenue from sale of Vacation Ownership*

The Company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

Revenue from Membership fees

Admission fee is recognized as income on admission of a member. Admission fee collected is non refundable.

Entitlement fee, which entitles the members the vacation ownership facilities over the agreed membership period, is recognized as income equally over the tenure of membership (33 years/25 years/10 years or any other tenure applicable to the respective member), commencing from the year of admission of each member. Entitlement fees which will be recognised in future periods are disclosed under Other Liabilities – Deferred revenue – Vacation ownership entitlement fee.

Revenue from Annual subscription fees

Annual subscription fee dues from members are recognized as income on accrual basis and fees pertaining to the period beyond the date of the Balance Sheet is grouped under Other liabilities - Deferred revenue – Annual subscription fee.

Interest income on deferred payment plans

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the agreed rates.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue with respect to instalments/contracts where there is an uncertainty about collectability is deferred at inception (even though the membership is not cancelled). The estimation of such revenues doubtful of recovery has been made by the Company based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

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

c. Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d. Securitised receivables are de-recognised as the contractual rights therein are transferred to the third party. On de-recognition, the excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation. No such transactions have been entered in the current year as well as in the previous year warranting a different treatment under Ind AS. Refer Note 2 (xxiii) for the details of first-time adoption exemption availed by the Company in this regard.

e. Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(iv) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit

(All amounts are in INR Lacs unless otherwise stated)

or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see note 2 (vi) below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Rental expense pertaining to properties taken on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are accrued.

Refer Note 2(xxiii)(h) for the first time adoption choice elected by the Company with respect to leases.

(v) Foreign currencies

The financial statements of the Company are presented in Indian Rupees (INR), which is the Company's functional currency. In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(vi) 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.

(vii) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the group in respect of services provided by employees upto the reporting date.

(viii) Share based payment arrangements

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Refer Note 2(xxiii)(f) for the first time adoption choice elected by the Company regarding share based payments.

(ix) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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.

(All amounts are in INR Lacs unless otherwise stated)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates and the tax laws enacted or substantively enacted as at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively

(x) Property, plant and equipment

Land and buildings held for use in the supply or production 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 supply, production 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, on the same basis as other property assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Leasehold Building	Period of lease
Buildings (other than those mentioned below)	60 years
Floating cottages (grouped under buildings)	25 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Furniture and Fixtures (in Club Mahindra Holiday World)	3 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.

Refer Note 2(xxiii)(d) for the first time adoption choices elected by the Company regarding property, plant and equipment.

(xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Category of Asset	Estimated useful lives
Software and website development costs	3 years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Refer Note 2(xxiii)(d) for the first time adoption choices elected by the Company regarding intangible assets.

(xii) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased

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carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; or

(d) a contract that will or may be settled in the Company's own equity instruments and is:

(i) a non-derivative for which the Company is or may be obliged to receive a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt

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

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.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

A debt instrument that meets the amortised 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 recognising 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.

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Equity instruments at 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 net gain or loss recognized in profit or loss incorporates any dividend earned on the financial asset and is included under 'Other income'. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established and the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses considering the nature of industry and the deferred payment schemes operated.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognized in profit or loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

(xvii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation:

   (i) to deliver cash or another financial asset to another entity; or

   (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

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(b) a contract that will or may be settled in the Company's own equity instruments and is:

(i) a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Company's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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:

a) it has been incurred principally for the purpose of repurchasing it in the near term; or

b) 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

c) 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:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) 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

c) 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'/'Other expenses' line item as appropriate.

However, for financial liabilities not held-for-trading that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised 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'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Refer Note 2(xxiii)(a), (b) and (c) for the first time adoption choices elected by the Company with respect to financial instruments.

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(xviii) 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 from operating activities 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.

(xix) 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.

(xx) Insurance Claims

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

(xxi) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilizing the credits.

(xxii) Operating cycle

Based on the nature of services/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(xxiii) First-time adoption – mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain mandatory exception and certain optional exemptions availed by the Company as detailed below

a. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

b. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

c. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

d. Deemed cost for property, plant and equipment and intangible assets

The Company has not elected the exemption of previous GAAP carrying value for its Property, Plant and Equipment and Intangible Assets recognized as of April 1, 2015 (transition date) as deemed cost. Consequently, these items are carried at values arrived at by applying the Ind AS retrospectively.

e. Past business combinations

The Company has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

f. Share based payments

The Company has availed the exemption to adopt Ind AS 102 Share based payment, for all options that have not vested as on the transition date.

g. Investments in subsidiaries and joint ventures

The Company has availed the exemption to exercise the option of considering Indian GAAP carrying amount as deemed cost under Ind AS as on transition date.

h. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date. The Company does not have any arrangements that contain a lease.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

a. Share based payments

The entity initially measures the cost of equity settled transactions with employees using the Black Scholes model to determine the

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fair value of the options granted. Estimating the fair value of the share options granted require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for the share based payment transactions are disclosed under Note 20.

b. Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the gratuity obligation are disclosed under Note 43.

c. Intangible assets under development

The Company capitalizes intangibles underdevelopment in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

d. Life time Expected credit losses

Life time expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward-looking information on collection .

e. Estimation towards revenue deferred at inception

The quantum of revenue deferred at inception is computed based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

Note No. 4 - Property Plant and Equipment

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment - Freehold**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles - Freehold**	**Total**
I. Gross Block								
Balance as at 1 April, 2016	15,681.68	63,789.27	156.09	20,787.97	2,289.98	15,162.18	1,101.17	118,968.34
Additions	438.87	455.76	–	1,539.55	122.61	224.74	99.96	2,881.49
Disposals	–	(157.46)	–	(363.71)	(40.98)	(223.99)	(74.89)	(861.03)
Others (reclassification)	–	(5.96)	–	(17.36)	10.51	12.46	0.35	–
Balance as at 31 March, 2017	**16,120.55**	**64,081.61**	**156.09**	**21,946.45**	**2,382.12**	**15,175.39**	**1,126.59**	**120,988.80**
II. Accumulated depreciation								
Balance as at 1 April, 2016	–	6,625.72	113.30	10,376.59	1,861.47	9,381.87	448.45	28,807.40
Depreciation/amortisation expense for the year	–	1,266.27	42.79	2,091.32	172.71	1,405.23	132.27	5,110.59
Eliminated on disposal of assets	–	(138.08)	–	(329.47)	(40.82)	(219.88)	(62.66)	(790.91)
Others (reclassification)	–	(0.92)	–	(11.87)	6.42	6.24	0.13	–
Balance as at 31 March, 2017	**–**	**7,752.99**	**156.09**	**12,126.57**	**1,999.78**	**10,573.46**	**518.19**	**33,127.08**
Net block (I-II)								
Balance as at 31st March, 2017	**16,120.55**	**56,328.62**	**–**	**9,819.88**	**382.34**	**4,601.93**	**608.40**	**87,861.72**
Balance as at 31st March, 2016	15,681.68	57,163.55	42.79	10,411.38	428.51	5,780.31	652.72	90,160.94

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment - Freehold**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles - Freehold**	**Total**
I. Gross Block								
Balance as at 1 April, 2015	10,712.82	53,913.95	156.09	18,434.56	2,274.97	13,676.46	917.03	100,085.88
Additions	4,123.93	5,184.26	–	1,621.02	134.18	998.08	167.45	12,228.92
Acquisitions through business combinations	844.93	4,732.79	–	1,105.16	8.40	794.93	50.74	7,536.95
Disposals	–	(41.73)	–	(372.77)	(127.57)	(307.29)	(34.05)	(883.41)
Others (reclassification)	–	–	–	(7.16)	(37.07)	44.23	–	–
Balance as at 31 March, 2016	**15,681.68**	**63,789.27**	**156.09**	**20,787.97**	**2,289.98**	**15,162.18**	**1,101.17**	**118,968.34**
II. Accumulated depreciation								
Balance as at 1 April, 2015	–	4,953.57	110.95	7,900.66	1,808.07	7,661.21	310.75	22,745.21
Depreciation/amortisation expense for the year	–	1,212.27	2.35	2,316.93	213.05	1,631.60	132.39	5,508.59
Acquisitions through business combinations	–	467.99	–	478.93	3.87	381.10	32.03	1,363.92
Eliminated on disposal of assets	–	(8.08)	–	(345.54)	(126.26)	(303.71)	(26.72)	(810.31)
Others (reclassification)	–	(0.03)	–	25.61	(37.26)	11.67	–	(0.01)
Balance as at 31 March, 2016	–	6,625.72	113.30	10,376.59	1,861.47	9,381.87	448.45	28,807.40
Net block (I-II)								
Balance as at 31st March, 2016	15,681.68	57,163.55	42.79	10,411.38	428.51	5,780.31	652.72	90,160.94
Balance as at 1st April, 2015	10,712.82	48,960.38	45.14	10,533.90	466.90	6,015.25	606.28	77,340.67

(All amounts are in INR Lacs unless otherwise stated)

Note No. 5 - Other Intangible Assets

Description of Assets	**Computer Software & Website development cost**	**Total**
I. Gross Block		
Balance as at 1 April, 2016	5,863.24	5,863.24
Additions	917.95	917.95
Balance as at 31 March, 2017	**6,781.19**	**6,781.19**
II. Accumulated depreciation		
Balance as at 1 April, 2016	4,237.40	4,237.40
Amortisation expense for the year	942.78	942.78
Balance as at 31 March, 2017	**5,180.18**	**5,180.18**
Net block (I-II)		
Balance as at 31st March, 2017	1,601.01	1,601.01
Balance as at 31st March, 2016	1,625.84	1,625.84

Description of Assets	**Computer Software & Website development cost**	**Total**
I. Gross Block		
Balance as at 1 April, 2015	4,856.88	4,856.88
Additions	1,006.36	1,006.36
Balance as at 31 March, 2016	5,863.24	5,863.24
II. Accumulated depreciation		
Balance as at 1 April, 2015	2,613.36	2,613.36
Amortisation expense for the year	1,624.04	1,624.04
Balance as at 31 March, 2016	4,237.40	4,237.40
Net block (I-II)		
Balance as at 31st March, 2016	1,625.84	1,625.84
Balance as at 1st April, 2015	2,243.52	2,243.52

Note No. 6 - Non-Current Investment

	Face value	Currency	**As At March 31, 2017**		As At March 31, 2016		As At April 1, 2015	
			Quantity	**Amount**	Quantity	Amount	Quantity	Amount
Unquoted Investments at Cost (fully paid)								
In Equity Instruments of Subsidiaries								
Heritage Bird (M) Sdn. Bhd.	1	MYR	**300,002**	**40.27**	300,002	40.27	300,002	40.27
Mahindra Hotels and Residences India Ltd.	10	INR	**49,994**	**5.00**	49,994	5.00	49,994	5.00
Divine Heritage Hotels Private Limited	10	INR	**–**	**–**	–	–	700,000	924.98
Gables Promoters Private Limited	10	INR	**49,678,600**	**5,011.64**	49,678,600	5,011.64	13,200,000	1,363.78
Holiday on Hills Resort Private Limited	10	INR	**–**	**–**	–	–	1,000,000	4,387.39
MH Boutique Hospitality Limited	100	THB	**49,000**	**95.38**	49,000	95.38	49,000	95.38
Infinity Hospitality Group Company Limited	100	THB	**734,850**	**2,681.11**	734,850	2,681.11	734,850	2,681.11
Competent Hotels Private Limited	100	INR	**–**	**–**	–	–	308,300	4,482.54
MHR Holdings (Mauritius) Limited	1	EUR	**145,000**	**115.10**	145,000	115.10	145,000	115.11
Arabian Dreams Hotel Aparments LLC	100	AED	**147**	**52.11**	147	52.11	147	52.11
				8,000.61		8,000.61		14,147.67
Unquoted Investments at FVTPL (fully paid)								
In Equity Instruments of other entities								
Mahindra World City Developers Ltd.	10	INR	**1**	**0.00**	1	0.00	1	0.00
Mahindra Hotels and Resorts Limited (cost of investment INR 1/-)	10	INR	**20,011**	**0.00**	20,011	0.00	20,011	0.00
Nreach Online Services Private Limited (acquired during the year)	10	INR	**5,738**	**300.00**	–	–	–	–
In Preference Instruments of other entities								
Guestline Hospitality Management and Development Services Limited	10	INR	**25,000**	**65.59**	25,000	56.13	25,000	46.30
(25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10/- each)								
				365.59		56.13		46.30
				8,366.20		8,056.74		14,193.97

Notes:

a) The preference shares of Guestline Hospitality Management and Developmnent Services Limited can be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz. 14.01.2003 or at the option of the holder be convertible into fully paid equity shares of the face value of INR 10 each anytime after thirty six months from the date of allotment.

b) During the year, 5,738 equity shares of INR 10 each were alloted at par by Nreach Online Services Private Limited.

c) Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

(All amounts are in INR Lacs unless otherwise stated)

Note No. 7 - Non-Current Trade Receivables

(Unsecured)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Considered good	**49,443.33**	43,138.61	35,554.22
Doubtful	**–**	5,002.25	8,081.52
Less: Allowance for Credit Losses	**–**	(5,002.25)	(8,081.52)
	49,443.33	43,138.61	35,554.22

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 8 - Non-Current Loans

(Unsecured, Considered good)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Security Deposits	**3,744.54**	3,133.53	3,623.48
Loans to related parties (refer note no 51)	**691.54**	774.44	808.32
	4,436.08	3,907.97	4,431.80

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 9 - Other Non-Current Financial Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Financial assets at amortised cost			
Bank deposit with more than 12 months maturity	**167.53**	143.05	34.77
	167.53	143.05	34.77
Other Financial assets at FVTPL			
Guarantee commission receivable	**1,075.59**	908.93	174.16
	1,075.59	908.93	174.16
	1,243.12	1,051.98	208.93

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 10 - Deferred Tax Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**7,519.88**	7,173.69	6,526.39
Fair valuation of financial assets	**14.55**	12.38	10.11
Tax effect of items constituting deferred tax assets			
Employee Benefits	**353.39**	228.26	178.15
Provision for Doubtful Debts/ Advances	**9,220.49**	8,493.72	8,450.46
Fair valuation of financial assets	**29.36**	27.60	30.40
Net Tax Asset/(Liabilities)	**2,068.81**	1,563.51	2,122.51

Note No. 11(a) - Other Non-Current Tax Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Advance Income tax	**10,777.76**	11,491.08	11,340.45
(Net of provisions up to the reporting date)			
	10,777.76	11,491.08	11,340.45

Note No. 11(b) - Other Assets Non-Current

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Capital Advances	**1,182.67**	831.02	2,423.36
Prepayments	**489.45**	481.51	743.57
Duty paid under protests	**496.53**	412.54	381.53
	2,168.65	1,725.07	3,548.46

Note No. 12 - Inventories

(At lower of cost and net realisable value)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Food, beverages and smokes	**107.61**	104.65	103.43
Operating supplies	**485.78**	484.32	430.19
	593.39	588.97	533.62
Cost of food, beverages and smokes recognised as an expense during the year (Refer Note 34)	**3,419.02**	3,286.11	2,635.36

(All amounts are in INR Lacs unless otherwise stated)

Note No. 13 - Current Investments

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	Quantity in Units	**Amount**	Quantity in Units	Amount	Quantity in Units	Amount
Unquoted Investments at FVTPL (all fully paid)						
Investments in Mutual Funds						
Birla Sun Life Floating Rate Fund - STP - Reg - Dly Dividend	**631,766**	**631.89**	602,246	602.59	–	–
ICICI Prudential Liquid - Reg - Dly Dividend	**–**	**–**	769,568	770.33	–	–
ICICI Prudential Flexible Income Plan - Reg - Dly Dividend	**1,229,352**	**1,299.87**	–	–	–	–
Birla Sun Life Savings Fund	**–**	**–**	–	–	200,463	201.06
DWS Ultra Short Term Fund	**–**	**–**	–	–	2,095,991	209.97
ICICI Prudential Liquid - Reg - DDRE	**420,481**	**420.90**	–	–	125,448	125.57
Franklin India Ultra Short Bond Fund - SIP - DDRE	**–**	**–**	–	–	2,109,683	212.64
Franklin India Ultra Short Bond Fund - Super IP - Dly Dividend	**2,575,089**	**259.62**	–	–	–	–
Reliance Medium Term Fund - DDRE	**–**	**–**	–	–	1,222,641	209.02
Kotak Treasury Advantage Fund - Dly Dividend	**10,285,597**	**1,036.77**	–	–	–	–
Kotak Floater - ST - Reg - Dly Dividend	**114,441**	**1,157.71**	145,618	1,473.10	–	–
HDFC Liquid Fund - Dly Dividend	**113,415**	**1,156.62**	144,418	1,472.80	–	–
HDFC F R I F - STF - WP - Daily Dividend	**12,879,068**	**1,298.33**	–	–	–	–
Tata Liquid Fund - Reg - Dly Dividend	**37,360**	**416.38**	68,762	766.37	–	–
Tata Money Market Fund - Reg - Dly Dividend	**73,535**	**736.46**	70,157	702.64	–	–
Tata Floater Fund - Reg - Dly Dividend	**103,469**	**1,038.34**	–	–	–	–
IDFC Ultra Short Term Fund - Reg - Dly Dividend	**2,565,783**	**258.40**	–	–	–	–
ICICI Liquid Plan Retail Growth	**–**	**–**	268	0.94	–	–
	31,029,355	**9,711.29**	1,801,038	5,788.77	5,754,226	958.26

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 14 - Trade Receivables

(Unsecured)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Due for greater than six months			
Considered good	**30,804.89**	30,337.85	29,826.35
Doubtful	**7,799.95**	3,623.87	6,875.33
Less: Allowance for Credit Losses	**(7,799.95)**	(3,623.87)	(6,875.33)
Due for less than six months and within the next one year			
Considered good	**59,329.39**	53,000.87	41,187.75
Doubtful	**–**	6,131.85	9,335.86
Less: Allowance for Credit Losses	**–**	(6,131.85)	(9,335.86)
	90,134.28	83,338.72	71,014.10

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 15 - Cash and Bank Balances

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Balances with banks	**1,503.73**	2,400.85	1,233.82
Cash on hand	**66.80**	78.52	64.64
Bank Deposits with less than 3 months maturity	**13,900.00**	78.97	–
	15,470.53	2,558.34	1,298.46

Note No. 16 - Other Bank Balances

	As At March 31, 2017	As At March 31, 2016	As At April 1, `2015
Earmarked balances with banks	**6.01**	3.41	3.25
Bank Deposits maturity greater than three months and less than twelve months	**1,308.09**	82.52	334.69
	1,314.10	85.93	337.94

Note No. 17 - Loans

(Unsecured, Considered good)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Loans to related parties (refer note no 51)	**4,204.62**	6,652.88	14,637.46
Other Loans including employee advances	**22.37**	18.81	23.46
	4,226.99	6,671.69	14,660.92

Refer Note Nos. 4 4 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

(All amounts are in INR Lacs unless otherwise stated)

Note No. 18 - Other Current Financial Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Financial assets at amortised cost			
Insurance claims receivable	**–**	34.10	29.00
	–	34.10	29.00

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 19 - Other Current Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
With Government authorities (excludng income taxes)	**47.32**	425.57	9.58
Prepayments	**1,384.25**	1,325.79	1,433.45
Advance to suppliers:			
Considered good	**1,267.20**	1,177.68	1,064.30
Considered doubtful	**250.00**	250.00	125.00
Less: Provision for doubtful advances	**(250.00)**	(250.00)	(125.00)
Advance to related parties (refer Note No. 51)	**353.59**	–	–
	3,052.36	2,929.04	2,507.33

Note No. 20 - Equity Share Capital

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of Rs. 10 each with voting rights	**100,000,000**	**10,000.00**	100,000,000	10,000.00	100,000,000	10,000.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**88,780,856**	**8,878.09**	88,780,856	8,878.09	88,780,856	8,878.09
Treasury Shares (par value)	**(546,360)**	**(54.64)**	(722,438)	(72.25)	(754,605)	(75.46)
	88,234,496	**8,823.45**	88,058,418	8,805.84	88,026,251	8,802.63

Treasury shares represents equity shares of INR 10/- each fully paid up alloted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ('ESOP Trust') but not exercised by employees.

20 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) The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

iii) For the year ended March 31, 2017, the amount of dividend proposed to be distributed to equity shareholders is Rs. 4,441.79 lacs at Rs. 5 per share (Previous year Rs. 4,439.04 lacs at Rs. 5 per share).

iv) Repayment of capital will be in proportion to the number of equity shares held.

20 b) Shares in the Company held by Holding Company

Name of shareholder	**No. of shares**	**% held as at 31-Mar-17**	No. of shares	% held as at 31-Mar-16	No. of shares	% held as at 01-Apr-15
Mahindra & Mahindra Limited (Holding Company)	**59,927,077**	**67.50%**	66,585,642	75.00%	66,585,642	75.00%

20 c) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	**No. of shares**	**% held as at 31-Mar-17**	No. of shares	% held as at 31-Mar-16	No. of shares	% held as at 01-Apr-15
Mahindra & Mahindra Limited	**59,927,077**	**67.50%**	66,585,642	75.00%	66,585,642	75.00%
HDFC Trustee Company	**4,758,654**	**5.36%**	80,000	0.09%	–	0.00%

20 d) The reconciliation of the number of shares outstanding as at March 31, 2017, March 31, 2016 and March 31, 2015 is set out below:-

	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
Particulars	**No. of Shares**	**In Rs. Lacs**	No. of Shares	In Rs. Lacs	No. of Shares	In Rs. Lacs
Number of shares at the beginning	**88,058,418**	**8,805.84**	88,026,251	8,802.63	88,026,251	8,802.63
Add: Shares issued on exercise of employee stock options	**176,078**	**17.61**	32,167	3.21	–	–
Number of shares at the end	**88,234,496**	**8,823.45**	88,058,418	8,805.84	88,026,251	8,802.63

(All amounts are in INR Lacs unless otherwise stated)

20 e) The Board of Directors at its meeting held on May 19, 2017 approved issue of Bonus Shares in the proportion of 1:2, i.e. (One) bonus equity share of Rs. 10/- each for 2 (Two) fully paid-up equity shares as on the Record Date (being informed separately), subject to the approval of the Members of the Company.

20 f) i) Under the Employee Stock Option Scheme ("ESOS 2006") equity shares are allotted to the ESOP Trust set up by the Company. The ESOP Trust holds these shares for the benefit of the eligible employees/directors as defined under the scheme and transfers these shares to them as per the recommendation of the remuneration committee.

ii) The Company formulated the Employee Stock Option Scheme ("ESOS 2014"), under which the Company has the option to issue and allot the shares either directly to the eligible employees/directors or through the ESOP Trust. To the extent allotted, ESOP Trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.

iii) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.
	ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
Method of Settlement	By issue of shares at Exercise Price.

Particulars	**Date of Grant**	**Exercise price (in Rs.)**	**Average Exercise Price (in Rs.)**	**Vesting period (in Yrs)**	**No. of options granted**	**Contractual life**	**Vesting condition**	**No. of options exercisable in each tranche**
Grant I (ESOS 2006)	15/07/2006	16.00	6.00	5	759,325	6 yrs from the date of grant	refer note (a) below	Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant II (ESOS 2006)	30/03/2007	52.00	19.50	4	122,235	5 yrs from the date of each vesting	25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant III (ESOS 2006)	11/01/2007	52.00	19.50	4	56,700			
Grant V (ESOS 2006)**	11/01/2008	52.00	52.00	4	261,590			
Grant VI (ESOS 2006)#	21/02/2012	370.00	370.00	4	400,000			
Grant VII (ESOS 2006)##	21/02/2012	323.00	–	4	186,500			
Grant VIII (ESOS 2006)**	21/02/2013	323.00	323.00	4	130,000			
Grant IX (ESOS 2006)**	29/01/2014	253.00	253.00	4	35,000			
Grant I (ESOS 2014)	22/01/2015	264.00	–	4	620,000			refer note (b) below
Grant II (ESOS 2014)**	27/10/2015	365.00	–	4	110,000			
Grant III (ESOS 2014)	18/02/2016	370.00	–	4	200,000			
Grant IV (ESOS 2014)	31/01/2017	406.00	–	4	80,000			

Note (a) 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

Note (b) Minimum of 100 and a maximum of all the options vested but not exercised till that date.

iv) Summary of Stock options (including bonus shares)

Particulars	**Date of Grant**	**Options outstanding as on 1.4.2016**	**Options granted during the year**	**Options vested during the year**	**Options exercised during the year**	**Options lapsed during the year**	**Options outstanding as on 31.03.2017**	**Options vested but not exercised**
Grant I (ESOS 2006)	15/07/2006				Closed			
Grant II (ESOS 2006)	30/03/2007				Closed			
Grant III (ESOS 2006)	11/01/2007	2,117	–	–	2,117	–	–	–
Grant V (ESOS 2006)**	11/01/2008	7,940	–	–	1,511	2,828	3,601	3,601
Grant VI (ESOS 2006)#	21/02/2012	175,000	–	–	158,000	–	17,000	17,000
Grant VII (ESOS 2006)##	21/02/2012	94,250	–	–	–	–	94,250	94,250
Grant VIII (ESOS 2006)**	21/02/2013	130,000	–	32,500	9,000	–	121,000	121,000
Grant IX (ESOS 2006)**	29/01/2014	5,450	–	–	5,450	–	–	–
Grant I (ESOS 2014)	22/01/2015	620,000	–	150,000	–	15,000	605,000	305,000
Grant II (ESOS 2014)**	27/10/2015	110,000	–	27,500	–	–	110,000	27,500
Grant III (ESOS 2014)	18/02/2016	200,000	–	50,000	–	–	200,000	50,000
Grant IV (ESOS 2014)	31/01/2017	–	80,000	–	–	–	80,000	–
Total		1,344,757	80,000	260,000	176,078	17,828	1,230,851	618,351

** Issued out of lapsed options.

Out of the above 90,000 shares has been issued out of lapsed options.

Out of the above 86,500 shares has been issued out of lapsed options.

(All amounts are in INR Lacs unless otherwise stated)

(a) The Company has availed the exemption under Ind AS 101 First time Adoption, and has applied the accounting principles of Ind AS 102 only for ESOPs outstanding as of the transition date (April 1, 2015). Accordingly, the Employee compensation cost has been computed based on the fair values of the options granted for Grant VI (ESOS 2006), Grant VII (ESOS 2006), Grant VIII (ESOS 2006), Grant IX (ESOS 2006), Grant I (ESOS 2014), Grant II (ESOS 2014).

(b) The fair value of options as certified by independent valuer as of the respective dates of grant i.e. 21st February 2012 is Rs. 113.81 for Grant VI (ESOS 2006), Rs. 129.93 for Grant VII (ESOS 2006), 21st February 2013 is Rs. 94.43 for Grant VIII (ESOS 2006), 29th January 2014 is Rs. 83.75 for Grant IX (ESOS 2006), 22nd January 2015 is Rs. 97.24 for Grant I (ESOS 2014), 27th October 2015 is Rs. 158.85 for Grant II (ESOS 2014), 18th February 2016 is Rs. 126.91 for Grant III (ESOS 2014) and 31st January 2017 is Rs. 150.35 for Grant IV (ESOS 2014).

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Grant details	Grant Date	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Grant VI & VII (ESOS 2006)	21/02/2012	8.00%	6.00	33%	Rs. 4.00
Grant VIII (ESOS 2006)	21/02/2013	7.78%	3.50	31%	1.38%
Grant IX (ESOS 2006)	29/01/2014	8.81%	3.50	29%	1.66%
Grant I (ESOS 2014)	22/01/2015	7.74%	3.50	29%	1.48%
Grant II (ESOS 2014)	27/10/2015	7.52%	3.50	30%	1.01%
Grant III (ESOS 2014)	18/02/2016	7.51%	3.50	34%	1.15%
Grant IV (ESOS 2014)	31/01/2017	6.40%	3.50	35%	1.22%

v) The following options have been exercised directly (not through the ESOP trust) post March 31, 2017 till the date of the Board Meeting:

Grant III (ESOS 2014)	50,000 Options
Grant I (ESOS 2014)	5,000 Options

Note No. 21 - Other Equity

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
General reserve	**10,384.36**	8,890.18	7,673.15
Securities premuim reserve	**13,805.69**	13,504.51	22,527.02
Share options outstanding account	**845.39**	494.41	145.50
Retained earnings	**33,406.01**	27,183.55	22,784.29
Capital reserve	**44.75**	44.75	14.75
Capital redemption reserve	**145.80**	145.80	–
Other Comprehensive Income- Acturial Gain/Loss	**(13.03)**	(10.10)	–
	58,618.97	50,253.10	53,144.71

Note No. 22 - Other Non-Current Financial Liabilities

(At amortised cost)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Retention Money	**101.86**	8.72	504.45
	101.86	8.72	504.45

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 23 - Non-Current Provisions

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for employee benefits - Leave Encashment	**859.64**	682.42	497.64
	859.64	682.42	497.64

Note No. 24 - Other Non-Current Liabilities

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Deferred Revenue - Entitlement fee	**187,801.25**	168,932.50	150,866.32
	187,801.25	168,932.50	150,866.32

Note No. 25 - Current Borrowings

(Secured)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Cash Credit From Banks	**–**	–	641.21
	–	–	641.21

Cash credit from banks are secured by an exclusive charge on inventories, receivables and other moveable assets, both present and future

Note No. 26 - Trade Payables

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Trade payable for goods & services	**12,968.92**	12,485.79	11,142.08
Trade payable for salaries and wages	**189.61**	161.05	229.02
	13,158.53	12,646.84	11,371.10

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 27 - Other Current Financial Liabilities

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Creditors for capital supplies/ services	**642.43**	1,323.29	2,367.61
Guarantee liability	**653.81**	908.93	174.16
Commission payable to non-whole time directors	**184.00**	175.00	100.00
Unpaid Dividends*	**6.01**	3.41	2.49
Other payables	**4,649.37**	4,749.54	3,499.64
	6,135.62	7,160.17	6,143.90

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31st, 2017.
Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

(All amounts are in INR Lacs unless otherwise stated)

Note No. 28 - Provisions

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for employee benefits - Leave Encashment	**161.46**	22.88	17.12
	161.46	22.88	17.12

Note No. 29(a) - Deferred Revenue

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Deferred Revenue - Entitlement fee	**10,949.42**	9,646.27	8,517.78
Deferred Revenue - Annual subscription fee	**10,731.33**	9,495.12	8,172.92
	21,680.75	19,141.39	16,690.70

Note No. 29(b) - Other Current Liabilities

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Gratuity	**15.94**	4.30	82.04
Taxes (excluding income taxes) and other statutory dues	**1,284.21**	662.45	731.57
	1,300.15	666.75	813.61

Note No. 30 - Revenue from Operations

	Year ended March 31, 2017	Year ended March 31, 2016
Income from operations		
Revenue from sale of vacation ownership	**59,882.27**	53,911.24
Income from resorts :		
Room rentals	**3,446.31**	3,032.27
Food and beverages	**11,614.91**	10,545.17
Wine and liquor	**373.94**	346.75
Others	**3,600.64**	3,349.23
Annual subscription fee	**21,007.44**	17,296.75
	99,925.51	88,481.41
Other operating revenue		
Interest income on instalment sales	**8,868.46**	6,590.06
Miscellaneous income	**79.01**	81.93
	8,947.47	6,671.99
	108,872.98	95,153.40

Note No. 31 - Other Income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income on Financial Assets at Amortised Cost		
On deposits with bank	**417.58**	54.78
On loans/deposits with related parties	**494.92**	714.91
Others	**159.85**	109.44
Dividend Income		
Dividend income from current investments	**423.46**	176.02
Net foreign exchange gain	**–**	6.90
Net gain arising on financial assets designated as at FVTPL	**9.46**	9.83
Guarantee Commission from related parties (refer Note No. 51)	**213.76**	155.06
Others	**1.40**	13.62
	1,720.43	**1,240.56**

Note No. 32 - Employee Benefits Expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages, including bonus	**19,488.75**	16,873.69
Contribution to Provident and other funds	**1,043.66**	794.34
Equity-settled share-based payments	**350.98**	348.91
Staff welfare expenses	**1,645.97**	1,453.11
	22,529.36	19,470.05

Note No. 33 - Finance Cost

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on short term borrowings	**2.16**	8.05
	2.16	**8.05**

Note No. 34 - Other Expenses

	Year ended March 31, 2017		Year ended March 31, 2016	
Cost of food, beverages and smokes consumed				
Opening stock	**104.65**		103.43	
Add: Purchases	**3,421.98**		3,287.33	
Less: Closing stock	**107.61**		104.65	
		3,419.02		3,286.11
Operating supplies		**3,540.35**		3,438.09
Power & Fuel		**3,576.34**		3,265.25
Rent including lease rentals		**8,344.91**		7,488.97
Rates and taxes		**928.14**		396.16
Insurance		**258.88**		198.49
Repairs and maintenance				
Buildings		**904.27**		939.68
Plant & equipment		**371.23**		286.00
Others		**3,139.67**		2,640.50
Advertisement		**956.90**		1,395.76
Sales promotion expenses		**18,234.64**		15,386.40
Travelling and Conveyance Expenses		**2,060.47**		1,873.83
Commission, discounts and rebates		**4,988.24**		3,957.93
Provision for doubtful trade and other receivables, loans		**2,100.00**		125.00

(All amounts are in INR Lacs unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Net loss/(gain) on foreign currency transactions ...	**217.22**	–
Auditors remuneration and out-of-pocket expenses		
For Statutory audit	**53.00**	53.00
For Other services	**39.23**	38.36
For reimbursement of expenses	**0.64**	0.72
Directors' fees	**44.92**	42.30
Commission to non whole time directors	**184.00**	175.00
Legal and other professional costs	**2,456.89**	2,188.26
Communication	**1,194.74**	1,014.97
Software charges	**262.62**	254.02
Service charges	**2,028.00**	1,991.90
Bank and collection charges	**1,234.60**	957.63
Corporate Social Responsibilty (CSR) expenditure (refer note no 46)	**288.00**	280.15
Loss on sale of property, plant and equipment	**41.13**	12.11
Miscellaneous	**1,046.01**	1,287.40
	61,914.06	52,973.99

Note No. 35 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax:		
In respect of current year	**7,534.55**	4,989.55
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(505.29)**	460.29
Total income tax expense on continuing operations	**7,029.26**	5,449.84

(b) Income tax recognised in other Comprehensive income

	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax		
Remeasurement of defined benefit obligations	**1.55**	5.35
	1.55	5.35
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(1.55)**	(5.35)
	(1.55)	(5.35)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	**20,094.46**	16,809.25
Income tax expense calculated at 34.608%......	**6,954.29**	5,817.35
Effect of income that is exempt from taxation	**(146.55)**	(60.92)
Effect of expenses that is non-deductible in determining taxable profit..................................	**221.52**	165.96
Effect of recognition of tax effect of previously unrecognised deferred tax liabilities on business combination	**–**	491.72
Effect of recognition of tax effect of carry forward losses now adjusted against current tax on business combination	**–**	(964.27)
Income tax expense recognised In profit or loss from continuing operations.....................	**7,029.26**	5,449.84

The tax rate used for the March 31, 2017 and March 31, 2016 reconciliations above is at the corporate tax rate of 30% plus surcharges and cess (applicable rate @ 34.608%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

	For the Year ended March 31, 2017				
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Acquired in Business Combination**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	**(7,173.69)**	**(346.20)**	**–**	**–**	**(7,519.89)**
Fair valuation of financial assets	**(12.38)**	**(2.17)**	**–**	**–**	**(14.55)**
	(7,186.07)	**(348.37)**	**–**	**–**	**(7,534.44)**
Tax effect of items constituting deferred tax assets					
Employee Benefits	**228.26**	**125.13**	**–**	**–**	**353.39**
Provision for Doubtful Debts/Advances	**8,493.72**	**726.77**	**–**	**–**	**9,220.49**
Fair valuation of financial assets	**27.60**	**1.76**	**–**	**–**	**29.36**
	8,749.58	**853.66**	**–**	**–**	**9,603.24**
Net Tax Asset (Liabilities)	**1,563.51**	**505.29**	**–**	**–**	**2,068.80**

(All amounts are in INR Lacs unless otherwise stated)

	For the Year ended March 31, 2016				
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Acquired in Business Combination**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	(6,526.39)	(548.59)	–	(98.71)	(7,173.69)
Fair valuation of financial assets	(10.11)	(2.27)	–	–	(12.38)
	(6,536.50)	(550.86)	–	(98.71)	(7,186.07)
Tax effect of items constituting deferred tax assets					
Employee Benefits	178.15	50.11	–	–	228.26
Provision for Doubtful Debts/Advances	8,450.46	43.26	–	–	8,493.72
Fair valuation of financial assets	30.40	(2.80)	–	–	27.60
	8,659.01	90.57	–	–	8,749.58
Net Tax Asset (Liabilities)	2,122.51	(460.29)	–	(98.71)	1,563.51

Note No. 36 - Earnings per Share

	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic Earnings per share		
From continuing operations	**14.82**	12.90
Diluted Earnings per share		
From continuing operations	**14.75**	12.87

Basic earnings per share

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year after tax attributable to owners of the Company	**13,065.20**	11,359.41
Weighted average number of equity shares (in Lacs)	**881.49**	880.35
Earnings per share from continuing operations - Basic	**14.82**	12.90

Diluted earnings per share

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year after tax attributable to owners of the Company	**13,065.20**	11,359.41
Weighted average number of equity shares (in Lacs)	**885.49**	882.94
Earnings per share from continuing operations - Diluted	**14.75**	12.87

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**881.49**	880.35
Add: Effect of ESOPs	**4.00**	2.59
Weighted average number of equity shares used in the calculation of Diluted	**885.49**	882.94

Note No. 37 - Leases

The Company has taken certain properties under operating leases with varying lease terms, cancellable at the option of the Company. The future minimum lease payments (within the lock-in period) are given below.

	Year ended March 31, 2017	Year ended March 31, 2016
Future minimum lease commitments (within the lock-in period)		
not later than one year	**4,724.83**	3,456.10
later than one year and not later than five years	**11,837.51**	10,665.74
later than five years	**2,756.05**	964.60
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**6,323.69**	7,488.97

Note No. 38 - Value of imports calculated on CIF basis

	Year ended March 31, 2017	Year ended March 31, 2016
Capital goods	**47.33**	106.09

Note No. 39 - Expenditure in foreign currency

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries	**626.24**	546.79
Travel	**81.10**	85.07
Consultancy	**31.62**	91.12
Marketing expenses	**686.21**	856.81
Lease rent	**2,089.02**	1,392.55
Others	**495.74**	332.84

Note No. 40 - Earnings in foreign currency

	Year ended March 31, 2017	Year ended March 31, 2016
Room rentals and restaurant sales	**40.94**	42.99
Interest (including Inter corporate deposits, loan & advances to subsidiaries)	**457.83**	445.36
Other receipts in foreign currency	**3.68**	139.98

(All amounts are in INR Lacs unless otherwise stated)

Note No. 41 - Details of consumption of imported and indigenous items

	Year ended March 31, 2017		Year ended March 31, 2016	
	Consumption (Rs. in lacs)	**% of value**	Consumption (Rs. in lacs)	% of value
Indigenous				
Provisions, Beverages (excluding wine, liquor and smokes)	**3,283.49**	**96%**	3,148.80	96%
Wine, Liquor and Smokes........	**135.53**	**4%**	137.31	4%
	3,419.02	**100%**	3,286.11	100%

Note No. 42 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(a) Income Tax matters:			
Claims against the Company not acknowledged as debt (for matters disputed by the Company)			
pertaining to Revenue Recognition (timing difference*) pending before the CIT(A) (Company appeal).....................	**31,686.46**	17,894.37	27,531.80
interest included in the above	**8,603.28**	4,835.86	7,167.63
pertaining to other matters (mainly timing differences*), pending before the CIT (A) (Company appeal).....................	**4,075.43**	3,269.18	3,243.39
interest included in the above	**896.96**	762.98	762.98
Matters decided in favour of the Company, (but under appeal by the Department)			
pertaining to Revenue Recognition (timing difference*) pending before the Madras High Court (Department appeal) excluding interest.......................	**27,140.61**	27,140.61	19,785.70

* For matters pertaining to timing differences, if liability were to crystallise, there would be future tax benefits, except to the extent of tax rate differences and interest, if any.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(b) Service Tax matters:			
claimed on interest on instalments and other items (inclusive of penalty where quantified in demand)	**7,839.82**	7,148.39	6,387.70

Notes:

1) The above amounts are based on demands raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.

2) In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows if any; the Company has also been legally advised that the consequential impact of matters referred in (i) and (ii) above in respect of assessments remaining to be completed may not be material.

(c) Luxury Tax matters:

In respect of certain States, the Company has received demands for payment of luxury tax for member stay at resorts as summarised below:

Demands raised (inclusive of penalty)	**1,650.37**	3,081.90	2,510.53

The Company has challenged the above demands before various appellate authorities/High Court, the outcome of which is pending. For all such matters, the Company has made provisions in the current year for Rs. 550.00 lacs, on a best estimate basis.

The above demands include demands raised by Kerala assessment authorities in respect of which the Kerala High Court (single bench) has upheld the Constitutional validity of the levy and has allowed the department to proceed with the assessment while setting aside penalty orders. The provision of Rs. 550 lacs referred to above includes Rs. 421 lacs on this account. The Company is in the process of challenging the High Court order.

(d) Receivables Securitised:

Certain specified receivables have been securitised prior to April 1, 2015 with a bank for availing finance. In case a member defaults in payment to the bank, the bank would have recourse to the Company.......................................	**1,112.87**	6,835.31	18,679.72

(e) Guarantees given for its subsidaries:

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Amount of guarantees given (Euro)	**681.00**	681.00	112.00
Outstanding amount against guarantees (Euro)	**624.00**	545.50	109.25
Amount of guarantees given (THB)	**1,620.00**		
Outstanding amount against guarantees (THB).......................................	**700.00**		
Amount of guarantees given (INR)	**50,219.92**	51,054.57	7,577.36
Outstanding amount against guarantees (INR)	**44,536.16**	40,896.14	7,391.01

(f) Other matters under appeal (Property related)

(i) The Government of Kerala through the Sub Collector, District of Devikulam issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed an appeal before the Commissioner of Land Revenue, Trivandrum against the said Order stating that the Patta issued does not specify that the land should be used only for agricultural purpose. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company and cancelled the assignment of land underlying the Munnar Resort and further directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.

(ii) With respect to certain claims of neighbouring property owners, the Company filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against them disturbing the possession of the Company's resort property at Lonavala, Maharashtra and obtained an ad-interim stay. In another development, notwithstanding these proceedings, the neighbouring property owner obtained an order from the local Mamlatdar's Court for alleged access to his property through the resort property. The Company obtained a stay against the said order of the Mamlatdar. All matters with respect to the neighbouring property owner are currently pending before the Civil Court, Pune. Further, on

(All amounts are in INR Lacs unless otherwise stated)

account of the cancellation of the Non-Agricultural land conversion order by the Collector, Pune on the basis of complaint made by the said neighbouring owner and subsequently confirmed by the Additional Divisional Commissioner, Pune, the Company has also filed another Civil Suit at Civil Court, Pune against State of Maharashtra and Others, inter alia, seeking declaration that the proceedings and Orders in respect of cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and also sought other reliefs. Ad-interim stay has been granted against State of Maharashtra and the Collector,Pune not to give effect to the Orders of NA cancellation and the matter is pending for further hearing.

(g) Other matters

(i) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed Rs. 1,256.15 lacs as damages for termination of the Contract. The Company has made a counter claim of Rs. 2,003.56 lacs towards liquidated damages and other losses. The matter is pending before the Arbitrator.

(ii) The Regional Provident Fund Commissioner, Chennai had issued Summons initiating proceedings under Section 7A of the Employees Provident Fund Act for failing to remit contributions on allowances relating to employees for the period from March 2011 to February 2013 in respect of Indian employees and from April 2010 to February 2013 in respect of international employees. The PF Authorities have made a claim of Rs. 189.93 lacs. The Company has filed a Writ Petition No 2408/2014 before the Madras High Court and the Court has granted an Interim stay of the above proceedings.

(iii) The Company had acquired the entire shareholding of erstwhile Holiday on Hill Resort Private Limited (erstwhile subsidiary) in the year 2012 and subsequently it was amalgamated with the Company. In the year 2013, a Show Cause Notice was issued by the Collector, Solan to the erstwhile subsidiary under the provisions of Section 118 of HP Tenancy and Land Reforms Act, 1972 (the Act) alleging that the sale by the erstwhile subsidiary had in violation of the provisions of the Act and has required the erstwhile subsidiary to show cause why the said land should not be confiscated. The erstwhile subsidiary had responded to said show cause notice, inter alia, submitting that it has not violated any provisions of the Act in as much as the Company has acquired only the shareholdings of the erstwhile subsidiary from its shareholders and no property has been sold to the Company. The matter is pending before the Collector, Solan.

(h) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims Rs. 475.36 lacs (As at March 31, 2016: Rs. 949.02 lacs, as at April 1, 2015: Rs. 826.50 lacs).

(i) Capital commitment

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**8,004.75**	4,502.35	2,412.22

Note No. 43 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 836.18 Lacs (2016: Rs. 729.76 Lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans (Gratuity)

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation done at the year end. The Gratuity scheme of the Company is funded with the Life Insurane Corporation of India.

Defined benefit plans – as per actuarial valuation on March 31, 2017 and March 31, 2016:

	Funded Plan Gratuity 2017	2016
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Current service cost	**101.86**	97.11
Net Interest cost	**0.33**	(4.77)
Ib. Included in other Comprehensive Income:		
Return on plan assets	**(23.06)**	23.86
Actuarial (Gain)/Loss on account of :		
Financial Assumptions	**13.81**	12.26
Experience Adjustments	**13.73**	(20.67)
Amounts recognised in comprehensive income in respect of the defined benefit plan:		
Current Service Cost	**101.86**	97.10
Net interest expense	**0.33**	(4.77)
Components of defined benefit costs recognised in profit or loss	**102.19**	92.33
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(23.06)**	23.86
Actuarial gains and loss arising from changes in financial assumptions	**13.81**	12.26
Actuarial gains and loss arising from experience adjustments	**13.73**	(20.67)
Componenets of defined benefit costs recognised in other comprehensive income	**4.48**	15.45
Total	**106.67**	107.78
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March:		
1. Present value of defined benefit obligation as at 31st March	**464.85**	402.09
2. Fair value of plan assets as at 31st March	**448.91**	397.79
3. Surplus/(Deficit)	**(15.94)**	(4.30)
II. Change in the obligation during the year ended 31st March:		
Present value of defined benefit obligation at the beginning of the year	**402.09**	333.79
Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**101.86**	97.11
- Interest Expense (Income)	**31.14**	24.91
Recognised in Other Comprehensive Income Remeasurement gains/(losses)		
Actuarial Gain (Loss) arising from:		
Financial Assumptions	**13.81**	12.26
Experience Adjustments	**13.73**	(20.67)
Benefit payments	**(97.78)**	(45.31)
Present value of defined benefit obligation at the end of the year	**464.85**	402.09
III. Change in fair value of assets during the year ended 31st March:		
Fair value of plan assets at the beginning of the year	**397.79**	247.07
Expenses Recognised in Profit and Loss Account		
Expected return on plan assets	**30.81**	29.68
Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
Actual Return on plan assets in excess of the expected return	**23.05**	(23.86)
Contributions by employer (including benefit payments recoverable)	**95.04**	190.21
Benefit payments	**(97.78)**	(45.31)
Fair value of plan assets at the end of the year	**448.91**	397.79
IV. Major categories of plan assets :		
Deposits with Insurance companies	**448.91**	397.79

(All amounts are in INR Lacs unless otherwise stated)

The significant actuarial assumptions (estimated for adequate coverage of the obligation on a prudent basis), are as under:

	Valuation as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate(s)	**7.50%**	7.75%	8.00%
Expected rate(s) of salary increase	**5.00%**	5.00%	5.00%
Expected rate of return on plan assets	**7.55%**	9.30%	9.30%
Attrition	**1%-3%**	1%-3%	1%-3%
Mortality Table	**IALM (2006-2008) ULT**	IALM (2006-2008) ULT	IALM (2006-2008) ULT

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	2017	0.50%	(27.02)	29.52
	2016	0.50%	(23.44)	25.64
	2015	0.50%	(18.92)	19.81
Salary growth rate	2017	0.50%	30.10	(27.76)
	2016	0.50%	24.06	(22.38)
	2015	0.50%	19.46	(18.31)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 151.68 Lacs to the gratuity trust during the next financial year of 2017-18.

V. Maturity profile of defined benefit obligation:

	2017	2016	2015
Within 1 year	**27.93**	24.21	6.58
1 - 2 year	**14.07**	21.07	16.50
2 - 3 year	**30.31**	17.71	13.75
3 - 4 year	**21.92**	12.72	9.73
4 - 5 year	**26.01**	30.40	22.86
> 5 years	**161.67**	141.20	107.43

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2016 and 2015 by category are as follows:

	2017	2016	2015
Asset category:			
Contributions placed with Insurance companies	**100%**	100%	100%

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 13 years (2016: 19.76 years, 2015: 12 years)

VI. Experience Adjustments:

	Period Ended				
	2017	2016	2015	2014	2013
	Gratuity				
Defined Benefit Obligation	**464.85**	402.09	317.72	279.51	273.55
Fair value of plan assets	**448.91**	397.79	235.68	210.34	171.05
Surplus/(Deficit)	**(15.94)**	(4.30)	(82.04)	(69.17)	(102.50)
Experience adjustment on plan liabilities [(Gain)/Loss]	**(27.54)**	8.41	(54.66)	(151.53)	0.57
Experience adjustment on plan assets [Gain/(Loss)]	**23.05**	(23.86)	(0.33)	0.06	19.23

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 44 - Financial Instruments

Capital management

The Company's key objective in managing its financial structure is to maximize value for shareholders, reduce cost of capital, while at the same time ensuring that the Company has the financial flexibility required to continue its expansion. The Company manages its financial structure majorly through internal accruals and makes any necessary adjustments in light of prevailing economic conditions. In this context, the capital structure of the Company consists only of equity. Equity comprises issued share capital, reserves and retained earnings as set out in the statement of changes in equity.

Categories of financial assets and financial liabilities

As at March 31, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**8,000.61**	**365.59**	**–**	**8,366.20**
Trade Receivables	**49,443.33**	**–**	**–**	**49,443.33**
Loans	**4,436.08**	**–**	**–**	**4,436.08**
Other Financial Assets				
- Non Derivative Financial Assets	**167.53**	**1,075.59**	**–**	**1,243.12**
Current Assets				
Investments	**–**	**9,711.29**	**–**	**9,711.29**
Trade Receivables	**–**	**–**	**–**	**–**
Cash & Bank balances	**–**	**–**	**–**	**–**
Other Bank Balances	**–**	**–**	**–**	**–**
Loans	**4,226.99**	**–**	**–**	**4,226.99**
Other Financial Assets				
- Non Derivative Financial Assets	**–**	**–**	**–**	**–**
Non-current Liabilities				
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**101.86**	**–**	**–**	**101.86**
Current Liabilities				
Trade Payables	**13,158.53**	**–**	**–**	**13,158.53**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**5,481.81**	**653.81**	**–**	**6,135.62**

(All amounts are in INR Lacs unless otherwise stated)

As at March 31, 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	8,000.61	56.13	–	8,056.74
Trade Receivables	43,138.61	–	–	43,138.61
Loans	3,907.97	–	–	3,907.97
Other Financial Assets				
- Non Derivative Financial Assets	143.05	908.93	–	1,051.98
Current Assets				
Investments	–	5,788.77	–	5,788.77
Trade Receivables	–	–	–	–
Cash & Bank balances	–	–	–	–
Other Bank Balances	–	–	–	–
Loans	6,671.69	–	–	6,671.69
Other Financial Assets				
- Non Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Other Financial Liabilities				
- Non Derivative Financial Liabilities	8.72		–	8.72
Current Liabilities				
Trade Payables	12,646.84	–	–	12,646.84
Other Financial Liabilities				
- Non Derivative Financial Liabilities	6,251.24	908.93	–	7,160.17

As at April 1, 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non–current Assets				
Investments	14,147.67	46.30	–	14,193.97
Trade Receivables	35,554.22	–	–	35,554.22
Loans	4,431.80	–	–	4,431.80
Other Financial Assets				
– Non Derivative Financial Assets	34.77	174.16	–	208.93
Current Assets				
Investments	–	958.26	–	958.26
Trade Receivables	–	–	–	–
Cash & Bank balances	–	–	–	–
Other Bank Balances	–	–	–	–
Loans	14,660.92	–	–	14,660.92
Other Financial Assets				
– Non Derivative Financial Assets	–	–	–	–
Non–current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	504.45	–	–	504.45
Current Liabilities				
Borrowings	641.21	–	–	641.21
Trade Payables	11,371.10	–	–	11,371.10
Other Financial Liabilities				
– Non Derivative Financial Liabilities	5,969.74	174.16	–	6,143.90

Financial Risk Management Framework

The Company has a robust business risk management process to identify, evaluate and mitigate risks impacting business including those which may threaten the existence of the Company. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. This also defines the risk management approach across the enterprise at various levels including documentation and reporting. Risk management forms an integral part of the Company's Business Plan. The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include credit risk, liquidity risk and market risk.

Risk	Exposure primarily from	Measurement	Management
Credit risk	Trade receivables	Ageing analysis, Credit ratings	Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Capital commitments	Cash flow forecast	Availability of committed credit lines and borrowing facilities

(i) Credit risk management

A significant portion of the Company's sales of Vacation Ownerships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Instalments (EMIs) and the ensuing credit risk is managed by the Company in the following manner:

(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms.

(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover;

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. The Company also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the longest overdue of that member, for example, if a member has one instalment overdue for say 12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Deferred Revenue - Vacation Ownership entitlement fee" (refer note 24 and note 29(a)).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with.

The credit loss allowance carried by the Company is as under:

	March 31, 2017	March 31, 2016	April 1, 2015
Carrying value of receivables (refer note 7 and 14)*	**146,863.62**	141,321.32	129,797.31
Credit loss allowance	**7,799.95**	14,757.97	23,142.97
Loss allowance (%)	**5.31%**	10.44%	17.83%

* With effect from FY 2015-16, the Company, in accordance with Ind AS, is deferring revenue at inception based on trends as explained and accordingly the credit loss allowance reflects a declining trend. The amounts deferred at inception and the credit loss allowance are adjusted from the carrying value of receivables (refer note 7 and 14) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

Reconciliation of credit loss allowance adjusted from Trade Receivables

	Amount
Balance as at March 31, 2016	14,757.97
Allowance for credit loss recognised during the year	2,100.00
Amounts written off during the year	(9,058.02)
Balance as at March 31, 2017	7,799.95
Balance as at April 1, 2015	23,142.97
Allowance for credit loss recognised during the year	–
Amounts written off during the year	(8,385.00)
Balance as at March 31, 2016	14,757.97

(All amounts are in INR Lacs unless otherwise stated)

(ii) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities (predominantly trade payables, retention payables, etc) with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities as at March 31, 2017				
Non-interest bearing	18,640.34	101.86	–	–
Total	**18,640.34**	**101.86**	**–**	**–**
Non-derivative financial liabilities as at March 31, 2016				
Non-interest bearing	18,898.08	8.72	–	–
Total	**18,898.08**	**8.72**	**–**	**–**
Non-derivative financial liabilities as at April 1, 2015				
Non-interest bearing	17,340.84	504.45	–	–
Total	**17,340.84**	**504.45**	**–**	**–**

The Company has provided financial guarantees to its wholly owned subsidiaries. The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement.

Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2017	March 31, 2016	April 1, 2015
Cash credit			
- Expiring within one year	**6,000**	6,000	5,359
	6,000	6,000	5,359

Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets (predominantly trade receivables, receivables from related parties, etc). The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets as of March 31, 2017				
Non-interest bearing	84,636.33	60,503.25	13,875.46	–
Fixed interest rate instruments	5,518.72	859.07		
Total	**90,155.05**	**61,362.32**	**13,875.46**	**–**
Non-derivative financial assets as of March 31, 2016				
Non-interest bearing	66,250.46	57,840.72	8,230.93	
Fixed interest rate instruments	6,738.81	917.49		
Total	**72,989.27**	**58,758.21**	**8,230.93**	**–**
Non-derivative financial assets as of April 1, 2015				
Non-interest bearing	52,937.87	50,912.42	7,763.44	–
Fixed interest rate instruments	14,975.40	843.09		
Total	**67,913.27**	**51,755.51**	**7,763.44**	**–**

(iii) Market risk management

The Company's market risk comprises solely of its foreign currency exposure which are limited and not material to the size of its operations. Its major exposure is against currencies that have been stable over several years.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's investing activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

in INR Lacs

Particulars	Currency	**March 31, 2017**	March 31, 2016	April 1, 2015
Receivables	MYR	**46.73**	44.88	47.64
	EUR	**8.98**	–	–
	AED	**79.61**	58.63	60.11
	THB	**1,108.12**	1,975.22	1,925.34
Payables	MYR	**–**	–	1.98
	EUR	**–**	0.08	0.01
	AED	**33.35**	0.64	3.32
	THB	**8.07**	221.40	152.23

Of the above foreign currency exposures, none of the exposures are hedged by a derivative. These foreign currency exposures are denominated in currencies that are not very volatile. Hence, the Company is not exposed to major currency risks.

Foreign Currency Sensitivity

The Company is exposed to the following currency risks - AED, THB, MYR and EUR - and the following table demonstrates the sensitivity.

	Currency	Change in rate	Impact on profit before tax (Rs./Lacs)
March 31, 2017	MYR	+10%	4.67
	MYR	–10%	(4.67)
	EUR	+10%	0.90
	EUR	–10%	(0.90)
	AED	+10%	4.63
	AED	–10%	(4.63)
	THB	+10%	110.00
	THB	–10%	(110.00)
March 31, 2016	MYR	+10%	4.49
	MYR	–10%	(4.49)
	EUR	+10%	(0.01)
	EUR	–10%	0.01
	AED	+10%	5.80
	AED	–10%	(5.80)
	THB	+10%	175.38
	THB	–10%	(175.38)

(All amounts are in INR Lacs unless otherwise stated)

Note No. 45 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/ financial liabilities* measured at Fair value	Fair value as at March 31, 2017	March 31, 2016	April 1, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
Mutual fund investments	**9,711.29**	5,788.77	958.26	Level 1	Refer note 1 below
Equity and preference investments	**365.59**	56.13	46.30	Level 2	Refer note 2 below
Guarantee commission receivable	**1,075.59**	943.03	203.16	Level 3	Refer note 3 below
Total financial assets	**11,152.47**	6,787.93	1,207.72		
Financial liabilities					
Guarantee Fair Value	**653.81**	908.93	174.16	Level 3	Refer note 3 below
Total financial liabilities	**653.81**	908.93	174.16		

Note 1: Fair value determined using quoted market prices.

Note 2: Fair value determined using PE multiples, revenue multiples, etc.

Note 3: Fair value determined using the estimated credit risk of the counterparty.

* Fair value of financial assets and financial liabilities (that are measured at amortised cost) closely approximate their carrying value.

Note No. 46 - Expenditure on Corporate Social Responsibility

As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is INR 280 Lacs (PY 2015-16: Rs. 271.90 Lacs)

	Paid	Yet to be paid	Total
(i) Construction/Acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	288.00	–	288.00

Note No. 47 - Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

	As At March 31, 2017	As At March 31, 2016
Capital Work-in-progress	**5,960.64**	3,253.54

Note No. 48 - Expenditure during construction pending allocation included in (CWIP) above:

	As At March 31, 2017	As At March 31, 2016
Salaries, Wages & Bonus	**1,037.54**	700.50
Staff welfare Expenses	**15.46**	9.23
Power & Fuel	**15.45**	0.81
Rent	**9.77**	5.62
Rates & Taxes	**10.87**	8.34
Repairs-Others	**18.93**	15.27
Travelling	**84.49**	72.86
Communication	**–**	8.25
Printing & Stationery	**–**	3.67
Consultancy Charges	**184.49**	136.43
Freight	**10.27**	10.57
Bank Charges	**–**	1.08
Miscellaneous	**24.53**	34.95
	1,411.80	1,007.58

Note No. 49 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	March 31, 2017	March 31, 2016
(i) Principal amount remaining unpaid to MSME suppliers as on	**22.94**	17.61
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–

There have been no overdue amounts as on the reporting date or any time during the year for which interest is paid or payable.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 50 - Segment information

The Company is primarily engaged in the business of sale of Vacation Ownership and other 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. 51 - Related party transactions

		March 31, 2017	March 31, 2016	April 1, 2015
Transactions during the year:				
Holding company				
Sale of services	Mahindra & Mahindra Limited	**19.87**	25.67	–
Purchases of PPE	Mahindra & Mahindra Limited	**7.65**	69.20	–
Purchase of services	Mahindra & Mahindra Limited	**643.92**	655.31	–
Dividend paid	Mahindra & Mahindra Limited	**3,329.28**	2,663.42	–
Subsidiary companies				
Investments	Gables Promoters Private Ltd	**–**	3,647.86	–
ICD, Loans & Advances given	Gables Promoters Private Ltd	**1,600.00**	1,780.00	–
	Mahindra Hotels & Residences India Ltd	**2.00**	0.50	–
	MHR Holdings (Mauritius) Limited	**–**	187.43	–
	Gables Promoters Private Limited (ICD converted to Investment)	**–**	(3,647.86)	–
Purchase of services	Heritage Bird (M) Sdn Bhd.	**137.47**	140.92	–
	Infinity Hospitality Group Company Ltd	**386.87**	414.33	–

(All amounts are in INR Lacs unless otherwise stated)

		March 31, 2017	March 31, 2016	April 1, 2015
	Arabian Dreams Hotels Apartments LLC	**1,009.63**	943.55	–
Interest Income	Heritage Bird (M) Sdn Bhd.	**64.26**	65.69	–
	Gables Promoters Private Limited	**36.98**	269.52	–
	Infinity Hospitality Group Company Ltd	**246.38**	241.16	–
	MH Boutique Hospitality Limited	**50.72**	49.29	–
	Mahindra Hotels & Residences India Ltd	**0.11**	0.03	–
	MHR Holdings (Mauritius) Limited	**17.26**	11.60	–
	Arabian Dreams Hotels Apartments LLC	**79.20**	77.64	–
Commission on Corporate Guarantee	MHR Holdings (Mauritius) Limited	**175.24**	121.37	–
	Covington S.a.r.l	**38.52**	33.69	–
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Ltd	**–**	37,485.00	–
	Covington S.a.r.l	**–**	8,246.70	–
	Infinity Hospitality Group Company Ltd	**3,057.26**	–	–
Fellow Subsidiaries				
Sale of services	Mahindra Intertrade Ltd	**0.96**	0.93	–
	Mahindra Lifespace Developers Ltd	**0.37**	–	–
	Mahindra Two Wheelers Limited	**–**	3.65	–
	Bristlecone India Limited.	**10.83**	3.24	–
	Mahindra Logistics Limited	**–**	2.71	–
	Tech Mahindra Limited	**2.44**	–	–
	Mahindra Rural Housing Finance Limited	**–**	2.19	–
	Mahindra Asset Management Company Ltd	**6.69**	–	–
	MSBUAD	**1.10**	–	–
	MSBUTD	**0.35**	–	–
	MSBUOT	**0.35**	–	–
Purchase of PPE	Mahindra Retail Private Limited	**–**	0.54	–
Purchase of services	Mahindra Integrated Business Solutions Pvt Ltd	**51.98**	4.19	–
	Mahindra Defence Systems	**–**	2.45	–
	Mahindra Consulting Engineers Limited	**0.30**	7.20	–
	Bristlecone India Limited	**308.16**	171.90	–
	Tech Mahindra Ltd	**1,168.20**	1,675.38	–
	Mahindra Emarket Ltd	**0.05**	–	–
Key Management Personnel				
Managerial remuneration:	Mr. Kavinder Singh	**306.27**	240.55	–
	Mr. Dinesh Shetty	**72.86**	54.06	–
	Mr. S Krishnan	**163.31**	169.95	–
Balances as at:				
Holding company				
Outstanding: Payable	Mahindra & Mahindra Limited	**808.48**	1,355.96	829.55
Outstanding: Receivable	Mahindra & Mahindra Limited	**24.25**	104.83	169.18
Subsidiary companies				
Investments	Mahindra Hotels & Residences India Ltd	**5.00**	5.00	5.00
	Heritage Bird (M) Sdn Bhd.	**40.27**	40.27	40.27
	Gables Promoters Private Limited	**5,011.64**	5,011.64	1,363.78
	Infinity Hospitality Group Company Ltd	**2,681.11**	2,681.11	2,681.11
	MH Boutique Hospitality Limited	**95.38**	95.38	95.38
	Arabian Dreams Hotels Apartments LLC	**52.11**	52.11	52.11
	MHR Holdings (Mauritius) Limited	**115.11**	115.11	115.11
Loans and Advances including interest accured	Mahindra Hotels & Residences India Ltd	**7.40**	7.40	7.40
	Heritage Bird (M) Sdn Bhd.	**684.14**	767.03	800.92
Inter Corporate Deposits including interest accrued	Gables Promoters Private Limited	**220.00**	620.16	2,245.46
	Infinity Hospitality Group Company Ltd	**1,375.43**	3,059.03	3,045.05
	MH Boutique Hospitality Limited	**715.82**	674.15	639.37

(All amounts are in INR Lacs unless otherwise stated)

		March 31, 2017	March 31, 2016	April 1, 2015
	Mahindra Hotels & Residences India Ltd	**2.63**	0.53	–
	MHR Holdings (Mauritius) Limited	**200.46**	199.20	–
	Arabian Dreams Hotels Apartments LLC	**1,065.29**	1,009.80	876.20
Other Receivables	MHR Holdings (Mauritius) Limited	**343.94**	161.85	26.16
	Arabian Dreams Hotels Apartments LLC	**–**	48.32	147.19
	Covington S.a.r.l	**77.84**	38.57	–
Other Payables	Infinity Hospitality Group Company Limited	**15.24**	414.54	291.86
	Heritage Bird (M) Sdn Bhd.	**–**	–	33.34
	Arabian Dreams Hotels Apartments LLC	**48.14**	–	–
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Limited	**39,544.61**	42,807.87	7,577.36
	Covington S.a.r.l	**7,618.05**	8,246.70	–
	Infinity Hospitality Group Company Limited	**3,057.26**	–	–
Loan outstanding against above guarantees	MHR Holdings (Mauritius) Limited	**36,289.62**	33,399.14	7,391.01
	Covington S.a.r.l	**6,925.50**	7,497.00	–
	Infinity Hospitality Group Company Limited	**1,321.04**	–	–
Fellow Subsidiaries				
Outstanding: Payable	Mahindra Retail Pvt Ltd	**–**	–	0.71
	Tech Mahindra Ltd	**51.25**	140.71	198.05
	Bristlecone India Limited	**–**	–	27.02
	Mahindra Integrated Business Solutions Pvt Ltd	**7.32**	–	–
	Mahindra Consulting Engineers Limited.	**0.32**	–	–
Outstanding: Receivable	Mahindra Lifespace Developers Ltd	**6.20**	22.82	24.01
	Mahindra Consulting Engineers Limited	**–**	–	1.41
	Mahindra Intertrade Limited.	**–**	–	1.94
	Mahindra Shubhlabh Services Limited.	**–**	–	0.59
	Mahindra Two Wheelers Limited	**–**	6.45	6.45
	Mahindra Defence Systems Limited	**–**	–	0.84
	Mahindra Logistics Limited	**–**	2.62	8.21
	Mahindra First Choice Services Ltd	**–**	0.40	0.40
	Mahindra Bebanco Developers Limited	**–**	0.71	0.71
	Tech Mahindra Limited	**–**	11.48	5.06
Other entities under the control of the company				
Balances as at :				
Outstanding: Receivable	Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	**625.00**	1,090.00	1,250.00

Note No. 52 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

	Notes	As At March 31, 2016	As At April 1, 2015
Equity as reported under previous GAAP		69,186.21	73,089.37
Ind AS: Adjustments increase (decrease):			
Dividends not recognised as liability until declared	1	5,342.73	4,274.18
Expected credit loss provision	2	(15,810.98)	(15,810.98)
Others (including reversal of straight lining of lease rentals, fair valuation of financial assets, etc.)		340.98	394.77
Equity as reported under IND AS		59,058.94	61,947.34

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

	Notes	As At March 31, 2016
Profit or Loss as per previous GAAP		11,734.56
Ind AS: Adjustments increase (decrease):		
ESOP fair value accounting	3	(331.40)
Remeasurements of the defined benefit liabilities/ (asset)	4	10.10
Others		(53.85)
Total adjustment to profit or loss		(375.15)
Profit or Loss under Ind AS		11,359.41
Other comprehensive income	4	(10.10)
Total comprehensive income under Ind ASs		11,349.31

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(All amounts are in INR Lacs unless otherwise stated)

(iii) Material adjustments to the Statement of Cash Flows:

	Year ended 31 March 2016	
	Previous GAAP	**Ind AS**
Net cash flows from operating activities	11,859.89	11,575.13
Net cash flows from investing activities	(1,292.58)	(847.82)
Net cash flows from financing activities	(4,762.53)	(4,922.52)
Net increase (decrease) in cash and cash equivalents	5,804.78	5,804.78
Cash and cash equivalents at beginning of period	2,542.33	2,542.32
Cash and cash equivalents at end of period	8,347.11	8,347.11

(iv) Analysis of cash and cash equivalents as at March 31, 2016/April 1, 2015 for Statement of Cash flows under Ind AS

	As At March 31, 2016
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	8,347.11
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	8,347.11

Notes:

1 Dividends not recognised as liability until declared

Under Indian GAAP, proposed dividends are recognized as a liability in the period to which they relate, irresepctive of when they are declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, declaration of dividends occur after the period end. Therefore the liability recorded for this dividend has been derecognized against retained earnings.

2 Expected credit loss provision

Under Indian GAAP, trade receivables have been provided based on management judgement on recoverability of overdue receivables based on assessment during collection based on policy consistantly followed. Under Ind AS, such provision needs to be made using the expected credit loss model . The difference in provision under the two methods have been recognized against retained earnings.

3 ESOP fair value accounting

Under Indian GAAP, the Company recognized only the intrinsic value for the Employee Stock Option as an expense. Ind AS requires the fair value of the stock options to be determined using an appropriate pricing model recognized over the vesting period. The cost of stock options which were granted prior to and still unvested at April 1, 2015 have been recognized at fair value and adjusted against retained earnings.

4 Other comprehensive income

Under Indian GAAP the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis and continues to follows the same methodology under Ind AS. However, while under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss, under Ind AS, re-measurements (comprising actuarial gains and losses, etc.) are charged to Retained earnings through Other Comprehensive Income.

Note No. 53 - Specified Bank Notes (SBN) held and transacted (from November 8, 2016 to December 30, 2016)

	Specified bank notes	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	92.82	15.02	107.84
(+) Other receipts*	324.62	1,003.45	1,328.07
(-) Permitted payments	(0.09)	(78.93)	(79.02)
(-) Other payments	(0.66)	–	(0.66)
(-) Amounts deposited in Banks	(416.69)	(890.05)	(1,306.74)
Closing cash in hand as on December 30, 2016	–	49.49	49.49

* Specified Bank Notes collected and recorded at branches and resorts of the Company in the normal course of business have been deposited with banks across various locations.

Note No. 54 - Contribution to political parties

Payments made by the Company to political parties in India in accordance with Section 182 of Companies Act, 2013, during the year are as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
New Democratic Electoral Trust (included under 'Miscellaneous expenses' in Note 34)	**10.00**	–

Note No. 55 - Key Adjustments arising out of Ind AS for FY 2016-17

The financial results for the year have been determined after making the following key adjustments as prescribed under INDAS and summarised below

	Year ended March 31, 2017
Net profit after tax as per Ind AS	**13,065.20**
Adjustments on account of	
Credit loss allowance (refer note 44)	**2,100.00**
Employee benefit expenses - fair valuation of stock options	**333.53**
Others	**(4.40)**
Deferred tax impact	**(726.35)**
Total adjustments	**1,702.78**
Net profit after tax before adjustments aforesaid	**14,767.98**

Note No. 56 - Regrouping/reclassification

The figures for the previous year have been regrouped/reclassified to corresspond with the current year's classification/disclosure.

The financial statements of Mahindra Holidays and Resorts India Limited were approved by the Board of Directors and authorised for issue on May 19, 2017.

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Executive Director & Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 19, 2017

Form AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" Subsidiaries

` In lac

Sl no	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the susidiary concerned, if different from the holding company's reporting period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit after tax	Proposed dividend	Proportionof ownership interest
1	Gables Promoters (P) Ltd	24-Aug-12		INR	4,967.86	(83.07)	10,560.89	5,676.10	–	0.30	(28.74)	–	(28.74)	–	100%
2	Mahindra Hotels and Residences India Ltd	26-Apr-07		INR	5.00	(14.95)	1.11	11.06	–	–	(1.40)	–	(1.40)	–	100%
3	Heritage Bird (M) Sdn Bhd	3-Mar-08		MYR	43.92	(141.49)	603.95	701.51	–	123.97	(30.70)	0.28	(30.42)	–	100%
4	MH Boutique Hospitality Ltd	2-Nov-12		THB	189.00	(223.45)	719.39	753.84	718.20	0.00	(51.39)	–	(51.39)	–	49%
5	Infinity Hospitality Group Company Ltd	5-Nov-12		THB	2,835.00	(2,129.51)	3,466.79	2,761.30	–	794.74	(86.33)	–	(86.33)	–	73.99%
6	Covington S.a.r.l.	17-Jul-14		EUR	8.66	15,593.09	42,222.11	26,620.36	41,118.45	–	148.42	(2.23)	146.19	–	100%
7	MHR Holdings (Mauritius) Ltd	11-Jul-14		EUR	100.43	(1,354.28)	35,656.16	36,910.01	16,056.20	–	(504.95)	–	(504.95)	–	100%
8	Arabian Dreams Hotel Apartments L.L.C.	26-Mar-13		AED	52.95	(770.75)	401.66	1,119.46	–	1,633.49	25.34	–	25.34	–	49%
9	Holiday Club Resorts Oy	2-Sep-15		EUR	8,282.31	29,618.05	81,565.47	43,665.11	8,730.27	87,596.98	783.83	(243.14)	540.69	819.61	91.93%
10	Kiinteistö Oy Himoksen Tähti 2	2-Sep-15		EUR	1.73	471.64	474.12	0.75	–	13.34	9.56	–	9.56	–	91.93%
11	Holiday Club Canarias Investment S.L.U.	2-Sep-15		EUR	2.15	1.15	564.97	561.67	563.88	–	(2.03)	–	(2.03)	–	91.93%
12	Holiday Club Canarias Resort Management S.L.U.	2-Sep-15		EUR	2.15	2,126.73	5,955.37	3,826.49	–	3,668.09	318.28	(96.60)	221.68	–	91.93%
13	Holiday Club Canarias Sales & Marketing S.L.U.	2-Sep-15		EUR	2.15	1,196.78	12,157.94	10,959.01	–	5,411.68	(1,500.90)	78.45	(1,422.45)	–	91.93%
14	Holiday Club Resort Rus LLC	2-Sep-15	December 31, 2016	RUB	3.46	(772.38)	322.69	1,091.61	–	136.86	177.81	(37.69)	140.12	–	91.93%
15	Holiday Club Sweden AB	1-Dec-15		SEK	7.26	10,543.81	16,918.16	6,367.09	674.96	5,159.42	487.06	–	487.06	–	91.93%
16	Kiinteistö Oy Himos Gardens	2-Sep-15		EUR	1.73	738.20	740.69	0.76	–	–	6.05	(1.22)	4.83	–	91.93%
17	Kiinteistö Oy Kuusamon Pulkkajärvi 1	2-Sep-15		EUR	1.75	188.61	248.56	58.20	–	8.68	1.61	(0.62)	0.99	–	91.93%
18	Kiinteistö Oy Rauhanranta 1	2-Sep-15		EUR	1.73	86.82	88.59	0.04	–	–	(1.11)	–	(1.11)	–	91.93%
19	Kiinteistö Oy Rauhanranta 2	2-Sep-15		EUR	1.73	141.33	143.13	0.07	–	–	(1.16)	–	(1.16)	–	91.93%
20	Kiinteistö Oy Katinnurkka	2-Sep-15		EUR	1.73	212.05	213.80	0.02	–	–	(0.84)	–	(0.84)	–	91.93%
21	Kiinteistö Oy Tiurunniemi	2-Sep-15		EUR	1.73	249.35	251.48	0.40	–	–	(2.41)	–	(2.41)	–	91.93%
22	Kiinteistö Oy Tenetinlahti	2-Sep-15		EUR	1.73	74.53	76.28	0.02	–	–	(0.87)	–	(0.87)	–	91.93%
23	Kiinteistö Oy Vanha Ykköstii	2-Sep-15		EUR	–	37.34	37.45	0.11	–	–	(1.31)	–	(1.31)	–	91.93%
24	Suomen vapaa-aikakiinteistöt Oy	2-Sep-15		EUR	1.73	11.65	13.38	–	–	–	(0.63)	–	(0.63)	–	91.93%
25	Ownership Services Sweden AB	2-Sep-15		SEK	7.26	140.93	719.33	571.14	–	–	(1.81)	–	(1.81)	–	91.93%

Form AOC – 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" Subsidiaries

` In lac

Sl no	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the susidiary concerned, if different from the holding company's reporting period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit after tax	Proposed dividend	Proportionof ownership interest
26	Kiinteistö Oy Kylpyläntorni 1	2-Sep-15		EUR	1.73	173.07	174.83	0.03	–	–	(1.12)	–	(1.12)	–	91.93%
27	Kiinteistö Oy Rauhan Liikekiinteistöt 1	2-Sep-15		EUR	1.73	1,163.42	6,853.53	5,688.38	–	471.33	(185.83)	–	(185.83)	–	91.93%
28	Åre Villas 1 Ab	2-Sep-15		SEK	3.63	–	16.02	12.39	–	–	–	–	–	–	91.93%
29	Åre Villas 2 Ab	2-Sep-15		SEK	3.63	–	4.72	1.09	–	–	–	–	–	–	91.93%
30	Holiday Club Sport and Spa Hotels Ab	2-Sep-15		SEK	72.60	377.11	4,189.19	3,739.48	–	8,421.78	(621.39)	–	(621.39)	–	46.88%
31	Kiinteistö Oy Spa Lofts 2	2-Sep-15		EUR	1.73	98.69	100.44	0.02	–	–	(0.88)	–	(0.88)	–	91.93%
32	Kiinteistö Oy Spa Lofts 3	2-Sep-15		EUR	1.73	97.22	99.01	0.06	–	–	(1.07)	–	(1.07)	–	91.93%
33	Kiinteistö Oy Mällösniemi	2-Sep-15		EUR	6.23	202.51	235.41	26.67	–	2.63	1.21	–	1.21	–	91.93%
34	Supermarket Capri Oy	2-Sep-15		EUR	69.26	11.60	101.98	21.12	0.69	276.09	(75.83)	–	(75.83)	–	91.93%
35	HCR Management Oy	2-Sep-15		EUR	1.73	1,444.69	1,467.55	21.13	1,450.67	–	18.51	–	18.51	–	100%

Notes:

1 Translated at exchange rate prevailing as on 31st March 2017 MYR 1 = INR 14.64, THB 1 = INR 1.89, EUR 1 = INR 69.26, AED 1 = INR 17.65, RUB 1 = INR 1.15, and SEK 1 = INR 7.26

Statement pursuant to section 129 (3) of the Companies Act 2013 related to Associate Companies and Joint Ventures

Part "B" Associates & Joint Venture

` In lac

Sl. no.	Name of the Associates / Joint-Venture	Date since when Associates & Joint venture was acquired	Latest audited Balance Sheet Date	Share of Associates/Joint Ventures held by the Company on the year end			Description how there is significant influence	Reason why the joint venture/ associate not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet.	Profit/(Loss) for the year	
				No of Shares held	Amount of investment in Associate /Joint venture	Extent of holding - %				Considered in consolidation	Not considered in consolidation
Associates :											
1	Kiinteistö Oy Seniori-Saimaa	2-Sep-15	December 31, 2016	950,000	107.35	28.64%	Voting rights	Refer Note no 1 below	1,067.02	–	(100.51)
2	Koy Sallan Kylpylä	2-Sep-15	December 31, 2016	49	5.54	45.05%	Voting rights	NA	561.94	5.88	–
Joint-Venture :											
1	Tropiikin Rantasauna Oy	31-Aug-16	NA	50	42.96	45.97%	Joint Control	NA	Refer Note no 2 below	(0.93)	–

Note:

1. The impairment impact considered in the carrying value of investment in the books of the holding company (Holiday Club Resorts Oy) is higher than the loss incurred by Kiinteistö Oy Seniori-Saimaa, hence profit not considered for consolidation.
2. Tropiikin Rantasauna Oy was incorporated during the year and will prepare it's first statutory accounts for the period ending December 31, 2017.

For and on behalf of the Board of Directors

A. K. Nanda	**Kavinder Singh**	**S. Krishnan**	**Dinesh Shetty**
Chairman	Managing Director & CEO	Executive Director & Chief Financial Officer	Company Secretary

Place: Mumbai
Date : May 19, 2017

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting their Tenth Annual Report together with the audited Financial Statements of your Company for the Financial Year ended March 31, 2017.

Performance of the Company

Your Company is yet to commence operations. During the year under review, the Company has incurred loss of Rs. 140,317/-.

Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), vide its notification dated February 16, 2015, notified the India Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian Generally Accepted Accounting Policies prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. In compliance with the aforesaid notification, the Company has adopted Ind AS with effect from April 1, 2016 and the Financial Statements have been prepared in accordance with the principles laid down therein. Further, the corresponding figures for the period ending March 31, 2016 have also been presented in compliance with the provisions of Ind AS.

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, 2017. 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 the date of this report, your Company has 3 (three) Non-Executive Directors.

Appointment of Directors

The Board of Directors has approved the appointment of Mrs. Akhila Balachandar and Mr. Jaiminikumar Shah as the Additional Directors of the Company with effect from January 30, 2017 and April 20, 2017 respectively. Mrs. Akhila Balachandar and Mr. Jaiminikumar Shah holds office as the Additional Directors upto the date of the ensuing Annual General Meeting of the Company. Your Company has received a Notices from a member under Section 160 of the Act, proposing them as a candidate to hold the office of a Director. The Board recommends appointment of Mrs. Akhila Balachandar and Mr. Jaiminikumar Shah to the members for their approval.

Resignation of Directors

Mr. Dinesh Shetty and Mr. Ajay Agrawal resigned as the Director of the Company w.e.f. the close of the business hours of January 30, 2017 and April 20, 2017 respectively. The Board places on record the valuable contribution made by them during their tenure as a Director of the Company.

Retirement by Rotation of Director

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

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: May 13, 2016, July 28, 2016, October 27, 2016 and January 30, 2017. 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 Director	No. of Meetings held	No. of Meetings attended
Dinesh Shetty	4	3
Ajay Agarwal	4	4
Ravindera Nath Khanna	4	2
Akhila Balachandar*	Nil	Nil
Jaiminikumar Shah#	NA	NA

* Appointed on the Board of the Company w.e.f January 30, 2017 and no meeting was held post her appointment.

Appointed on the Board of the Company 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 financial year, your Company has availed Inter Corporate Deposits (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding Company, amounting to Rs. 2 lakh. As on March 31, 2017, the aggregate ICD availed by your company from MHRIL was Rs. 2.5 lakh.

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

Your Directors draw attention of the members to Note 17 to the Financial Statements which sets out related party disclosure.

Statutory Auditors

Messrs Anil Nair & Associates, Chartered Accountants, Chennai (ICAI Registration Number 000175S), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting (AGM) held on 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 Annual General Meeting. Accordingly, the Shareholders of the Company ratified the appointment of Statutory Auditors at their AGM held on July 28, 2016 for the financial year 2016-17.

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 2017-18 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, 2017 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, 2017, 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, 2017 and of the loss of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

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

For and on behalf of the Board of Directors

Ravindera Nath Khanna	**Akhila Balachandar**
Director	Director
(DIN: 05349095)	(DIN: 07676670)

Place: Chennai
Date: April 20, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

[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, 2nd Floor, Mahindra Towers, Pattulos Road, Chennai – 600002 Ph. No. - 044 – 3988 1000 Fax No. - 044 – 3027 7778 E-Mail - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address, Contact Details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main 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, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2016			Shareholding at the end of the year 31/03/2017			% 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%	–	–
	Total	**50,000**	**100%**	–	**50,000**	**100%**	–	–

(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
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	50,000	–	50,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	2,764	–	2,764
Total (i+ii+iii)	–	52,764	–	52,764
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	2,00,000	–	2,00,000
– Reduction	–	–	–	–
Net change	–	**2,00,000**	–	**2,00,000**
Indebtedness at the end of the financial year				
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
Total (i+ii+iii)	–	**2,62,708**	–	**2,62,708**

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

Ravindera Nath Khanna
Director
(DIN: 05349095)

Akhila Balachandar
Director
(DIN: 07676670)

Place: Chennai
Date: April 20, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Hotels & Residences India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Mahindra Hotels and Residences India Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in 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 thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 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 standalone Ind AS 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. 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 the Ind AS, of the financial position of the Company as at 31 March, 2017, 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 give 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 by the Company 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 flows 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 standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigation 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.

iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

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

Place: Chennai
Date: April 20, 2017

P. Narayan
Partner
Membership No.: 201758

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, 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 has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(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 explanations 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, 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 explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 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 give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations 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 explanations given to us and based on our examination of the records of the Company, transactions with the 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 standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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 explanations 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 Reg. No.: 000175S

Place: Chennai
Date: April 20, 2017

P. Narayan
Partner
Membership No.: 201758

ANNEXURE - B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Hotels & Residences India Limited** ("the Company'') as of 31 March 2017 in conjunction with our 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 ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Reg. No.: 000175S

Place: Chennai
Date: April 20, 2017

P. Narayan
Partner
Membership No.: 201758

BALANCE SHEET AS ON MARCH 31, 2017

In Rs.

Particulars	Note No.	**As At March 31, 2017**	As At March 31, 2016	As At April 1, 2015
ASSETS				
Current assets				
Financial Assets				
Cash and cash equivalents	3	**110,812**	20,300	1,500
		110,812	20,300	1,500
		110,812	20,300	1,500
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	4	**500,000**	500,000	500,000
Other Equity	5	**(1,495,305)**	(1,354,988)	(1,283,777)
		(995,305)	(854,988)	(783,777)
LIABILITIES				
Current liabilities				
Financial Liabilities				
Borrowings	6	**250,000**	50,000	–
Trade Payables	7	**740,333**	740,333	785,277
Other current liabilities	8	**115,784**	84,955	–
		1,106,117	875,288	785,277
		110,812	20,300	1,500

See accompanying notes to the financial statements

In terms of our report attached.

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

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 20, 2017

For and on behalf of the Board of Directors

Akhila Balachandar
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : April 20, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

In Rs.

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
REVENUE			
Revenue from operations		–	–
Other Income		–	–
Total Revenue		–	–
EXPENSES			
Employee benefit expense	9	–	9,000
Finance costs	10	**11,048**	2,764
Depreciation and amortisation expense		–	–
Other expenses	11	**129,269**	59,447
Total Expenses		**140,317**	71,211
Profit/(loss) before tax		**(140,317)**	(71,211)
Tax Expense			
Current tax		–	–
Deferred tax		–	–
Total tax expense		–	–
Profit/(loss) after tax for the period		**(140,317)**	(71,211)
Profit/(loss) for the period		**(140,317)**	(71,211)
Total comprehensive income for the period		**(140,317)**	(71,211)
Earnings per equity share (for continuing operation):			
Basic and Diluted	12	**(2.81)**	(1.42)

See accompanying notes to the financial statements

In terms of our report attached.

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

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 20, 2017

For and on behalf of the Board of Directors

Akhila Balachandar
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : April 20, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

In Rs.

Particulars	**Year Ended March 31, 2017**	Year Ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax for the year	**(140,317)**	(71,211)
Adjustments for:		
Finance costs recognised in profit or loss	**11,048**	2,764
Movements in working capital:		
Decrease in trade payables	**–**	(44,944)
Increase in other current liabilities	**30,829**	84,955
Cash generated from operations	**(98,440)**	(28,436)
Income taxes paid	**–**	–
NET CASH GENERATED BY OPERATING ACTIVITIES	**(98,440)**	(28,436)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH (USED IN)/GENERATED BY INVESTING ACTIVITIES		
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	**200,000**	50,000
Finance costs recognised in profit or loss	**(11,048)**	(2,764)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**188,952**	47,236
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**90,512**	18,800
Cash and cash equivalents at the beginning of the year	**20,300**	1,500
Effects of exchange rate changes on the balance of cash held in foreign currencies		
Cash and cash equivalents at the end of the year	**110,812**	20,300

See accompanying notes to the financial statements

In terms of our report attached.

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

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 20, 2017

For and on behalf of the Board of Directors

Akhila Balachandar
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : April 20, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note (2 x) for the details of first-time adoption exemptions availed by the Company.

(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, 2017.

(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, 2017.

(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.

(x) First-time adoption – mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognized as of 1 April 2015 (transition date) as deemed cost.

Designation of Financial Liabilities as measured at fair value through profit or loss

The Company has not elected the exemption to designate Financial Liability at FVTPL even if the criteria mentioned in INDAS 109 at initial recognition are met at the transition date.

Note No. 3 - Cash and Cash Equivalents

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Balances with banks	**110,812**	20,300	1,500
	110,812	20,300	1,500

Note No. 4 - Equity Share Capital

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of shares	**Rs.**	No. of shares	Rs.	No. of shares	Rs.
Authorised:						
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
	50,000	**500,000**	50,000	500,000	50,000	500,000

4.1 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.

4.1 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 March 31, 2017	No. of shares	% held as at March 31, 2016	No. of shares	% held as at April 1, 2015
Mahindra Holidays & Resorts India Limited (Holding Company)	**49,994**	**99.99%**	49,994	99.99%	49,994	99.99%

4.1 c) The reconciliation of the number of shares outstanding as at March 31, 2017, March 31, 2016 and April 1, 2015 is set out below:-

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of Shares	**In Rs.**	No. of Shares	In Rs.	No. of Shares	In Rs.
Number of shares at the beginning	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Add: Issued during the year	–	–	–	–	–	–
Number of shares at the end of the year	**50,000**	**500,000**	50,000	500,000	50,000	500,000

Note No. 5 - Other Equity

In Rs.

	Retained earnings	**Total**
Balance at the beginning of the reporting period - April 1, 2015	(1,283,777)	(1,283,777)
Total Comprehensive income for the year	(71,211)	(71,211)
Balance at the end of the reporting period - March 31, 2016	**(1,354,988)**	**(1,354,988)**
Balance at the beginning of the reporting period - April 1, 2016	(1,354,988)	(1,354,988)
Total Comprehensive income for the year	(140,317)	(140,317)
Balance at the end of the reporting period - March 31, 2017	**(1,495,305)**	**(1,495,305)**

Note No. 6 - Current Borrowings

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured Borrowings			
Loans from related parties	**250,000**	50,000	–
	250,000	50,000	–

Note No. 7 - Trade Payables

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Trade payable for goods & services	**740,333**	740,333	785,277
	740,333	740,333	785,277

Note No. 8 - Other Current Liabilities

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Statutory dues			
- taxes payable (other than income taxes)	**586**	3,000	–
Other payables	**115,199**	81,955	–
	115,784	84,955	–

Note No. 9 - Employee Benefit Expense

In Rs.

	Year Ended March 31, 2017	Year Ended March 31, 2016
Staff welfare expenses	**–**	9,000
	–	9,000

Note No. 10 - Finance Cost

In Rs.

	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest expense	**11,048**	2,764
	11,048	2,764

Note No. 11 - Other Expenses

In Rs.

	Year Ended March 31, 2017	Year Ended March 31, 2016
Rates and taxes	**691**	1,797
Auditors remuneration and out-of-pocket expenses		
As Auditors	**34,350**	34,350
Other expenses		
Legal and other professional costs	**94,228**	23,300
	129,269	59,447

Note No. 12 - Earnings per Share

In Rs.

	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic and Diluted Earnings per share	**(2.81)**	(1.42)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profits used in the calculation of basic earnings per share and diluted earnings per	**(140,317)**	(71,211)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(2.81)**	(1.42)

Note No. 13 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015:

In Rs.

	As At March 31, 2016	As At April 1, 2015
Equity as reported under previous GAAP	(854,988)	(783,777)
Ind AS Adjustments	–	–
Equity as reported under IND AS	(854,988)	(783,777)

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

	In Rs. For the year ended March 31, 2016
Profit or Loss as per previous GAAP	(71,211)
Total adjustment to profit or loss	–
Profit or Loss under Ind AS	(71,211)
Other comprehensive income	–
Total comprehensive income under Ind ASs	(71,211)

(iii) Material adjustments to the Statement of Cash Flows

Analysis of cash and cash equivalents as at March 31, 2016 and April 1, 2015 for the purpose of Statement of Cash flows under Ind AS

In Rs.

	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	20,300	1,500
Adjustments	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	20,300	1,500

Note No. 14 - Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2017	
	Amortised Costs	**Total**
Current Assets		
Cash & Bank balances	**110,812**	**110,812**
Current Liabilities		
Borrowings	**250,000**	**250,000**
Trade Payables	**740,333**	**740,333**

In Rs.

	As at March 31, 2016	
	Amortised Costs	Total
Current Assets		
Cash & Bank balances	20,300	20,300
Current Liabilities		
Borrowings	50,000	50,000
Trade Payables	740,333	740,333

In Rs.

	As at April 1, 2015	
	Amortised Costs	Total
Current Assets		
Cash & Bank balances	1,500	1,500
Current Liabilities		
Trade Payables	785,277	785,277

Note No. 15 - 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 liabilties that are not measured at fair value is closely approximates the carrying value as disclosed below:

In Rs.

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial liabilities						
Cash and Cash Equivalents	**110,812**	**110,812**	20,300	20,300	1,500	1,500
Financial liabilities						
Borrowings	**250,000**	**250,000**	50,000	50,000	–	–
Trade Payables	**740,333**	**740,333**	740,333	740,333	785,277	785,277
Total	**990,333**	**990,333**	790,333	790,333	785,277	785,277

Note No. 16 - Segment information

The Company did not commence commercial operations during the year ended March 31, 2017. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

Note No. 17 - 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

In Rs.

Particulars	**March 31, 2017**	March 31, 2016
Holding company		
Transactions during the year:		
Interest accrued on ICD	**11,048**	2,764
ICD Availed	**200,000**	50,000
Ultimate Holding company		
Transactions during the year:		
Training expenses	**–**	9,000
Holding company		
Balances as at:		
Trade Payables	**740,333**	740,333
ICD Outstanding	**250,000**	50,000
Interest accrued but not due on ICD	**12,708**	2,764
Ultimate Holding company		
Balances as at:		
Other Payables	**10,305**	10,305

Note No. 18 - 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 Reg. No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 20, 2017

For and on behalf of the Board of Directors

Akhila Balachandar
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : April 20, 2017

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2017

Principal Activity

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

	MYR	INR
Net loss for the year	(207,803)	(3,042,237)

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 Agarwal (Resigned on 10.04.2017)

Akhila Balachandar (Appointed on 10.04.2017)

Dinesh Shivanna Shetty

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 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 emolument received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial Interest, except as disclosed in Note 11 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 disclosed in Note 11 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.

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 Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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

Dated: 3rd May, 2017

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 2017, 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 on pages 10 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 14 in the financial statements, which indicates that the Company

incurred a net loss of MYR 207,803 during the year ended 31 March 2017 and, as of that date,the Company's current liabilities exceeded its current assets by MYR 4,721,494. As stated in Note 14, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. 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 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

1. As stated in Note 3 to the financial statements, Heritage Bird (M) Sdn. Bhd. adopted Malaysian Private Entities Reporting Standard on 1 April 2016 with a transition date of 1 April 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Company as at 31 March 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the year ended 31 March 2016 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 March 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2016 do not contain misstatements that materially affect the financial position as at 31 March 2017 and the financial performance and cash flows for the year then ended.
2. 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	**KESAVAN K. PANICKER**
A.F. 0604	761/03/19(J)
Chartered Accountants	*Partner of Firm*

Place : Kuala Lumpur
Dated : 3 May, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

	Note	F-2017 In MYR	F-2017 In INR	F-2016 In MYR	F-2016 In INR
NON CURRENT ASSETS					
Property, plant and equipment	6	**4,055,062**	**59,366,107**	4,150,524	60,763,671
CURRENT ASSETS					
Trade Receivables		**–**	**–**	6,615	96,844
Non-Trade Receivables		**–**	**–**	47,430	694,375
Cash at Bank		**70,251**	**1,028,475**	123,103	1,802,228
		70,251	**1,028,475**	177,148	2,593,447
CURRENT LIABILITIES					
Trade Payables		**–**	**–**	193,431	2,831,830
Non-Trade Payables		**104,668**	**1,532,340**	84,671	1,239,583
Amount due to Directors	7	**14,000**	**204,960**	14,000	204,960
Amount due to holding company	8	**4,673,077**	**68,413,847**	4,488,199	65,707,233
Taxation		**–**	**–**	6,000	87,840
		4,791,745	**70,151,147**	4,786,301	70,071,447
Net Current Liabilities		**(4,721,494)**	**(69,122,672)**	(4,609,153)	(67,478,000)
		(666,432)	**(9,756,565)**	(458,629)	(6,714,329)
FINANCED BY:					
Share Capital	9	**300,002**	**4,392,029**	300,002	4,392,029
Accumulated loss		**(966,434)**	**(14,148,595)**	(758,631)	(11,106,358)
SHAREHOLDER'S EQUITY		**(666,432)**	**(9,756,565)**	(458,629)	(6,714,329)

The notes form an integral part of these Financial statements

HERITAGE BIRD (M) SDN. BHD.
Company No – 780072-K
(Incorporated in Malaysia)

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	Note	**F-2017 In MYR**	**F-2017 In INR**	F-2016 In MYR	F-2016 In INR
Revenue	10	**846,815**	**12,397,371**	905,281	13,253,314
Cost of Sales		**290,666**	**4,255,350**	314,213	4,600,078
GROSS PROFIT		**556,149**	**8,142,020**	591,068	8,653,236
Administration Expenses		**356,866**	**5,224,518**	256,815	3,759,772
Profit from operations	11	**199,283**	**2,917,502**	334,253	4,893,464
Finance Charge	12	**408,975**	**5,987,394**	408,975	5,987,394
Net Loss before taxation		**(209,692)**	**(3,069,892)**	(74,722)	(1,093,930)
Taxation	13	**(1,889)**	**(27,655)**	5,100	74,664
Net Loss for the year		**(207,803)**	**(3,042,237)**	(79,822)	(1,168,594)

The notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	F-2017 In MYR	**F-2017 In INR**	F-2016 In MYR	F-2016 In INR
Cashflow from Operating Activities				
Net loss before taxation	**(209,692)**	**(3,069,892)**	(74,722)	(1,093,930)
Adjustment:				
Depreciation on property, plant & equipments	**99,662**	**1,459,052**	98,822	1,446,754
Operating profit/(loss) before working capital changes	**(110,030)**	**(1,610,840)**	24,100	352,824
Changes in receivables	**54,045**	**791,219**	198,309	2,903,244
Changes in payables	**(173,434)**	**(2,539,074)**	106,533	1,559,643
Cash generated from/(absorbed by) operations	**(229,419)**	**(3,358,695)**	328,942	4,815,711
Taxes paid	**(4,111)**	**(60,185)**	–	–
Net cash from operating activities	**(233,530)**	**(3,418,880)**	328,942	4,815,711
Cashflow from Investing Activities				
Purchase of property, plant and equipment	**(4,200)**	**(61,488)**	–	–
Net cash used in investing activities	**(4,200)**	**(61,488)**	–	–
Cashflow from Financing Activities				
Amount due to holding company	**184,878**	**2,706,614**	(275,636)	(4,035,311)
Net cash used in financing activities	**184,878**	**2,706,614**	(275,636)	(4,035,311)
Net Decrease in cash and cash equivalents	**(52,852)**	**(773,753)**	53,306	780,400
Cash and cash equivalents brought forward	**123,103**	**1,802,228**	69,797	1,021,828
Cash and cash equivalents carried forward	**70,251**	**1,028,475**	123,103	1,802,228

The notes form an integral part of these financial statements.

HERITAGE BIRD (M) SDN. BHD.
Company No – 780072-K
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

	Share Capital	Accumulated Losses	Total
	In MYR	In MYR	In MYR
Balance as at 31st March, 2015	300,002	(678,809)	(378,807)
Loss for the year	–	(79,822)	(79,822)
Balance as at 31st March, 2016	300,002	(758,631)	(458,629)
Loss for the year	–	(207,803)	(207,803)
Balance as at 31st March, 2017	300,002	(966,434)	(666,432)

	Share Capital	Accumulated Losses	Total
	In INR	In INR	In INR
Balance as at 31st March, 2015	4,392,029	(9,937,764)	(5,545,734)
Loss for the year	–	(1,168,594)	(1,168,594)
Balance as at 31st March, 2016	4,392,029	(11,106,358)	(6,714,329)
Loss for the year	–	(3,042,237)	(3,042,237)
Balance as at 31st March, 2017	4,392,029	(14,148,595)	(9,756,565)

The notes form an integral part of these financial statements.

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	F-2017 In MYR	F-2017 In INR	F-2016 In MYR	F-2016 In INR
REVENUE	846,815	12,397,371	905,281	13,253,314
LESS: COST OF SALES	290,666	4,255,350	314,213	4,600,078
GROSS PROFIT	556,149	8,142,020	591,068	8,653,236
EXPENDITURE				
Administration Expenses				
Audit fee	16,000	234,240	16,000	234,240
Accountancy fee	48,000	702,720	30,000	439,200
Assessment and quit rent	3,312	48,488	6,122	89,626
Astro	15,931	233,230	20,144	294,908
Bank charges	306	4,480	300	4,392
Bad Debts written off	6,615	96,844	–	–
Depreciation	99,662	1,459,052	98,822	1,446,754
Directors fee	14,000	204,960	14,000	204,960
Electricity Charges	37,670	551,489	49,044	718,004
Fine & Penalty	21,054	308,231	2,143	31,374
Forex Loss	840	12,298	–	–
Insurance	2,736	40,055	567	8,301
Printing & stationery	2,081	30,466	2,105	30,817
Professional Fees	12,900	188,856	2,400	35,136
Provision for Doubtful Debt	664	9,721	–	–
Secretarial fees	7,757	113,562	3,820	55,925
Upkeep of premises	10,106	147,952	2,100	30,744
Water Charges	3,851	56,379	9,248	135,391
GST not claimable	53,381	781,498	–	–
	356,866	5,224,518	256,815	3,759,772
	199,283	2,917,502	334,253	4,893,464
FINANCE CHARGE				
Interest on loan	408,975	5,987,394	408,975	5,987,394
NET PROFIT/(LOSS) FOR THE YEAR	(209,692)	(3,069,892)	(74,722)	(1,093,930)
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH, 2017

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 No. 138A, Jalan Kasah, Medan Damansara, Damansara Heights, 50490 Kuala Lumpur.

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

The financial statements of the Company are presented in Malaysian Ringgit (MYR).

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. TRANSITION TO THE MPERS

For the current year ended 31 March 2017, the Company has adopted the new Malaysian Private Entities Reporting Standard (MPERS).

The date of transition to the new MPERS Framework is 1 April 2016.

Adoption of the new MPERS Framework requires that all the Standards in MPERS beapplied to the financial statements for the current year ended 31 March 2017, the comparative financial statements for the year ended 31 March 2016, and to the opening statement of financial position at the date of transition to MPERS. MPERS provides for some mandatory exceptions and non-mandatory exemptions to the retrospective application of some Standards.

There was no material effect on the adoption of the MPERS on the comparative figures.

4. FINANCIAL RISK MANAGEMENT POLICIES

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

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

a) Liquidity and cash flow risks

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

b) Foreign currency risk

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

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

5. ACCOUNTING POLICIES

a) Basis of accounting

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

b) Cash and cash equivalents

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

c) Income tax

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

Deferred tax is 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 in included in the resulting goodwill or negative goodwill.

d) Financial instruments

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

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

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 Malaysian Ringgit at rates of exchange ruling at the time of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date.

g) Trade receivables

Trade receivables are carried at anticipated 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.

h) Property, plant and equipment

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

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

Furniture and fittings	10%
Freehold building	2%

i) Impairment of assets

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

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

j) **Revenue recognition**

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

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings In MYR	Freehold Building In MYR	Total In MYR
Net Book Value:			
Opening balance	–	4,150,524	4,150,524
Addition	4,200	–	4,200
Depreciation charge	840	98,822	99,662
Closing balance	3,360	4,051,702	4,055,062
As at 31 March 2016			
Cost	50,254	4,941,100	4,991,354
Accumulated depreciation	(50,254)	(790,576)	(840,830)
Net book value	–	4,150,524	4,150,524
As at 31 March 2017			
Cost	**54,454**	**4,941,100**	**4,995,554**
Accumulated depreciation	**(51,094)**	**(889,398)**	**(940,492)**
Net book value	**3,360**	**4,051,702**	**4,055,062**

Included under the cost of property, plant and equipment of the Company are fully depreciated assets which are still in use amounting to MYR 50,254 (INR 735,719) (2016: MYR 50,254 (INR 735,719)).

	Furniture and fittings In INR	Freehold Building In INR	Total In INR
Net Book Value:			
Opening balance	–	60,763,671	60,763,671
Addition	61,488	–	61,488
Depreciation charge	12,298	1,446,754	1,459,052
Closing balance	49,190	59,316,917	59,366,107
As at 31 March 2016			
Cost	735,719	72,337,704	73,073,423
Accumulated depreciation	(735,719)	(11,574,033)	(12,309,752)
Net book value	–	60,763,671	60,763,671
As at 31 March 2017			
Cost	**797,207**	**72,337,704**	**73,134,911**
Accumulated depreciation	**(748,016)**	**(13,020,787)**	**(13,768,803)**
Net book value	**49,191**	**59,316,917**	**59,366,108**

7. AMOUNT DUE TO DIRECTORS

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

8. AMOUNT DUE TO HOLDING COMPANY

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

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

9. SHARE CAPITAL

	2017			2016		
	No of Shares	**In MYR**	**In INR**	No of Shares	In MYR	In INR
Authorised ordinary shares of MYR each Balance b/f	**500,000**	**500,000**	**7,320,000**	500,000	500,000	7,320,000
Created during the year Balance c/f	–	–	–	–	–	–
	500,000	**500,000**	**7,320,000**	500,000	500,000	7,320,000
Issued and fully paid ordinary shares of MYR 1 each Balance b/f	**300,002**	**300,002**	**4,392,029**	300,002	300,002	4,392,029
Issued during the year Balance c/f	–	–	–	–	–	–
	300,002	**300,002**	**4,392,029**	300,002	300,002	4,392,029

10. REVENUE

Revenue represents income from lease rental and rental income receivable.

11. PROFIT FROM OPERATIONS

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

	2017 In MYR	**2017 In INR**	2016 In MYR	2016 In INR
Audit fee	**16,000**	**234,240**	16,000	234,240
Assessment and quit rent	**3,312**	**48,488**	6,122	89,626
Depreciation of property, plant and equipment	**99,662**	**1,459,052**	98,822	1,446,754
Directors' fee	**14,000**	**204,960**	14,000	204,960

12. FINANCIAL CHARGE

	2017 In MYR	**2017 In INR**	2016 In MYR	2016 In INR
Interest on loan paid to holding company	**408,975**	**5,987,394**	408,975	5,987,394

13. TAXATION

	2017 In MYR	**2017 In INR**	2016 In MYR	2016 In INR
Current year's provision	**–**	**–**	5,100	74,664
Over provision in previous year	**(1,889)**	**(27,655)**	-	–
	(1,889)	**(27,655)**	5,100	74,664

A reconciliation of income tax expense applicable to 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:

	2017 In MYR	**2017 In INR**	2016 In MYR	2016 In INR
Loss before taxation	**(209,692)**	**(3,069,891)**	(74,722)	(1,093,930)
Tax at statutory income tax rate of 18%	**(37,745)**	**(552,580)**	(14,944)	(218,786)

	2017 In MYR	2017 In INR	2016 In MYR	2016 In INR
Tax effect of expenses that are not deductible for tax purposes	**7,508**	**109,917**	1,285	18,812
Deferred tax not recognised in the financial statements	**17,940**	**262,642**	18,759	274,632
Overprovision from previous year	**(1,889)**	**(27,655)**	–	
Unutilised tax losses	**12,297**			
	(1,889)	**(207,677)**	5,100	74,658

14. GOING CONCERN

The Company has incurred a net loss of MYR 207,803 (INR 3,042,237) (2016: MYR 79,822 (INR 1,168,594)) during the year and net current liabilities and deficiency in shareholders' funds amounting to MYR 4,721,494 (INR 69,122,672) (2016: MYR 4,609,153 (INR 67,478,000) and MYR 666,432 (INR 9,756,565) (2016: MYR 458,629 (INR 6,714,329) respectively.

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

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

15. RELATED PARTY TRANSACTIONS

	2017 In MYR	2017 In INR	2016 In MYR	2016 In INR
Revenue	**(846,815)**	**(12,397,372)**	(905,281)	(13,253,314)
Interest on Loan	**408,975**	**5,987,394**	408,975	5,987,394

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

16. EMPLOYEES

The number of employees of the Company as at 31 March 2017 is NIL. (2016: NIL)

17. COMPARATIVES

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

18. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The Financial Statements were authorised for issue by the board of directors on 03 May 2017.

19. EXCHANGE RATES

Foreign Currency (FC) amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 14.64 = MYR 1, which is the Bloomberg rate as on 31st March 2017.

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their Sixth Annual Report of the Company along with the audited Financial Statements for the Financial Year ended March 31, 2017.

PERFORMANCE OF THE COMPANY

Your Company is developing a resort property of 116 rooms at Naldhera, Himachal Pradesh and the construction of the same is at a completion stage. Your Company is yet to commence operations. During the year under review, the Company has incurred a loss of Rs. 28.74 lakh.

During the year, your Company availed a secured loan upto Rs. 650 million from Kotak Mahindra Bank for setting up of resort property in Naldera by hypothecating movable assets of the Company. Further, the Company will create charge on the immovable properties in due course.

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 Auditor's Report attached to the Financial Statements for the financial year ended March 31, 2017. Information referred in the 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 the date of this report, your Company has 4 (four) Directors consisting of following:

Name of the Director	DIN	Designation
Mr. Ravindera Nath Khanna	05349095	Non-Executive Director
Mrs. Akhila Balachandar	07676670	Non-Executive Director
Mr. Kanlwaljit Singh Thanewal	01231075	Independent Director
Mr. Manish Vora	07133944	Independent Director

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 February 17, 2017, on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Akhila Balachandar as an Additional Director of the Company to hold office till the next General Meeting. Her appointment as a Director was subsequently approved by the Shareholders of the Company at their meeting held on March 20, 2017.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora were appointed as the Independent Directors of the Company for a period of 2 years from March 25, 2015 to March 24, 2017 (both days inclusive).

As the term of the Independent Directors was expiring on March 25, 2017, the Board of Directors at their meeting held on February 17, 2017, based on the recommendation of the Nomination and Remuneration Committee, recommended the re-appointment of Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora as the Independent Directors of the Company for the approval of the Shareholders for a further period of three (3) years and two (2) years respectively.

Your Company had received notices under Section 160 of the Act in writing from a member proposing the candidature for re-appointment of Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora as the Independent Directors of the Company for a second term. Accordingly, the Shareholders of the Company at their Extraordinary General Meeting held on March 20, 2017 approved the re-appointment of Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora as Independent Directors of the Company for the second term to hold the office as Independent Director for a period of three (3) years and two (2) years respectively to be effective from March 25, 2017.

RESIGNATION OF DIRECTOR

Mr. Dinesh Shetty and Mr. Ajay Agrawal resigned as the Directors of the Company w.e.f. the close of the business hours on February 17, 2017 and April 10, 2017 respectively. The Board places on record the valuable contribution made by them during their tenure as the Directors of the Company.

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, Mr. Ravindera Nath Khanna retires by rotation, who had been longest in the office and being eligible, offers himself for re-appointment.

DECELARTION 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 four times on: May 14, 2016, August 18, 2016, December 15, 2016 and February 17, 2017. The gap between two Meetings did not exceeding 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
Dinesh Shetty*	4	3
Ajay Agarwal**	4	4
Ravindera Nath Khanna	4	1
Kanwaljit Singh Thanewal	4	2
Manish Vora	4	3
Akhila Balachandar***	Nil	Nil

* Resigned as a Director of the Company w.e.f. February 17, 2017.

** Resigned as a Director of the Company w.e.f April 20, 2017

*** Appointed on the Board of the Company w.e.f. February 17, 2017.

AUDIT COMMITTEE

The Composition of the Audit Committee is in compliance with the provisions of Section 177 of the Act. During the year under review, the Audit Committee met three times on: May 9, 2016, August 18, 2016 and February 17, 2017. The Audit Committee members and their attendance details are as follows:

Name of the Member	Designation	No. of Meetings held	No. of Audit Committee Meetings attended
Mrs. Akhila Balachandar	Non-Executive Director	Nil	Nil
Mr. Kanwaljit Singh Thanewal	Independent Director	3	2
Mr. Manish Vora	Independent Director	3	3
Mr. Ajay Agrawal	Non-Executive Director	3	3

During the year under review, the Audit Committee was reconstituted by the inclusion of Mrs. Akhila Balachandar as its member with effect from February 17, 2017 in place of Mr. Ajay Agrawal.

All members of the Committee possess the ability to read and understand the Financial Statements. The terms of reference of the Committee are in accordance with the requirements of Section 177 of the Act.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Composition of the NRC is in compliance with the provisions of Section 178 of the Act. During the year under review, the NRC met twice on: August 18, 2016 and February 17, 2017. The NRC members and their attendance details are as follows:

Name of the Member	Designation	No. of Meetings held	No. of Audit Committee Meetings attended
Mrs. Akhila Balachandar	Non-Executive Director	Nil	Nil
Mr. Kanwaljit Singh Thanewal	Independent Director	2	2
Mr. Manish Vora	Independent Director	2	2
Mr. Ajay Agrawal	Non-Executive Director	2	2
Mr. Dinesh Shetty	Non-Executive Director	2	2

Consequent to the resignation of Mr. Dinesh Shetty as a Director of the Company w.e.f February 17, 2017 the NRC was reconstituted. Mrs. Akhila Balachandar was included as its member with effect from February 17, 2017, and Mr. Ajay Agrawal was excluded as its member.

The terms of reference of the Committee are in accordance with the requirements of Section 178 of the Act.

REMUNERATION POLICY

In compliance with Section 178(3) of the Act, the Nomination and Remuneration Committee has formulated 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 Nomination and Remuneration Committee/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 19, 2016 without the presence of the Non-Independent Directors or Chief Financial Officer or other management 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, asses 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)

Mr. Balamurugan PS, Manager, Ms. Preetha Thanikachalam, Chief Financial Officer and Mr. Nirav Momaya, Company Secretary, are the KMPs as per the provisions of the Act. None of the KMPs resigned during the year.

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

During the year 2016-17, 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 transaction in relation to manpower sharing services with Mahindra Holidays & Resorts India Limited (MHRIL), holding company.

During the year under review, your Company availed fresh ICD from MHRIL amounting to Rs. 1,650 lakh and made repayment of ICD amounting to Rs. 1,680 lakh. As on March 31, 2017, the outstanding ICD availed by your Company from MHRIL was at Rs. 220 lakh.

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. 24 of the Financial Statements which sets out related party disclosure.

STATUTORY AUDITORS

M/s Vinod Kumar Arora & Associates, Chartered Accountants, Haryana (ICAI Registration Number 012099N) have been Auditors of the Company from the inception of the Company. Pursuant to the provisions of the Companies Act, 2013, M/s Vinod Kumar Arora & Associates had been appointed as Statutory Auditors of the Company for FY 2014-15 (first term) and subsequently for two consecutive financial years i.e. from FY 2015-16 to FY 2016-17 (second term).

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, an audit firm shall not be re-appointed for more than two terms of five consecutive years. Accordingly, M/s Vinod Kumar Arora & Associates the present Auditors of the Company will be completing their second term as Auditors on the conclusion of the forthcoming AGM.

The Board places on record its appreciation for the professional service rendered by M/s Vinod Kumar Arora & Associates, Chartered Accountants, Haryana, during their tenure as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company, based on the recommendations received from the Audit Committee, recommended M/s Sukhdeep Singh Arora & Associates (ICAI membership No: 024705N) as the Statutory Auditors of the Company for a period of 3 (three) years commencing from the conclusion of the 6th AGM till the conclusion of 9th AGM of the Company to be held in the year 2020, subject to ratification of their appointment by the Members at every AGM of the Company. M/s Sukhdeep Singh Arora & Associates have consented to the said appointment, and confirmed that their appointment if made, would be within the limits mentioned under Section 143 of the Act and Rules thereon.

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, 2017 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. The Audit Committee of the Board reviews the internal control systems of the Company.

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

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. The Audit Committee reviews the implementation and monitoring of risk management systems of the Company including identification therein of elements of risks, if any, which in the opinion of the Committee may threaten the existence of the Company.

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, 2017, 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, 2017 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.

GENERAL

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.

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

Ravindera Nath Khanna	**Akhila Balachandar**
Director	Director
(DIN: 05349095)	(DIN: 07676670)

Chennai

May 3, 2017

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2017

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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	U45209CH2012PTC033473
ii	Registration Date	January 9, 2012
iii	Name of the Company	Gables Promoters Private Limited
iv	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No - 504, Block A, 5th Floor, Elante Office Suites, Plot No - 178-178/A, Industrial Area, Phase 1, Chandigarh - 160001; Ph. No. +912233684722; Fax No. +912233684721; Email - 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:-

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

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, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2016				No. of Shares held at the end of the year 31-03-2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	4,96,78,600	4,96,78,600	100.00	–	4,96,78,600	4,96,78,600	100.00	NIL
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**4,96,78,600**	**4,96,78,600**	**100.00**	**–**	**4,96,78,600**	**4,96,78,600**	**100.00**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2016				No. of Shares held at the end of the year 31-03-2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**4,96,78,600**	**4,96,78,600**	**100.00**	–	**4,96,78,600**	**4,96,78,600**	**100.00**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
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)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**4,96,78,600**	**4,96,78,600**	**100.00**	–	**4,96,78,600**	**4,96,78,600**	**100.00**	**NIL**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01-04-2016			Shareholding at the end of the year 31-03-2017			% Change in share-holding 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	–	4,96,78,600	100.00	–	–
	Total	**4,96,78,600**	**100.00**	–	**4,96,78,600**	**100.00**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): Not Applicable

(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	Nil	250	–	250
ii) Interest due but not paid	Nil	–	–	–
iii) Interest accrued but not due	Nil	370	–	370
Total (i+ii+iii)	**Nil**	**620**	–	**620**
Change in Indebtedness during the financial year				
+ Addition	4,900	1,650	–	6,550
– Reduction	Nil	1,680	–	1,680
Net change	**4,900**	**(30)**	–	**4,870**
Indebtedness at the end of the financial year				
i) Principal Amount	4,900	220	–	5,120
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**4,900**	**220**	–	**5,120**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Name of ~~MD~~/~~WTD~~/Manager	Total Amount (Rs)
		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	–	–

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Name of ~~MD~~/~~WTD~~/Manager	Total Amount (Rs)
		Balamurugan PS	
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify – Deputation charges payable to Mahindra Holidays & Resorts India Limited	2,171,361	2,171,361
	Total (A)	**2,171,361**	**2,171,361**
	Ceiling as per the Act	N.A.	

B. Remuneration of other Directors:

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Dinesh Shetty	Ravindera Nath Khanna	Ajay Agarwal	Akhila Balachandar	Manish Vora	Kanwaljit Singh Thanewal	
	1. Independent Directors							
	Fee for attending Board/Committee meetings	–	–	–	–	55,000	40,000	**95,000**
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (1)	–	–	–	–	–	–	–
	2. Other Non-Executive Directors							
	Fee for attending Board/Committee meetings	–	–	–	–	–	–	–
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	**55,000**	**40,000**	**95,000**
	Overall Ceiling as per the Act	N.A.						

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	**CFO**	**Total**
		Nirav Momaya	Preetha Thanikachalam	
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	–	–	–

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
3.	Sweat Equity	–	–	–
4.	Commission			
	– as % of Profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify - Deputation charges payable to Mahindra Holidays & Resorts India Limited	156,000	183,200	339,200
	Total	**156,000**	**183,200**	**339,200**

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

Ravindera Nath Khanna
Director
(DIN: 05349095)

Akhila Balachandar
Director
(DIN: 07676670)

Place : Chennai
Date : May 3, 2017

ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2017

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	Manpower Sharing Services	Inter Corporate Deposits (ICD)
(c) Duration of the contracts/ arrangements/transactions	One year	One Year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Manpower sharing services with MHRIL amounting to Rs. 25.10 lakh.	ICD taken during the year amounting to Rs. 1,650 lakh, ICD repaid during the year amounting to Rs. 1,680 lakh and balance ICD outstanding as on March 31, 2017 was Rs. 220 lakh.
(e) Date(s) of approval by the Board, if any:	NA	NA
(f) Amount paid as advances, if any;	Nil	Nil

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

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director
(DIN: 05349095)

Akhila Balachandar
Director
(DIN: 07676670)

Place: Chennai
Date: May 3, 2017

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, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after 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 including other comprehensive income, cash flows and changes in 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 thereunder.

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.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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. 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 31st March,2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements:-

As required by 'the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, 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:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement 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 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;

(e) On the basis of the written representations received from the directors as on March 31,2017 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2017 from being appointed as director in terms 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 A**".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11of 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.

(iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company.

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

(Vinod Kumar Arora)
Proprietor
Membership No. 091264

Place: Panchkula
Date: 03/05/2017

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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 31,2017 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In 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, 2017, 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 Vinod Kumar Arora & Associates
Chartered Accountants
Firm Reg. No.: 012099N

(Vinod Kumar Arora)
Proprietor
Membership No. 091264

Place: Panchkula
Date: 03/05/2017

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 reports as under:

(i) (a) Not Applicable, as company does not have any Movable Fixed assets in the previous year nor purchased during the Year. The Company owns Land only at Village Naldhera. The construction of Hotel building thereon is under process during the current year and proceeding year has been shown as capital work in progress.

(b) Not Applicable, as there is not other fixed assets purchased by the company during the year. During the year the company has not sold/disposed off substantial part of fixed assets.

(c) The title deeds of the immovable properties are in the name of company.

(ii) (a) Not Applicable, as there is no inventory as company has not started its operations

(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 explanation given to us, the company has not given any loans, Guarantees and security to anyone in contravening the provisions of Section 185 and 186 of Companies Act, 2013.

(v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits during the year and has not contravened the provisions of section 73 to 76 and any other provision of the companies act and rules framed there under. However the company has taken inter corporate deposit & imprest payable from its holding company Mahindra Holidays and Resorts India Limited for the purpose of construction of Resort/Hotel. The Maximum amount Standing during the Year is Rs. 13,00,00,000/- and The outstanding as at the year ended 31/03/2017 was Rs. 22,000,000.00. (Previous Year – Rs 25,000,000.00). In our Opinion, the rate of interest and other terms and condition on which these loans were taken are not prima facie prejudicial to the interest. Besides the above, Rs. 12675626/- has also been outstanding as on 31/03/2017 on account payment made for Expenses on the behalf of the company.

(vi) The maintenance of cost records have not been applicable so far as prescribed by the Central Government under section 148(1) of the Companies Act, 1956 as the companies has not started its operations.

(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 loans for Rs. 65 .00 Crore from Kotak Mahindra Bank against Naldhera Property during the financial Year 2016-2017. However the Company has utilized Rs. 49.00 Crore as at 31/03/2017. The loan has been repayable with in 7 years including morotorium of 2 year from the date of first draw down .The loan has been taken for the purpose of construction of Resort/Hotels at Naldhera, HP.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). However the moneys were raised by way of term loans from Banks which were applied for the purpose for which those were raised.

(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 Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS financial Statements vide Note No.24, as required by the applicable standards.

(xiv) According to the information and explanations given to us, the Companies 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 Companies 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 Companies is not required to registered under section 4S-IA of the Reserve Bank of India Act, 1934.

For Vinod Kumar Arora & Associates
Chartered Accountants
Firm Reg. No.: 012099N

(Vinod Kumar Arora)
Proprietor
Membership No. 091264

Place: Panchkula
Date: 03/05/2017

BALANCE SHEET AS ON MARCH 31, 2017

Particulars	Note No.	As At March 31, 2017	As At March 31, 2016	In Rs. As At April 1, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	**128,400,010**	128,400,010	128,400,010
Capital work-in-progress		**906,320,928**	426,700,751	224,293,324
Financial Assets				
Others	4	**–**	1,012,082	–
Other non-current assets	5	**2,059,378**	10,836,844	9,433,604
		1,036,780,316	566,949,687	362,126,938
Current assets				
Financial Assets				
Cash and cash equivalents	6	**11,150,986**	2,329,811	5,269,977
Loans	7	**800,002**	18,605	–
Other current assets	8	**7,356,996**	1,197,612	123,600
		19,307,984	3,546,028	5,393,577
		1,056,088,300	570,495,715	367,520,515
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	9	**496,786,000**	496,786,000	132,000,000
Other Equity	10	**(8,307,341)**	(5,433,314)	(571,822)
		488,478,659	491,352,686	131,428,178
Non-current liabilities				
Financial Liabilities				
Borrowings	11	**490,000,000**	–	–
Others	12	**30,598,102**	15,167,189	7,297,905
		520,598,102	15,167,189	7,297,905
Current liabilities				
Financial Liabilities				
Borrowings	13	**22,000,000**	25,000,000	211,786,000
Trade payables	14	**6,612,846**	47,000	–
Other current liabilities	15	**18,398,693**	38,928,840	17,008,432
		47,011,539	63,975,840	228,794,432
		1,056,088,300	570,495,715	367,520,515

See accompanying notes to the financial statements

In terms of our report attached.
For Vinod Kumar Arora & Associates
Chartered Accountants
Firm Registration No. 012099N

Vinod Kumar Arora
Proprietor
Membership No. 091264

Place : Chennai
Date : 03/05/2017

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director

Akhila Balachandar
Director

T. Preetha
CFO

Nirav Momaya
Company Secretary

Place : Chennai
Date : 03/05/2017

Balamurugan PS
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(In Rs.)

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
REVENUE			
Other Income	16	**30,259**	12,082
Total Revenue		**30,259**	12,082
EXPENSES			
Employee benefit expense	17	**339,200**	321,858
Other expenses	18	**2,565,086**	4,551,716
Total Expenses		**2,904,286**	4,873,574
Profit/(loss) before tax		**(2,874,027)**	(4,861,492)
Tax Expense			
Current tax		**–**	–
Deferred tax		**–**	–
Total tax expense		**–**	–
Profit/(loss) after tax for the period		**(2,874,027)**	(4,861,492)
Profit/(loss) for the period		**(2,874,027)**	(4,861,492)
Total comprehensive income for the period		**(2,874,027)**	(4,861,492)
Earnings per equity share (for continuing operation):			
Basic and Diluted	19	**(0.06)**	(0.34)

See accompanying notes to the financial statements

In terms of our report attached.
For Vinod Kumar Arora & Associates
Chartered Accountants
Firm Registration No. 012099N

Vinod Kumar Arora
Proprietor
Membership No. 091264

Place : Chennai
Date : 03/05/2017

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director

Akhila Balachandar
Director

T. Preetha
CFO

Nirav Momaya
Company Secretary

Place : Chennai
Date : 03/05/2017

Balamurugan PS
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

In Rs.

Particulars	**Year Ended March 31, 2017**	Year Ended March 31, 2016
A. **CASH FLOW FROM OPERATING ACTIVITIES:**		
Profit before tax for the year	**(2,874,027)**	(4,861,492)
Adjustments for:		
Preliminary expenses written off	**–**	797,303
Movements in working capital:		
(Increase)/decrease in other assets	**1,836,685**	(3,293,161)
Increase/(decrease) in trade and other payables	**1,466,611**	5,580,083
Cash generated from operations	**429,269**	(1,777,267)
Income taxes paid	**–**	–
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**429,269**	(1,777,267)
B. **CASH FLOWS FROM INVESTING ACTIVITIES**		
Purchase of fixed assets including capital work in progress	**(479,620,176)**	(202,407,427)
Amounts advanced from related parties	**–**	202,256,610
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(479,620,176)**	(150,817)
C. **CASH FLOW FROM FINANCING ACTIVITIES :**		
Proceeds from borrowings	**487,000,000**	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**487,000,000**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**7,809,093**	(1,928,084)
Cash and cash equivalents at the beginning of the year	**3,341,893**	5,269,977
Cash and cash equivalents at the end of the year	**11,150,986**	3,341,893

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Vinod Kumar Arora & Associates
Chartered Accountants
Firm Registration No. 012099N

Vinod Kumar Arora
Proprietor
Membership No. 091264

Place : Chennai
Date : 03/05/2017

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director

Akhila Balachandar
Director

T. Preetha
CFO

Nirav Momaya
Company Secretary

Place : Chennai
Date : 03/05/2017

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.

Up to the year ended 31 March 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. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 2(xi) for the details of first-time adoption exemptions availed by the Company.

(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 has not commenced commercial operations during the year ended March 31, 2017.

(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

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

(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.

Properties 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.

(vii) 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.

(viii) 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 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.

(xi) First-time adoption – mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognized as of 1 April 2015 (transition date) as deemed cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 3 - Tangible Assets

In Rs.

Description of Assets	Land - Freehold	Total
I. Gross Block		
Balance as at 1 April, 2016	128,400,010	128,400,010
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2017	**128,400,010**	**128,400,010**
II. Accumulated depreciation and impairment for the year		
Balance as at 1 April, 2016	–	–
Depreciation/amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2017	**–**	**–**
Net block (I-II)		
Balance as on 31st March 2017	**128,400,010**	**128,400,010**
Balance as on 31st March 2016	128,400,010	128,400,010

Description of Assets	Land - Freehold	Total
I. Gross Block		
Balance as at 1 April, 2015	128,400,010	128,400,010
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2016	128,400,010	128,400,010
II. Accumulated depreciation and impairment for the year		
Balance as at 1 April, 2015	–	–
Depreciation/amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2016	–	–
Net block (I-II)		
Balance as on 31st March 2016	128,400,010	128,400,010
Balance as on 31st March 2015	128,400,010	128,400,010

Note No. 4 - Other financial assets - Non-Current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Financial assets at amortised cost			
Bank Deposit with more than 12 months maturity	**–**	1,012,082	–
	–	1,012,082	–

Note No. 5 - Other assets - Non-Current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Capital advances			
For Capital work in progress	**2,059,378**	10,836,844	9,433,604
	2,059,378	10,836,844	9,433,604

Note No. 6 - Cash and Bank Balances

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Cash and cash equivalents			
Balances with banks	**11,150,986**	2,329,811	5,269,977
	11,150,986	2,329,811	5,269,977

Note No. 7 - Loans

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Other Loans			
- Unsecured, considered good	**800,002**	18,605	–
	800,002	18,605	–

Note No. 8 - Other assets - Current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Advances other than capital advances			
Balances with government authorities (other than income taxes)	**72,268**	–	–
Other advances			
Advance to suppliers	**7,284,728**	1,197,612	123,600
	7,356,996	1,197,612	123,600

Note No. 9 - Equity Share Capital

	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of shares	**Rs.**	No. of shares	Rs.	No. of shares	Rs.
Authorised:						
Equity shares of Rs. 10 each with voting rights	**60,000,000**	**600,000,000**	60,000,000	600,000,000	13,500,000	135,000,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**49,678,600**	**496,786,000**	49,678,600	496,786,000	13,200,000	132,000,000
	49,678,600	**496,786,000**	49,678,600	496,786,000	13,200,000	132,000,000

9.1 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.

9.1 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-17	No. of shares	% held as at 31-Mar-16	No. of shares	% held as at 01-Apr-15
Mahindra Holidays & Resorts India Limited (Holding Company)	**49,678,500**	**100.00%**	49,678,500	100.00%	13,199,900	100.00%
Mahindra Holidays & Resorts India Limited Jointly with Mr. Dinesh Shetty	**100**	**0.00%**	100	0.00%	100	0.00%

9.1 c) The reconciliation of the number of shares outstanding as at March 31, 2017, March 31, 2016 and April 01, 2015 is set out below:-

Particulars	As at 31-Mar-17 No. of Shares	As at 31-Mar-17 In Rs.	As at 31-Mar-16 No. of Shares	As at 31-Mar-16 In Rs.	As at 1-Apr-15 No. of Shares	As at 1-Apr-15 In Rs.
Number of shares at the beginning	**49,678,600**	**496,786,000**	13,200,000	132,000,000	13,200,000	132,000,000
Add: Issued during the year	**–**	**–**	36,478,600	364,786,000		
Number of shares at the end	**49,678,600**	**496,786,000**	49,678,600	496,786,000	13,200,000	132,000,000

During the previous year the Company had raised its authorised share capital (duly approved by the Board/Shareholders) from Rs. 13.50 crores to Rs. 60 Crores, The Company also issued 36,478,600 Nos. of equity shares @ 10 /- each to its Holding Company Mahindra Holidays & Resorts India Limited during the previous year in lieu of inter Corporate Loan (deposit) standing in the name of Mahindra Holidays & Resorts India Limited.

Note No. 10 - Other Equity

In Rs.

	Retained earnings	Total
Balance at the beginning of the reporting period-April 1, 2015	(571,822)	(571,822)
Total Comprehensive income for the year	(4,861,492)	(4,861,492)
Balance at the end of the reporting period-March 31, 2016	(5,433,314)	(5,433,314)
Balance at the beginning of the reporting period-April 1, 2016	(5,433,314)	(5,433,314)
Total Comprehensive income for the year	(2,874,027)	(2,874,027)
Balance at the end of the reporting period-March 31, 2017	**(8,307,341)**	**(8,307,341)**

Note No. 11 - Borrowings Non-current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Secured Borrowings			
Loans from banks	**490,000,000**	–	–
	490,000,000	–	–

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. 12 - Other Financial Liabilities - Non-current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Other Financial Liabilities Measured at Amortised Cost			
Other long term liabilities - Retention Money	**30,598,102**	15,167,189	7,297,905
	30,598,102	15,167,189	7,297,905

Note No. 13 - Borrowings - Current

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured Borrowings			
Loans from related parties	**22,000,000**	25,000,000	211,786,000
	22,000,000	25,000,000	211,786,000

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

Note No. 14 - Trade Payables

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Trade payable for goods & services	**6,612,846**	47,000	–
	6,612,846	47,000	–

Note No. 15 - Other Current Liabilities

In Rs.

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Statutory dues			
- taxes payable (other than income taxes)	**2,528,821**	1,740,605	1,315,070
Others			
- Other payables	**15,869,872**	37,188,235	15,693,362
	18,398,693	38,928,840	17,008,432

Note No. 16 - Other Income

		In Rs.
	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Income		
On Financial Assets at Amortised Cost	**30,259**	12,082
	30,259	12,082

Note No. 17 - Employee Benefits Expense

		In Rs.
	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries and wages, including bonus	**339,200**	321,858
	339,200	321,858

Note No. 18 - Other Expenses

		In Rs.
	Year Ended March 31, 2017	Year Ended March 31, 2016
Rates and taxes	**215,512**	3,488,100
Travelling expenses	**210,831**	–
Auditors remuneration and out-of-pocket expenses		
As Auditors	**75,000**	75,000
Other expenses		
Legal and other professional costs	**1,771,139**	141,198
Director fees	**95,000**	40,000
Miscellaneous	**197,604**	807,418
	2,565,086	4,551,716

Note No. 19 - Earnings Per Share

		In Rs.
	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic and Diluted Earnings per share	**(0.06)**	(0.34)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(2,874,027)**	(4,861,492)
Weighted average number of equity shares	**49,678,600**	14,199,414
Earnings per share from continuing operations - Basic and Diluted	**(0.06)**	(0.34)

Note No. 20 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

		In Rs.
	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	491,352,686	131,428,178
Ind AS Adjustments	–	–
Equity as reported under IND AS	491,352,686	131,428,178

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

	For the year ended March 31, 2016
Profit or Loss as per previous GAAP	(4,861,492)
Total adjustment to profit or loss	–
Profit or Loss under Ind AS	(4,861,492)
Other comprehensive income	–
Total comprehensive income under Ind AS	(4,861,492)

(iii) Material adjustments to the Statement of Cash Flows

Analysis of cash and cash equivalents as at 31 March 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	3,341,893	5,269,977
Adjustments	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	3,341,893	5,269,977

Note No. 21 - Categories of financial assets and financial liabilities

		In Rs.
	As at March 31, 2017	
	Amortised Cost	**Total**
Current Assets		
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**

	As at March 31, 2016 Amortised Cost	Total
Non-current Assets		
Other Financial Assets		
- Non Derivative Financial Assets	1,012,082	1,012,082
Current Assets		
Cash & Bank balances	2,329,811	2,329,811
Loans	18,605	18,605
Non-current Liabilities		
Other Financial Liabilities		
- Non Derivative Financial Liabilities	15,167,189	15,167,189
Current Liabilities		
Borrowings	25,000,000	25,000,000
Trade Payables	47,000	47,000

	As at April 1, 2015 Amortised Cost	Total
Current Assets		
Cash & Bank balances	5,269,977	5,269,977
Non-current Liabilities		
Other Financial Liabilities		
- Non Derivative Financial Liabilities	7,297,905	7,297,905
Current Liabilities		
Borrowings	211,786,000	211,786,000

Note No. 22 - 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 liabilties that are not measured at fair value closely approximates the carrying value as disclosed below:

In Rs.

	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Loans	**800,002**	**800,002**	18,605	18,605	–	–
Others	**–**	**–**	1,012,082	1,012,082	–	–
Total	**800,002**	**800,002**	1,030,687	1,030,687	–	–
Financial liabilities						
Borrowings	**512,000,000**	**512,000,000**	25,000,000	25,000,000	211,786,000	211,786,000
Other long term liabilities	**30,598,102**	**30,598,102**	15,167,189	15,167,189	7,297,905	7,297,905
Trade Payables	**6,612,846**	**6,612,846**	47,000	47,000	–	–
Total	**549,210,948**	**549,210,948**	40,214,189	40,214,189	219,083,905	219,083,905

Note No. 23 - Segment information

The Company did not commence commercial operations during the year ended March 31, 2017. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

Note No. 24 - 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 Limite

Key Managerial Personnel

Nivedita Sharma (Company secretary till 31st January 2016)

Nirav Momaya (Company secretary from 1st March 2016)

Preetha T (CFO)

Balamurugan PS (Manager from 1st March 2016)

(ii) Related Party Transactions and balances

In Rs.

Particulars	**March 31, 2017**	March 31, 2016
Holding company		
Transactions during the year :		
ICD received	**165,000,000**	178,000,000
ICD repaid	**168,000,000**	–
Interest on ICD	**3,698,493**	26,951,789
Share Capital	**–**	364,786,000
Manpower deputation	**2,510,561**	167,933
Key Managerial Personnel		
Transactions during the year :		
Managerial Remuneration		
Nivedita Sharma	**–**	130,000
Holding company		
Balances as at:		
ICD received	**22,000,000**	25,000,000
Interest accrued on ICD	**–**	37,016,301
Trade payables	**12,675,626**	–

Note No. 25 - Capital Work in Progress

In Rs.

	March 31, 2017	March 31, 2016
Balance at the beginning of the reporting period	**426,700,751**	224,293,324
Add: Cost of contruction during the year	**455,963,987**	175,455,636
Interest on loan	**23,656,190**	26,951,791
Balance at the end of the reporting period	**906,320,928**	426,700,751

Note No. 25(a) - CIF Value of Imports

		In Rs.
	March 31, 2017	March 31, 2016
Capital Goods	**17,029,528**	–
	17,029,528	–

Note No. 26 - Capital Commitment

		In Rs.
	March 31, 2017	March 31, 2016
Estimated amount of Contracts remaining to be executed on capital account and not provided for net of advances	**149,556,653**	193,173,756
	149,556,653	193,173,756

Note No. 27 - Specified Bank Notes held and transacted

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amounts deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	–	–	–

Note No. 28 - Previous year figures have been regrouped/reclassified to correspond with current year's classification/disclosure, wherever deemed necessary.

In terms of our report attached.

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

Vinod Kumar Arora
Proprietor
Membership No. 091264

Place : Chennai
Date : 03/05/2017

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director

Akhila Balachandar
Director

T. Preetha
CFO

Nirav Momaya
Company Secretary

Place : Chennai
Date : 03/05/2017

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, 2017.

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 2,719,288 (INR 5,139,455) for the financial year ended March 31, 2017. 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, a Company incorporated in India.

Mr. Dinesh Shetty, Mr. Ravindera Khanna and Mr. Noppun Muangkote are the Directors of the Company.

For **MH Boutique Hospitality Limited**

Dinesh Shetty
Director

Ravindera Khanna
Director

Dated: April 9, 2017

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, 2017, 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, 2017, 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 operation, 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, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	*Currency : Baht* 31 Mar 2017	*Currency : INR* 31 Mar 2017	*Currency : Baht* 31 Mar 2016	*Currency : INR* 31 Mar 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		**62,755**	**118,607**	62,523	118,169
TOTAL CURRENT ASSETS		**62,755**	**118,607**	62,523	118,169
NON-CURRENT ASSETS					
Investment in subsidiaries	*4*	**38,000,000**	**71,820,000**	38,000,000	71,820,000
TOTAL NON-CURRENT ASSETS		**38,000,000**	**71,820,000**	38,000,000	71,820,000
TOTAL ASSETS		**38,062,755**	**71,938,607**	38,062,523	71,938,169
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payable	*5*	**11,885,622**	**22,463,826**	9,166,192	17,324,103
Other current liabilities		**90**	**170**	0	0
TOTAL CURRENT LIABILITIES		**11,885,712**	**22,463,996**	9,166,192	17,324,103
NON-CURRENT LIABILITIES					
Long-term loan	*6*	**28,000,000**	**52,920,000**	28,000,000	52,920,000
TOTAL NON-CURRENT LIABILITIES		**28,000,000**	**52,920,000**	28,000,000	52,920,000
TOTAL LIABILITIES		**39,885,712**	**75,383,996**	37,166,192	70,244,103
SHAREHOLDERS' EQUITY					
Authorized share capital					
51,000 preference shares of Baht 100 each		**5,100,000**	**9,639,000**	5,100,000	9,639,000
49,000 ordinary shares of Baht 100 each		**4,900,000**	**9,261,000**	4,900,000	9,261,000
Issued and paid-up share capital					
51,000 preference shares of Baht 100 each		**5,100,000**	**9,639,000**	5,100,000	9,639,000
49,000 ordinary shares of Baht 100 each		**4,900,000**	**9,261,000**	4,900,000	9,261,000
Retained earnings (Deficits)		**(11,822,957)**	**(22,345,389)**	(9,103,669)	(17,205,934)
TOTAL SHAREHOLDERS' EQUITY		**(1,822,957)**	**(3,445,389)**	896,331	1,694,066
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,062,755**	**71,938,607**	38,062,523	71,938,169

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

_____________________ Director

STATEMENTS OF INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Currency : Baht 31 Mar 2017	Currency : INR 31 Mar 2017	Currency : Baht 31 Mar 2016	Currency : INR 31 Mar 2016
REVENUES					
Other income	*3*	**234**	**442**	233	441
TOTAL REVENUES		**234**	**442**	233	441
EXPENSES					
Administrative expenses	*3*	**59,522**	**112,497**	46,972	88,778
TOTAL EXPENSES		**59,522**	**112,497**	46,972	88,778
EARNINGS BEFORE FINANCIAL COST		**(59,288)**	**(112,055)**	(46,739)	(88,337)
Financial costs		**2,660,000**	**5,027,400**	2,660,000	5,027,400
NET PROFIT (LOSS)		**(2,719,288)**	**(5,139,455)**	(2,706,739)	(5,115,737)

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

______________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Currency : Baht

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
Beginning balance as of 31 March 2015	5,100,000	4,900,000	(6,396,930)	3,603,070
Changes in shareholders' equity for the period	–	–	–	–
Net profit (loss) for the period	–	–	(2,706,739)	(2,706,739)
Ending balance as of 31 March 2016	5,100,000	4,900,000	(9,103,669)	896,331
Changes in shareholders' equity for the period	–	–	–	–
Net profit (loss) for the period	–	–	(2,719,288)	(2,719,288)
Ending balance as of 31 March 2017	**5,100,000**	**4,900,000**	**(11,822,957)**	**(1,822,957)**

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)	
Beginning balance as of 31 March 2015	9,639,000	9,261,000	(12,090,197)	6,809,803
Changes in shareholders' equity for the period	–	–	–	–
Net profit (loss) for the period	–	–	(5,115,737)	(5,115,737)
Ending balance as of 31 March 2016	9,639,000	9,261,000	(17,205,934)	1,694,066
Changes in shareholders' equity for the period	–	–	–	–
Net profit (loss) for the period	–	–	(5,139,455)	(5,139,455)
Ending balance as of 31 March 2017	**9,639,000**	**9,261,000**	**(22,345,389)**	**(3,445,389)**

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

______________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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 23rd 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.

3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Investment

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

3.3 Revenue and expenses recognition

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

4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012, the company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 15,00,000 Ordinary shares at a par value of Baht 100.

Details of the company's subsidiaries, as at 31 March, 2017 are as follows:

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

5. TRADE AND OTHER PAYABLES

Consist of:	*Currency : Baht*	*Currency : INR*	*Currency : Baht*	*Currency : INR*
	31 Mar 2017	**31 Mar 2017**	31 Mar 2016	31 Mar 2016
Accrued Interest expenses - Related parties (Note 6)	**9,930,143**	**18,767,970**	7,669,143	14,494,680
Accrued Interest expenses for withholding tax	**1,752,378**	**3,311,995**	1,353,378	2,557,885
Accrued expenses	**23,210**	**43,867**	23,210	43,867
Other payable - Related parties (Note 6)	**179,891**	**339,994**	120,461	227,671
Total	**11,885,622**	**22,463,826**	9,166,192	17,324,103

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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:

	Currency : Baht	*Currency : INR*	*Currency : Baht*	*Currency : INR*
	31 Mar 2017	**31 Mar 2017**	31 Mar 2016	31 Mar 2016
Expenses				
Mahindra Holidays & Resorts India Limited	**2,660,000**	**5,027,400**	2,660,000	5,027,400
Payable				
Mahindra Holidays & Resorts India Limited	**9,930,143**	**18,767,970**	7,669,143	14,494,680
Infinity Hospitality Group Co., Ltd.	**179,891**	**339,994**	120,461	227,671
Loan from related parties				
Mahindra Holidays & Resorts India Limited	**28,000,000**	**52,920,000**	28,000,000	52,920,000
Interest Rate	**9.50%**	**9.50%**	9.50%	9.50%

7. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements. The significant reclassifications were as follows:

Currency : Baht

	BeforeReclass.	*Reclass.*	*After Reclass.*
Statements of financial position			
Short-term loan	–	28000000	28000000
Long-term loan	28000000	(28000000)	–

Currency : INR

	BeforeReclass.	Reclass.	After Reclass
Statements of financial position			
Short-term loan	0	52920000	52920000
Long-term loan	52920000	(52920000)	0

8. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 7, 2017.

9. FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.89 = THB 1 which is the Bloomberg rate as on 31st March 2017.

____________________ 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, 2017.

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

Your Company has a hotel property in Bangkok, which was fully operational during the year. Further, the Company has earned a revenue of THB 42,003,460 (INR 79,386,539) as against THB 43,340,954 (INR 81,914,403) for previous year. Your Company made a loss of THB 4,567,715.62 (INR 8,632,983) for the year ended March 31, 2017.

During the year, your Company has partly repaid an amount of THB 6,50,00,000 towards the loan obtained from Mahindra Holidays & Resorts India Limited. As on March 31, 2017 an amount of THB 72,00,00,000 remains outstanding.

Further, your Company has obtained a 5 year Secured Committed Term Loan Facility from the Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch for an amount of THB 162 Million. Inorder to avail this facility, the Company has obtained a Corporate Guarantee from Mahindra Holidays & Resorts India Limited.

As at March 31, 2017, Mr. Dinesh Shetty, Mr. Ravindera Khanna, Mr. Ajay Agrawal and Mr. Vishant Potri are the Directors of the Company.

For **Infinity Hospitality Group Company Limited**

Vishant Potri
Director

Ravindera Khanna
Director

Dated: April 7, 2017

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, 2017, 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, 2017, 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, 2017

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017 Currency: Baht	2017 Currency: INR	2016 Currency: Baht	2016 Currency: INR
		ASSETS			
CURRENT ASSETS					
Cash and cash equivalents		**2,690,577**	**5,085,191**	3,272,159	6,184,381
Temporary investment		**–**	**–**	419,176	792,243
Trade and other receivables	4	**1,548,465**	**2,926,599**	23,104,690	43,667,864
Inventory	5	**324,682**	**613,649**	383,979	725,720
Other current assets		**420,701**	**795,124**	530,280	1,002,229
TOTAL CURRENT ASSETS		**4,984,425**	**9,420,564**	27,710,285	52,372,438
NON-CURRENT ASSETS					
Property, plant and equipment – net	6	**177,877,006**	**336,187,541**	183,483,340	346,783,513
Intangible assets – net	7	**163,825**	**309,630**	118,537	224,036
Other non-current assets		**402,674**	**761,054**	395,000	746,550
TOTAL NON–CURRENT ASSETS		**178,443,505**	**337,258,224**	183,996,878	347,754,099
TOTAL ASSETS		**183,427,930**	**346,678,788**	211,707,162	400,126,537

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

Director

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (Contd)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	**2017**	**2017**	2016	2016
		Currency: Baht	**Currency: INR**	Currency: Baht	Currency: INR
CURRENT LIABILITIES					
Trade and other payable	8	**3,128,362**	**5,912,605**	31,175,925	58,922,498
Current portion of Long-term borrowings	11	**7,000,000**	**13,230,000**	–	–
Short-terms borrowing from related parties	10	**72,000,000**	**136,080,000**	137,000,000	258,930,000
Other current liabilities	9	**972,046**	**1,837,166**	1,636,000	3,092,040
TOTAL CURRENT LIABILITIES		**83,100,408**	**157,059,771**	169,811,925	320,944,538
NON-CURRENT LIABILITIES					
Long-term loan	11	**63,000,000**	**119,070,000**	–	–
TOTAL NON-CURRENT LIABILITIES		**63,000,000**	**119,070,000**	–	–
TOTAL LIABILITIES		**146,100,408**	**276,129,771**	169,811,925	320,944,538
SHAREHOLDERS' EQUITY					
Authorized share capital					
1,500,000 ordinary shares of Baht 100 each		**150,000,000**	**283,500,000**	150,000,000	283,500,000
Issued and paid-up share capital					
1,500,000 ordinary shares of Baht 100 each		**150,000,000**	**283,500,000**	150,000,000	283,500,000
Retained earnings (Deficits)		**(112,672,478)**	**(212,950,983)**	(108,104,762)	(204,318,001)
TOTAL SHAREHOLDERS' EQUITY		**37,327,522**	**70,549,017**	41,895,237.73	79,181,999.31
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**183,427,930**	**346,678,788**	211,707,162	400,126,537

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

Director

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**2017**	**2017**	2016	2016
		Currency: Baht	**Currency: INR**	Currency: Baht	Currency: INR
REVENUES	3				
Revenue from rent and services		**42,003,460**	**79,386,539**	43,340,954	81,914,403
Other income		**46,405**	**87,706**	106,595	201,464
TOTAL REVENUES		**42,049,865**	**79,474,245**	43,447,549	82,115,867
EXPENSES	3				
Cost of rent and services		**19,899,005**	**37,609,120**	18,650,360	35,249,180
Selling expenses		**2,810,981**	**5,312,754**	2,448,626	4,627,902
Administrative expenses		**10,892,749**	**20,587,296**	8,847,734	16,722,218
TOTAL EXPENSES		**33,602,735**	**63,509,170**	29,946,720	56,599,300
EARNINGS BEFORE FINANCIAL COST		**8,447,130**	**15,965,075**	13,500,829	25,516,567
Financial costs		**(13,014,845)**	**(24,598,058)**	(13,015,000)	(24,598,350)
EARNINGS BEFORE CORPORATE INCOME TAX		**(4,567,716)**	**(8,632,983)**	485,829	918,217
NET PROFIT (LOSS)		**(4,567,716)**	**(8,632,983)**	485,829	918,217

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

Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Currency: Baht

	Notes	Issued and paid–up share capital	Retained earnings (Deficits)	Total
Beginning balance as of 31 March 2015		150,000,000	(108,590,591)	41,409,409
Balance after correction		150,000,000	(108,590,591)	41,409,409
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	485,829	485,829
Ending balance as of 31 March 2016		150,000,000	(108,104,762)	41,895,238
Cumulative effect of accounting change		–	–	–
Balance after correction		150,000,000	(108,104,762)	41,895,237.73
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(4,567,716)	(4,567,716)
Ending balance as of 31 March 2017		**150,000,000**	**(112,672,478)**	**37,327,522**

Currency: INR

	Notes	Issued and paid–up share capital	Retained earnings (Deficits)	Total
Beginning balance as of 31 March 2015		283,500,000	(205,236,217)	78,263,783
Balance after correction		283,500,000	(205,236,217)	301,884
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	918,216	918,216
Ending balance as of 31 March 2016		283,500,000	(204,318,001)	1,220,100
Cumulative effect of accounting change		–	–	–
Balance after correction		283,500,000	(204,318,001)	79,181,999.31
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(8,632,983)	324,682
Ending balance as of 31 March 2017		**283,500,000**	**(212,950,983)**	**70,549,017**

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

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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	0	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 contigent liabilities**

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

3.7 **Revenue and expenses recognition**

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

3.8 **Income tax expense**

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

4 **TRADE AND OTHER RECEIVABLES**

Consist of:

	2017 Currency: Baht	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Accounts Receivable - Trade	**259,371**	**490,211**	589,274	1,113,728
Accrued income - related parties (Note 10)	**807,320**	**1,525,834**	22,140,459	41,845,467
Other account receivables - related parties (Note 10)	**179,891**	**339,994**	120,461	227,671
Prepaid expenses	**301,884**	**570,560**	254,496	480,998
Total	**1,548,466**	**2,926,599**	23,104,690	43,667,864

5 **INVENTORY**

Consist of:

	2017 Currency: Baht	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Finished Goods	**324,682**	**613,649**	383,979	725,720
Total	**324,682**	**613,649**	383,979	725,720

Director

6 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost								
As at 31 March 2016	114,770,000	108,968,618	4,547,969	844,798	2,466,898	570,381	175,000	232,343,664
Acquisitions	–	–	60,000	217,000	105,276	79,630	–	461,906
Disposals	–	–	–	–	(9,000)		–	(9,000)
Adjustment/Reclassification	–	–		–	–	–	–	–
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**
Accumulated depreciation								
As at 31 March 2016	–	44,195,956	1,847,320	332,351	1,906,121	403,577	174,999	48,860,324
Depreciation for the period		5,448,431	139,616	204,554	207,809	63,707		6,064,116
Depreciation on disposals					(4,875)			(4,875)
Adjustment/Reclassification								–
As at 31 March 2017	**–**	**49,644,387**	**1,986,936**	**536,906**	**2,109,054**	**467,284**	**174,999**	**54,919,565**
Net book value								
As at 31 March 2016	114,770,000	64,772,662	2,700,649	512,447	560,777	166,803	1	183,483,340
As at 31 March 2017	**114,770,000**	**59,324,232**	**2,621,033**	**524,893**	**454,121**	**182,727**	**1**	**177,877,006**

Depreciation for the year	
For the year ended 31st March 2016 (Included in cost and administrative expenses)	5,866,984
For the year ended 31st March 2017 (Included in cost and administrative expenses)	6,064,116

Currency : INR

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost								
As at 31 March 2016	216,915,300	205,950,688	8,595,661	1,596,669	4,662,437	1,078,020	330,750	439,129,525
Acquisitions	–	–	113,400	410,130	198,972	150,501	–	873,003
Disposals	–	–	–	–	17,010.00	–	–	17,010.00
Adjustment/Reclassification	–	–	0	0	0	0	–	0
As at 31 March 2017	**216,915,300**	**205,950,688**	**8,709,061**	**2,006,799**	**4,844,400**	**1,228,520**	**330,750**	**439,985,518**
Accumulated depreciation								
As at 31 March 2016	–	83,530,357	3,491,434	628,144	3,602,568	762,761	330,748	92,346,012
Depreciation for the period	–	10,297,534	263,874	386,608	392,758	120,405	–	11,461,180
Depreciation on disposals	–	–	–	–	9,214.68	–	–	9,214.68
Adjustment/Reclassification	–	–	0	0	0	–	–	0
As at 31 March 2017	–	93,827,891	3,755,309	1,014,751	3,986,112	883,166	330,748	103,797,977
Net book value								
As at 31 March 2016	216,915,300	122,420,332	5,104,226	968,525	1,059,869	315,259	1.89	346,783,513
As at 31 March 2017	**216,915,300**	**112,122,798**	**4,953,752**	**992,048**	**858,288**	**345,354**	**1.89**	**336,187,541**

Depreciation for the year	
For the year ended 31st March 2016 (Included in cost and administrative expenses)	11,088,600
For the year ended 31st March 2017 (Included in cost and administrative expenses)	11,461,180

Security

At 31 March 2017, the company's properties, all land and buildings, with a net book value of Baht 174.09 Million were subjected to secure loans from a financial institution (see Note 11).

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd)

7 INTANGIBLE ASSETS

Currency: Baht

Consist of:	Computer software	Total
Cost		
As at 31 March 2016	648,134	648,134
Acquisitions	105,999	105,999
Disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2017	**754,133**	**754,133**
Accumulated amortisation		
As at 31 March 2016	529,597	529,597
Amortisation for the period	60,711	60,711
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2017	**590,308**	**590,308**
Net book value		
As at 31 March 2016	118,537	118,537
As at 31 March 2017	**163,825**	**163,825**
Amortisation for the period		
For the year ended 31 March 2016 (Included in cost and administrative expenses)		41,684
For the year ended 31 March 2017 (Included in cost and administrative expenses)		**60,711**

Currency: INR

Consist of:	Computer software	Total
Cost		
As at 1 April 2016	1,224,973	1,224,973
Acquisitions	200,338	200,338
Disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2017	**1,425,311**	**1,425,311**
Accumulated amortisation		
As at 1 April 2016	1,000,938	1,000,938
Amortisation for the period	114,744	114,744
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2017	**1,115,681**	**1,115,681**
Net book value		
As at 1 April 2016	224,036	224,036
As at 31 March 2017	**309,630**	**309,630**
Amortisation for the period		
For the year ended 31 March 2016 (Included in cost and administrative expenses)		78,782
For the year ended 31 March 2017 (Included in cost and administrative expenses)		**114,744**

8 TRADE AND OTHER PAYABLES

Consist of:

	2017 Currency: Baht	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Trade payables	**1,267,873**	**2,396,280**	1,419,624	2,683,089
Advance received	**10,715**	**20,251**	11,869	22,433
Accrued interest expenses - related parties (Note 10)	**882,055**	**1,667,085**	24,853,300	46,972,738
Accrued interest expenses for withholding tax	**155,657**	**294,191**	4,385,877	8,289,307
Accrued service charge	**206,273**	**389,855**	197,782	373,808
Accrued expenses	**538,272**	**1,017,334**	307,473	581,124
Accrued interest expenses- others	**67,517**	**127,607**	–	–
Total	**3,128,362**	**5,912,605**	31,175,925	58,922,498

9 OTHER CURRENT LIABILITIES

Consist of:

	2017 Currency: Baht	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Unrealised output tax	**67,801**	**128,144**	1,486,407	2,809,308
Value added tax payable	**190,492**	**360,030**	83,839	158,455
Withholding tax payable	**663,586**	**1,254,178**	17,917	33,862
Social Security tax payable	**50,166**	**94,814**	47,838	90,414
Total	**972,046**	**1,837,166**	1,636,000	3,092,040

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 relationships**
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

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

Transactions	**Pricing policies**
Revenue from rent and services	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:

	2017 Currency: Baht	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Income				
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	**21,593,562**	**40,811,832**	22,129,071	41,823,945
Expenses				
Mahindra Holidays & Resorts India Limited	**12,947,328**	**24,470,451**	13,015,000	24,598,350
Receivable				
Mahindra Holidays & Resorts India Limited	**807,320**	**1,525,834**	22,140,459	41,845,467
MH Botique Co., Ltd.	**179,891**	**339,994**	120,461	227,671
Payable				
Mahindra Holidays & Resorts India Limited	**882,055**	**1,667,085**	24,853,300	46,972,738
Loan from related parties				
Mahindra Holidays & Resorts India Limited	**72,000,000**	**136,080,000**	137,000,000	258,930,000
Interest rate	**9.5%**	**9.5%**	9.5%	9.5%

11 **LONG-TERM BORROWING**

On Februrary 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:

Consist of:	**2017 Currency: Baht**	**2017 Currency: INR**	2016 Currency: Baht	2016 Currency: INR
Long-term loan	**70,000,000**	**132,300,000**	–	–
Less Current portion of Long-term borrowings	**(7,000,000)**	**(13,230,000)**	–	–
Net Long-term loan	**63,000,000**	**119,070,000**	–	–

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

	Currency: Baht	**Currency: INR**
Balance as of April 1, 2016		
Add Loan received	70,000,000	132,300,000
Less Repayment	–	–
Balance as of March 31, 2017	**70,000,000**	**132,300,000**

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:

		Currency: Million Baht		**Currency: Million INR**	
No.	**Month**	**Repayment**	**Outstanding Amount**	**Repayment**	**Outstanding Amount**
1	6th	3.5	158.50	6.615	299.57
2	12th	3.5	155.00	6.615	292.95
3	18th	3.5	151.50	6.615	286.34
4	24th	3.5	148.00	6.615	279.72
5	30th	3.5	144.50	6.615	273.11
6	36th	3.5	141.00	6.615	266.49
7	42th	3.5	137.50	6.615	259.88
8	48th	3.5	134.00	6.615	253.26
9	54th	3.5	130.50	6.615	246.65
10	60th	130.5	–	246.645	–

12 **RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements. The significant reclassifications were as follows:

			Currency :Baht
	Before Reclass	**Reclass**	**After Reclass**
Statement of financial positions			
Short-term loan		137,000,000	137,000,000
Long-term loan	137,000,000	(137,000,000)	

			Currency :INR
	Before Reclass	**Reclass**	**After Reclass**
Statement of financial positions			
Short-term loan		258,930,000	258,930,000
Long-term loan	258,930,000	(258,930,000)	

13 **APPROVAL OF FINANCIAL STATEMENT**

These financial statement were authorized for issue by company's authorized director on April 7, 2017.

14 FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.89 = THB 1 which is the Bloomberg rate as on 31st March 2017.

Director

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present the audited financial statements of MHR Holdings (Mauritius) Ltd, the "Company", for the year ended 31 March 2017.

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

Dinesh Shivanna Shetty

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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual 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 2017.

For International Financial Services Limited
Secretary

Registered Office:
IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 11 May 2017

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 2017, 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 herein give a true and fair view of the financial position of the Company as at 31 March 2017 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 19 in the financial statements which indicates that the Company had accumulated losses of EUR 1,955,359 (INR 135,428,164) during the year ended 31 March 2017 and, as of that date, the Company had a net liability of EUR 1,810,359 (INR 125,385,464). As stated in Note 19, 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 Directors section, 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 In formation 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 I Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 200I, 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 have 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 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: 11 May, 2017

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME

	Notes	**For the period from 01/04/16 to 31/03/2017**	**For the period from 01/04/16 to 31/03/2017**	For the period from 01/04/15 to 31/03/2016	For the period from 01/04/15 to 31/03/2016
		EUR	**INR**	EUR	INR
INCOME					
Total Income		**–**	**–**	–	–
EXPENDITURE					
Professional fees	14	**28,179**	**1,951,678**	24,105	1,669,512
Audit fees		**4,248**	**294,216**	4,751	329,054
Bank charges		**2,393**	**165,739**	1,825	126,400
Licence fees		**2,466**	**170,795**	1,439	99,665
Legal fees		**2,746**	**190,188**	–	–
Total Expenses		**40,032**	**2,772,616**	32,120	2,224,631
OPERATING LOSS		**(40,032)**	**(2,772,616)**	(32,120)	(2,224,631)
Finance income	10	**777,481**	**53,848,334**	434,935	30,123,598
Finance costs	10	**(1,466,508)**	**(101,570,344)**	(1,469,241)	(101,759,632)
LOSS BEFORE TAX		**(729,059)**	**(50,494,626)**	(1,066,426)	(73,860,665)
Tax Expense	8	**–**	**–**	–	–
LOSS FOR THE YEAR/PERIOD		**(729,059)**	**(50,494,626)**	(1,066,426)	(73,860,665)
OTHER COMPREHENSIVE INCOME					
Items that will not be classified subsequently to profit or loss		**–**	**–**	–	–
Items that will be classified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(729,059)**	**(50,494,626)**	(1,066,426)	(73,860,665)

STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 March 17**	**As at 31 March 17**	As at 31 March 16	As at 31 March 16
		EUR	**INR**	EUR	INR
ASSETS					
Non-Current					
Investment in subsidiary	9	**23,182,500**	**1,605,619,950**	23,182,500	1,605,619,950
Loans	11	**11,327,518**	**784,543,897**	16,987,170	1,176,531,394
Non-Current Assets		**34,510,018**	**2,390,163,847**	40,169,670	2,782,151,344
Current					
Loans	11	**16,907,263**	**1,170,997,035**	3,774,685	261,434,683
Prepayments		**2,512**	**173,981**	2,989	207,018
Cash and cash equivalents		**61,807**	**4,280,753**	105,746	7,323,967
Current Assets		**16,971,582**	**1,175,451,769**	3,883,420	268,965,669
TOTAL ASSETS		**51,481,600**	**3,565,615,616**	44,053,090	3,051,117,013
EQUITY AND LIABILITIES					
Equity					
Stated capital	16	**145,000**	**10,042,700**	145,000	10,042,700
Accumulated losses/loss for the period		**(1,955,359)**	**(135,428,164)**	(1,226,300)	(84,933,538)
Total Equity		**(1,810,359)**	**(125,385,464)**	(1,081,300)	(74,890,838)
Liabilities					
Non-current					
Borrowings	12	**52,259,785**	**3,619,512,709**	44,060,810	3,051,651,700
Derivative financial instrument	13	**413,915**	**28,667,753**	492,508	34,111,104
Non current Liabilities		**52,673,700**	**3,648,180,462**	44,553,318	3,085,762,805
Current					
Borrowings	12	**112,393**	**7,784,339**	350,504	24,275,907
Accruals		**505,866**	**35,036,279**	230,568	15,969,139
Current Liabilities		**618,259**	**42,820,618**	581,072	40,245,047
Total Liabilities		**53,291,959**	**3,691,001,080**	45,134,390	3,126,007,851
TOTAL EQUITY AND LIABILITIES		**51,481,600**	**3,565,615,616**	44,053,090	3,051,117,013

Approved by the Board of Directors on 11 May 2017 and signed on its behalf by:

Director

Director

The notes on pages herein form an integral part of these financial statements.

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

	Stated capital	Accumulated loss	Total
	EUR	EUR	EUR
At 01 April 2015	145,000	(159,874)	(14,874)
Loss for the period	–	(1,066,426)	(1,066,426)
Other comprehensive income	–	–	–
Total comprehensive loss for the period	–	(1,066,426)	(1,066,426)
At 31 March 2016	145,000	(1,226,300)	(1,081,300)
At 01 April 2016	145,000	(1,226,300)	(1,081,300)
Loss for the year	–	(729,059)	(729,059)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(729,059)	(729,059)
At 31 March 2017	**145,000**	**(1,955,359)**	**(1,810,359)**

	Stated capital	Accumulated loss	Total
	INR	INR	INR
Issue of shares	10,042,700	(11,072,873)	(1,030,173)
Loss for the period	–	(73,860,665)	(73,860,665)
Other comprehensive income	–	–	–
Total comprehensive loss for the period	–	(73,860,665)	(73,860,665)
At 31 March 2016	10,042,700	(84,933,538)	(74,890,838)
At 01 April 2016	10,042,700	(84,933,538)	(74,890,838)
Loss for the year	–	(50,494,626)	(50,494,626)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(50,494,626)	(50,494,626)
At 31 March 2017	**10,042,700**	**(135,428,164)**	**(125,385,464)**

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

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
Operating activities				
Loss before tax	**(729,059)**	**(50,494,626)**	(1,066,426)	(73,860,665)
Adjustments for:				
Interest income	**(698,889)**	**(48,405,052)**	(434,935)	(30,123,598)
Interest expense	**876,260**	**60,689,767**	649,528	44,986,309
Amortisation of transaction costs	**143,222**	**9,919,555**	122,298	8,470,359
Loss on interest rate swaps	**169,594**	**11,746,080**	19,545	1,353,686
Fair value adjustment – Derivative financial instrument	**(78,592)**	**(5,443,281)**	492,508	34,111,104
	(317,464)	**(21,987,557)**	(217,482)	(15,062,803)
Changes in working capital:				
Increase in prepayments	**477**	**33,037**	(1,701)	(117,811)
Increase in accruals	**275,298**	**19,067,139**	186,402	12,910,202
Net cash used in operations	**(41,689)**	**(2,887,380)**	(32,781)	(2,270,412)
Interest received	**791,962**	**54,851,288**	85,000	5,887,100
Interest paid	**(994,512)**	**(68,879,901)**	(643,131)	(44,543,253)
Net cash used in operating activities	**(244,239)**	**(16,915,993)**	(590,912)	(40,926,565)
Investing activities				
Investments in subsidiary	**–**	**–**	16,000,000	1,108,160,000
Net cash used in investing activities	**–**	**–**	16,000,000	1,108,160,000
Financing activities				
Loans received	**7,766,300**	**537,893,938**	37,338,511	2,586,065,272
Loans repaid	**–**	**–**	(4,000,000)	(277,040,000)
Loans to subsidiary	**(7,750,000)**	**(536,765,000)**	(16,700,000)	(1,156,642,000)
Loans repaid by subsidiary	**184,000**	**12,743,840**	–	–
Net cash from financing activities	**200,300**	**13,872,778**	16,638,511	1,152,383,272
Net change in cash and cash equivalents	**(43,939)**	**(3,043,215)**	47,599	3,296,707
Cash and cash equivalents at beginning of year/period	**105,746**	**7,323,968**	58,147	4,027,261
Cash and cash equivalents at end of year/period	**61,807**	**4,280,753**	105,746	7,323,968

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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, Twenty Eight, Cybercity, Ebene, Republic of Mauritius.

The principal activity of the Company is to hold investments.

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

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the annual year beginning on 01 April 2016

In the current year, the Company has applied the following new and 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 2016:

IAS 1	Disclosure initiative (Amendments to IAS 1)
IFRS 10,	
IFRS 12 and	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS
IAS 28	10, IFRS 12 and IAS 28)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IAS 16 and	
IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
IAS 16 and	Clarification of Acceptable Methods of Depreciation and Amortisations (Amendments to IAS 16 and
IAS 38	IAS 38)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IFRS 14	Regulatory Deferral Accounts
Various	Annual Improvements to IFRSs 2012-2014 Cycle

The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 1, Disclosure Initiative (Amendments to IAS 1) 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
IAS 40	Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22	Foreign Currency Transactions and Advance Consideration Applying IFRS 9 Financial Instruments with IFRS 4
	Insurance Contracts
IFRS 4	(Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IAS 12	Recognitition of Deferred Tax Asset for Unrealised Losses (Amendments to IAS 12)
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
IFRS 4/IFRS	
12 and IAS 28	Annual Improvements to IFRSs 2014-2016

The company 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 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, accurals and derivate 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 year's 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 is the significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have excerised 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 (foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
Financial assets				
Loans and receivables:				
Non-current				
Loans	**11,327,518**	**784,543,897**	16,987,170	1,176,531,394
Current				
Loans	**16,907,263**	**1,170,997,035**	3,774,685	–
Cash and cash equivalents	**61,807**	**4,280,753**	105,746	7,323,968
	16,969,070	**1,175,277,788**	3,880,431	7,323,968
Total financial assets	**28,296,588**	**1,959,821,685**	20,867,601	1,183,855,362
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Derivative financial instrument	**413,915**	**28,667,753**	492,508	–
Borrowings	**52,259,785**	**3,619,512,709**	44,060,810	3,051,651,701
	52,673,700	**3,648,180,462**	44,553,318	3,051,651,701
Current				
Borrowings	**112,393**	**7,784,339**	350,504	24,275,907
Accruals	**505,866**	**35,036,279**	230,568	15,969,140
	618,259	**42,820,618**	581,072	40,245,047
Total financial liabilities	**53,291,959**	**3,691,001,080**	45,134,390	3,091,896,747

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 2017	**Financial assets 2017**	**Financial liabilities 2017**	**Financial liabilities 2017**	Financial assets 2016	Financial assets 2016	Financial liabilities 2016	Financial liabilities 2016
	EUR	**INR**	**EUR**	**INR**	EUR	INR	EUR	INR
Long term exposure								
Euro (EUR)	**1,13,27,518**	**78,45,43,897**	**5,26,73,700**	**3,64,81,80,462**	1,69,87,170	1,17,65,31,394	4,45,53,318	3,08,57,62,805
Short term exposure								
Euro (EUR)	**1,69,69,070**	**1,17,52,77,788**	**6,09,018**	**4,21,80,587**	38,80,431	26,87,58,651	5,69,697	3,94,57,214
United States Dollar (USD)			**9,241**	**6,40,032**			11,375	7,87,833
	2,82,96,588	**1,95,98,21,685**	**5,32,91,959**	**3,69,10,01,080**	2,08,67,601	1,44,52,90,045	4,51,34,390	3,12,60,07,851

(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 474,431,000)

The bank loan of EUR 6,850,000 (INR 474,431,000) 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 11 (ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay 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 4,000,000 (INR 277,040,000)

The bank loan of EUR 4,000,000 (INR 277,040,000) from HSBC Bank (Mauritius) Limited carries interest at EURIBOR 6 months plus Margin of 1.95% on floating basis (Note 11 (ii) to these financial statements) and was fully repaid the year.

Loans from AXIS BANK LIMITED

Loan of EUR 47,000,000 (INR 3,255,220,000)

The Company has contracted a loan of EUR 47,000,000 (INR 3,255,220,000) 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 2017, the Company has received an amount of EUR 45,550,000 out of the EUR 47,000,000. The remaining amount is expected to be received in the next financial year.

The Company has entered into interest swaps for an amount EUR 41,550,000 (INR 2,396,396,000) 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. The Company is only marginally affected by interest rate fluctuations on its remaining balance of EUR 4,000,000 from AXIS BANK LIMITED.

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:

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
ASSETS				
Non-current				
Loans	**11,327,518**	**784,543,897**	16,987,170	1,176,531,394
Current assets				
Loans	**16,907,263**	**1,170,997,035**	3,774,685	–
Cash and cash equivalents	**61,807**	**4,280,753**	105,746	7,323,968
	16,969,070	**1,175,277,788**	3,880,431	7,323,968
Total	**28,296,588**	**1,959,821,685**	20,867,601	1,183,855,362

(i) The Company has given loans to its subsidiary, which are unsecured, carry 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 credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

(iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

(iv) 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 Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

2017	**Less than 1 year**	**Less than 1 year**	**More than 1 year**	**More than 1 year**
	EUR	**INR**	**EUR**	**INR**
Borrowings	**1,12,393**	**77,84,339**	**5,22,59,785**	**3,61,95,12,709**
Derivative financial instrument	–	–	**4,13,915**	**2,86,67,753**
Accruals	**5,05,866**	**3,50,36,279**	–	–
Total	**6,18,259**	**4,28,20,618**	**5,26,73,700**	**3,64,81,80,462**

2016	**Less than 1 year**	**Less than 1 year**	**More than 1 year**	**More than 1 year**
	EUR	**INR**	**EUR**	**INR**
Borrowings	350,504	24,275,907	44,060,810	3,051,651,701
Derivative financial instrument	–	–	492,508	34,111,104
Accruals	230,568	15,969,140		–
Total	**581,072**	**40,245,047**	**44,553,318**	**3,085,762,805**

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 2017:

31-Mar-17	**Level 1**	**Level 1**	**Level 2**	**Level 2**	**Level 3**	**Level 3**	**Total**	**Total**
	EUR	**INR**	**EUR**	**INR**	**EUR**	**INR**	**EUR**	**INR**
Liabilities								
Interest rate swaps	–	–	**413,915**	**28,667,753**	–	–	**413,915**	**28,667,753**

31-Mar-16	**Level 1**	**Level 1**	**Level 2**	**Level 2**	**Level 3**	**Level 3**	**Total**	**Total**
	EUR	**INR**	**EUR**	**INR**	**EUR**	**INR**	**EUR**	**INR**
Liabilities								
Interest rate swap	–	–	**492,508**	**34,111,104**	–	–	**492,508**	**34,111,104**

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 only prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year/period ended 31 March 2017 and 31 March 2016, 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 2017, 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 India.

As per the revised DTAA, interest arising in Republic 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 2017, the Company has accumulated tax losses of EUR 574,487 (2016: EUR 368,718) 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	8,539,412
Up to the year ending 31 March 2021	245,423	16,997,997
Up to the year ending 31 March 2022	205,769	14,251,561
	574,487	**25,537,409**

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2017, 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:

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
Loss for the period	**(729,059)**	**(50,494,626)**	(1,066,426)	(73,860,665)
Tax calculated at the rate of 3%	**(21,872)**	**(1,514,855)**	(31,993)	(2,215,835)
Non-allowable expenses	**16,984**	**1,176,312**	24,630	1,705,874
Deferred tax asset not recognised	**4,888**	**338,543**	7,363	509,961
Tax expense	**–**	**–**	–	–

9 INVESTMENTS IN SUBSIDIARY

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
(i) **Unquoted investment at cost:**				
Opening balance	**23,182,500**	**1,605,619,950**	7,182,500	497,459,950
Funds contributed during the year	**–**	**–**	16,000,000	1,108,160,000
Closing Balance	**23,182,500**	**1,605,619,950**	23,182,500	1,605,619,950

(ii) **Details pertaining to the unquoted investments are as follows:**

Name of investee company	**Country of Incorporation**	**Type of investments**	**Number of shares**	**Cost 2017**	**Cost 2017**	Cost 2016	Cost 2016
				EUR	**INR**	EUR	INR
Covington S.à.r.l	Luxembourg	Equity	12,500	**17,500**	**1,212,050**	17,500	1,212,050
Covington S.à.r.l	Luxembourg	Non-equity	**–**	**23,165,000**	**1,604,407,900**	23,165,000	1,604,407,900
			12,500	**23,182,500**	**1,605,619,950**	23,182,500	1,605,619,950

(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 1,212,050).

(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 219,207,900), EUR 4,000,000 (INR 277,040,000) and EUR 16,000,000 (INR 1,108,160,000) 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

10.1 Finance income

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Fair value adjustment-Derivative financial instrument (Note 13)	**78,593**	**5,443,282**		
Interest on loans (Note 11(i))	**698,888**	**48,405,052**	434,935	30,123,598
	777,481	**53,848,334**	434,935	30,123,598

10.2 Finance costs

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Interest on borrowings (Note 12(i))	**876,260**	**60,689,768**	649,528	44,986,309
Commissions on Corporate Guarantee (Note 12(ii))	**277,432**	**19,214,940.32**	185,362	12,838,172
Fair value adjustment – Derivative financial instrument (Note 13)	**–**	**–**	492,508	34,111,104
Amortisation of transaction costs (Note 12(i) and Note 15)	**143,222**	**9,919,555.72**	122,298	8,470,359
Loss on interest rate swaps (Note 12(i) and (iv))	**146,910**	**10,174,986.60**	19,545	1,353,687
Swap expenses	**22,684**	**1,571,093.84**	–	–
	1,466,508	**101,570,344**	1,469,241	101,759,632

11 LOANS

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Loans to subsidiary:				
Non-current				
Principal amounts (Note 11(iii))	**11,250,000**	**779,175,000**	16,700,000	1,156,642,000
Interest receivable (Note 11(iii))	**77,518**	**5,368,897**	287,170	19,889,394
Total	**11,327,518**	**784,543,897**	16,987,170	1,176,531,394
Current				
Principal amounts (Note 11(ii))	**16,700,000**	**1,156,642,000**	3,684,000	255,153,840
Interest receivable (Note 11(ii))	**207,263**	**14,355,035**	90,685	6,280,843
	16,907,263	**1,170,997,035**	3,774,685	261,434,683

(i) The movement during the year/period on the loans is as follows:

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Opening balance	**20,761,855**	**1,437,966,077**	3,711,920	257,087,579
Loans granted during the year/period	**7,750,000**	**536,765,000**	16,700,000	1,156,642,000
Loans repaid during the year/period	**(184,000)**	**(12,743,840)**	–	–
Interest income for the year/period	**698,888**	**48,404,983**	434,935	30,123,598
Interest received during the year/period	**(791,962)**	**(54,851,288)**	(85,000)	(5,887,100)
Closing balance	**28,234,781**	**1,955,540,932**	20,761,855	1,437,966,077

(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 (INR 13,852,000) and EUR 50,000 (INR 3,463,000) bearing interest of 4% per annum and these loans were fully repaid during the year.

(iii) The loan amounting to EUR 3,500,000 (INR 2,42,410,000) granted on 31 July 2014,which was receiveable by 31 July 2016 was further extended for a period of two years pursuant to board meeting dated 22 September 2016.

(iv) Pursuant to Loan Agreements dated 21 August 2015 between the company(the "Lender") and Covington S.a.r.l (the "Borrower"), the company advanced funds to the borrower amounting to EUR 16,700,000 (INR 1,156,642,000) bearing interest of 4% per annum and receivable within one year.

(v) During the year under review and pursuant to Loan Agreements dated 27 December 2016 and 22 September 2016, the company advanced an additional loan of EUR 6,000,000 (INR 4,15,560,000) and EUR 1,850,000 (INR 1,28,131,000) respectively to Covington S.a.r.l bearing interests of 4% per annum and receivable in two years' time.

(vi) 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

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
Non-current				
Bank loans (Note 12(ii))	**51,970,331**	**3,599,465,125**	44,060,810	3,051,651,701
Loan from holding company (Note 12(iii))	**289,454**	**20,047,584**	–	–
	52,259,785	**3,619,512,709**	44,060,810	3,051,651,701
Current				
Bank loans (Note 12(ii))	**112,393**	**7,784,339**	84,800	5,873,248
Loan from holding company (Note 12(iii))	**–**	**–**	265,704	18,402,659
	112,393	**7,784,339**	350,504	5,873,248
Total	**52,372,178**	**3,627,297,048**	44,411,314	3,075,927,608

(i) The movement during the Year/period on the borrowings is as follows:

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
Balance at start of the year/period	**44,411,314**	**3,075,927,608**	10,924,562	756,635,164
Loans taken during the year/period:				
AXIS BANK LIMITED	**7,850,000**	**543,691,000**	37,700,000	2,611,102,000
Mahindra Holidays and Resorts India Limited	**–**	**–**	250,000	17,315,000
Loans paid during the year/period:				
HSBC Bank (Mauritius) Limited	**–**	**–**	(4,000,000)	(277,040,000)
Interest element for the year/period:				
Interest expense	**876,260**	**60,689,768**	649,528	44,986,309
Interest payment	**(824,918)**	**(57,133,821)**	(623,586)	(43,189,566)
Loss on interest rate swaps	**169,594**	**11,746,080**	19,545	1,353,687
Interest rate swap payment	**(169,594)**	**(11,746,080)**	(19,545)	(1,353,687)
Transaction costs incurred for the year/period:				
Transaction cost incurred	**(83,700)**	**(5,797,062)**	(611,488)	(42,351,659)
Amortisation of transaction costs	**143,222**	**9,919,556**	122,298	8,470,359
At 31 March	**52,372,178**	**3,627,297,048**	44,411,314	3,075,927,608

(ii) **Bank loans**

HSBC BANK (Mauritius) Limited

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 35,449. (INR 2,455,198).

AXIS BANK LIMITED

Loan of EUR 47,000,000 (INR 3,255,220,000)

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 interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 76,944 (INR 5,329,141)

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 48,550,000 (INR 3,362,573,000)) should be paid to the Guarantor until the loans are fully repaid. At 31 March 2017, an amount of EUR 277,432 (INR 19,214,940) was charged as commission and an amount of EUR 496,625 (INR 34,396,248) remains payable at 31 March 2017.

(iii) During the year ended March 31, 2016, the Company borrowed a loan of EUR 250,000 (INR 17,315,000) from Mahindra Holdings & Resorts India Limited ("MHRIL") bearing interest of 9.5% per annum and repayable on demand. The amount due from MHRIL would not be recalled within one year and has been classified as non-current in these financial statements.

(iv) The Company has entered into an interest rate swap arrangement in respect of its borrowings and during the year,a loss of EUR 169,594 (INR 11,746,080) was incurred on the swap arrangement.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Interest rate swaps	(413,915)	(28,667,753)	492,508	34,111,104

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 2017 was EUR 45,550,000 (INR 3,154,793,000).

At March 31, 2017 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
Axis Bank Limited	45,550,000	3,154,793,000	0.2526%	22 December 2015 and 03 January 2017	28 August, 2020	(413,915)	(28,667,753)

During the year under review, an amount of EUR 169,594 (INR 11,746,080) (Note 10.2 to the financial statements) was recoganised 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 78,593 (INR 5,443,351) during the year under review.

14 PROFESSIONAL FEES

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Administration fees and disbursements	13,525	936,742	18,519	1,282,626
Directors' fees	2,528	175,089	1,886	130,624
Fees for tax filings	1,721	119,196	1,279	88,584
Secretarial fees	1,517	105,067	1,131	78,333
Fees for process agent	–	–	1,290	89,345
Professional fees paid to Norton Rose Fulbright	8,888	615,583	–	–
	28,179	1,951,678	24,105	1,669,512

All set up costs were borne by the holding company prior to the incorporation of the Company.

15 TRANSACTION COSTS

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Agency fees	500	34,630	500	34,630
Brokerage fees	138,424	9,587,246	117,500	8,138,050
Legal fees	4,298	297,679	4,298	297,679
	143,222	9,919,556	122,298	8,470,359

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.

16 STATED CAPITAL

	2017	2017	2016	2016
	EUR	INR	EUR	INR
Issued and paid:				
145,000 Ordinary shares of EUR1 each	145,000	10,042,700	145,000	10,042,700

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.

17 RELATED PARTY TRANSACTIONS

During the period ended 31 March 2017, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	**Nature of Relationship**	**Nature of transactions**	**Volume of transactions**	**Volume of transactions**	**Debit/(credit) balances at 31 March 2017**	**Debit/(credit) balances at 31 March 2017**	Debit/(credit) balances at 31 March 2016	Debit/(credit) balances at 31 March 2016
			EUR	**INR**	**EUR**	**INR**	EUR	INR
Covington S.à.r.l. (Note 11(i))	Subsidiary	Loans	**7,472,926**	**517,574,855**	**28,234,781**	**1,955,540,932**	20,761,855	1,437,966,077
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Loans	**–**	**–**	**(250,000)**	**(17,315,000)**	(250,000)	(17,315,000)
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Interest payable	**23,750**	**1,644,925**	**(39,454)**	**(2,732,584)**	(15,704)	(1,087,659)
Mahindra Holidays and Resorts India Limited (Note 12(ii))	Holding company	Commission on Corporate Guarantee	**277,432**	**19,214,940**	**(496,625)**	**(34,396,248)**	(219,193)	(15,181,307)

18 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 2017.

19 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 1,955,359 as at 31 March 2017 (31 March 2016: EUR 1,226,300) and also a net liability position of EUR 1,810,359 (31 March: EUR 1,081,300). 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.

20 EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2017 financial statements.

21 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.

22 FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 69.26 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017.

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, 2017.

In January 2017, your Company increased its stake in Holiday Club Resorts Oy, Finland (HCR) by acquiring additional 6.33% stake in the share capital of HCR by purchasing equity shares from the existing Shareholder and consequently, shareholding has been increased from 85.61% to 91.94%. Further, in April 2017, your Company acquired 3.22% stake in the share capital of HCR by purchasing equity shares from the existing Shareholders and consequently, its stake in HCR further increased to 95.16%.

Your Company has made a profit of Euro 211,037 (INR 14,618,928) for the financial year ended March 31, 2017 as compared to loss of Euro 768,914 (INR 53,244,993) in the previous year.

Your Company did not declare any dividend for the year ended March 31, 2017.

Your Company continues to remain a wholly owned subsidiary of MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings) and in turn a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

During the year under review, Mr. Tony Whiteman and Mr. Pietro Longo were appointed as Category B Managers of the Company w.e.f June 1, 2016. After the financial year end, Mr. Ajay Agarwal resigned from the post of a Category A Manager of the Company w.e.f. April 10, 2017 and Mrs. Akhila Balachandar was appointed as a Category A Manager w.e.f the same date. Further, during the part of the year, Mr. Quentin Cavaliere was employed as a Chief Accountant of the Company.

As on the date of this report, Mr. Dinesh Shetty, Mr. Livio Gambardella, Mr. Tony Whiteman, Mr. Pietro Longo and Mrs. Akhila Balachandar 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, 2017.

For **Covington S.à.r.l**

Dinesh Shetty
Manager

Akhila Balachandar
Manager

May 10, 2017

INDEPENDENT AUDITOR'S REPORT

To the Sole Shareholder
Covington S.a.r.I.

Report on Financial Statements

We have audited the accompanying annual accounts of Covington S.a r.I., which comprise the balance sheet as at March 31, 2017 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility 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 of the annual accounts, and for such internal control as the Board of Manager determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditors

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Covington S.a.r.I. as of March 31, 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de Revision Agree*

Lize Griffiths, *Reviseur d'Entreprises Agree*
Partner

Luxembourg,
Date: May 10, 2017

BALANCE SHEET AS AT MARCH 31, 2017

		in EUR	in INR	in EUR	in INR
ASSETS	**Notes**	**As on March 31, 2017**		As on March 31, 2016	
FIXED ASSETS					
Financial Fixed Assets	3				
Shares in undertakings with which the company is linked by virtue of participating interests		**59,368,250**	**4,111,845,027**	53,431,393	3,700,658,311
CURRENT ASSETS					
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**1,577,223**	**109,238,495**	56,379	3,904,820
Debtors	4	**9,690**	**671,150**	4,815	333,487
PREPAYMENTS		**6,589**	**456,324**	3,563	246,749
TOTAL ASSETS		**60,961,753**	**4,222,210,997**	53,496,150	3,705,143,367
LIABILITIES					
CAPITAL AND RESERVES					
Subscribed Capital		**12,500**	**865,750**	12,500	865,750
Share premium and similar premiums		**23,165,000**	**1,604,407,900**	23,165,000	1,604,407,900
Profit/(loss) brought forward		**(862,226)**	**(59,717,791)**	(93,313)	(6,462,826)
Profit/(loss) for the Financial period		**211,073**	**14,618,928**	(768,914)	(53,254,965)
		22,526,347	**1,560,174,787**	22,315,274	1,545,555,859
NON SUBORDINATED DEBTS	5				
Trade Creditors					
becoming due and payable within one year		**75,599**	**5,235,977**	34,487	2,388,599
Amounts owed to affiliated undertakings					
becoming due and payable within one year		**397,181**	**27,508,764**	4,113,305	284,887,477
becoming due and payable after more than one year		**27,950,000**	**1,935,817,000**	16,700,000	1,156,642,000
Tax and Social security debts					
Tax debts		**10,130**	**701,604**	12,890	892,762
Other Creditors					
Social Security Authorities		**71**	**4,909**	–	–
Director fees		**2,425**	**167,956**	–	–
Loan from RCI Europe					
becoming due and payable within one year		**–**	**–**	320,194	22,176,670
becoming due and payable after more than one year		**10,000,000**	**692,600,000**	10,000,000	692,600,000
		38,435,406	**2,662,036,210**	31,180,877	2,159,587,508
		60,961,753	**4,222,210,997**	53,496,150	3,705,143,367

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2016 TO MARCH 31, 2017

		in EUR	*in INR*	*in EUR*	*in INR*
CHARGES	**Notes**	**Period from 01/04/2016 to 31/03/2017**		Period from 01/04/2015 to 31/03/2016	
Other external charges	6	**152,089**	**10,533,661**	116,366	8,059,511
Staff Cost					
Wages and Salaries		**2,398**	**166,102**	–	–
Social Security Cost relating to pensions		**192**	**13,288**	–	–
Other social security cost		**129**	**8,928**	–	–
Interest and other financial charges	7				
Other interest and similar financial charges		**853,574**	**59,118,520**	649,338	44,963,157
Income Tax		**3,220**	**223,017**	3,210	222,325
Profit for the financial period		**211,073**	**14,618,928**	(768,914)	(53,244,993)
TOTAL CHARGES		**1,222,675**	**84,682,444**	–	–
INCOME					
Income from financial fixed assets	8				
derived from affiliated undertakings		**740,646**	**51,297,163**	–	–
Other interest receivable and similar income	9				
other interest and special income		**482,028**	**33,385,281**	–	–
TOTAL INCOME		**1,222,675**	**84,682,444**	–	–

CASH FLOW STATEMENT FOR THE PERIOD FROM APRIL 1, 2016 TO MARCH 31, 2017

Particulars	in EUR	in INR	in EUR	in INR
	Period from 01/04/2016 to 31/03/2017		Period from 01/04/2015 to 31/03/2016	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(Loss) before exceptional items and tax	**214,293**	**14,841,945**	(765,704)	(53,032,640)
Adjustments for:				
Interest, Commitment and Finance charges	**853,574**	**59,118,519**	649,338	44,973,130
Dividend Income from financial fixed assets	**(1,222,675)**	**(84,682,443)**	–	–
Operating Profit before Working capital changes	**(154,808)**	**(10,721,979)**	(116,366)	(8,059,510)
Changes in Working Capital:				
Trade and Other Receivables	**(7,901)**	**(547,238)**	(4,916)	(340,465)
Trade and Other Payables	**(3,992,711)**	**(276,535,140)**	4,285,663	296,824,985
Cash Generated from Operating Activities	**(4,155,420)**	**(287,804,357)**	4,164,381	288,425,010
Income taxes paid (net of refunds)	**(5,980)**	**(414,175)**	–	–
Net Cash from/(Used in) from Operating Activities	**(4,161,400)**	**(288,218,532)**	4,164,381	288,425,010
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of investments	**(5,936,857)**	**(411,186,716)**	(36,032,096)	(2,495,582,979)
Dividend Income from financial fixed assets	**1,222,675**	**84,682,443**	–	–
Net Cash (Used in)/from Investing Activities	**(4,714,182)**	**(326,504,273)**	(36,032,096)	(2,495,582,979)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from the issue of share capital (including share premium)	**–**	**–**	16,000,000	1,108,160,000
Proceeds from Borrowings	**11,250,000**	**779,175,000**	16,516,000	1,143,898,160
Interest, Commitment and Finance charges Paid	**(853,574)**	**(59,118,519)**	(649,338)	(44,973,130)
Net Cash (Used in)/from Financing Activities	**10,396,426**	**720,056,481**	31,866,662	2,207,085,030
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**1,520,844**	**105,333,676**	(1,053)	(72,939)
CASH AND CASH EQUIVALENTS:				
Opening Balance	**56,379**	**3,904,820**	57,432	3,977,760
Closing Balance	**1,577,223**	**109,238,495**	56,379	3,904,820

NOTES TO THE 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 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.

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 participations, 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").

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.

Change of layout of Balance sheet and Profit and loss account

Some figures for the financial year ended December 31, 2015 were reclassified in order to comply with the new layouts of balance sheet and profit and loss account defined by the Grand-Ducal Regulation of December 18, 2015.

Significant accounting policies

The main valuation rules 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.

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.

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 "Debtors", if applicable.

Note 3 - Financial assets

a) The movements for the year are as follows:

	Affiliated undertakings Shares EUR	Total EUR
Gross book value - opening balance	**53,431,393**	**53,431,393**
Additions for the year	5,936,857	5,936,857
Disposals for the year	–	–
Transfers for the year	–	–
Gross book value - closing balance	**59,368,250**	**59,368,250**
Net book value - closing balance	**59,368,250**	**59,368,250**
Net book value - opening balance	53,431,393	53,431,393

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 Covington S.à r.l. One of these HCRO employee shareholders exercised their option rights in January, 2017.

Accordingly, Covington purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985 on January 11, 2017. Transfer tax of 1.6% related to the purchase of the above shares is also capitalised.

During the financial year ended March 31, 2017, the Company decided to transfer the EUR 1,500,000 loan receivable from HCR Management Oy (wholly owned subsidiary of the Company) as consideration towards its existing investments in HCRM without the issuance of additional shares.

b) Undertakings in which the Company holds at least 20% interests in their share capital are as follows:

Undertaking's Name	Registered office	% of holding	in EUR As on March 31, 2017	in INR	% of holding	in EUR As on March 31, 2016	in INR
Holiday Club Resorts Finland	**Finland**	**91.93%**	**55,568,369**	**3,848,665,242**	85.61%	51,131,512	3,541,368,526
Holiday Management Oy	**Finland**	**100.00%**	**3,799,881**	**263,179,785**	100.00%	2,299,881	159,289,785
Total			**59,368,250**	**4,111,845,027**		53,431,393	3,700,658,311

The 91.93% holding in Holiday Club Resorts Oy is made up of a direct holding of 87.69% and an indirect holding of 4.24% through HCR Management Oy.

As at the end of the financial year 2017, the Board of Managers estimated that the financial assets do not present any permanent loss in value.

Note 4 - Other Debtors

This Caption is detailed as follows:	in EUR **As on March 31, 2017**	in INR	in EUR As on March 31, 2016	in INR
Borrowings due and payable within one year				
Corporate income tax- Advances	**3,210**	**222,325**	4,815	333,487
Net Wealth tax- Advances	**6,480**	**448,826**	–	–
Total	**9,690**	**671,151**	4,815	333,487

Note 5 - Non Subordinated Debts

This Caption is detailed as follows:	in EUR **Within 1 Year**	**After 1 Year and within 5 Years**	**Total as on March 31, 2017**	in INR **Within 1 Year**	**After 1 Year and within 5 Years**	**Total as on March 31, 2017**	in EUR Within 1 Year	After 1 Year and within 5 Years	Total as on March 31, 2016	in INR Within 1 Year	After 1 Year and within 5 Years	Total as on March 31, 2016
Trade Creditors	75,599	–	75,599	5,235,977	–	5,235,977	34,487	–	34,487	2,388,599	–	2,388,599
<u>Tax Debts</u>												
Corporate Income tax - estimated tax	3,210		3,210	222,325	–	222,325	9,630	–	9,630	666,974	–	666,974
Net wealth tax - estimated tax	6,420		6,420	444,649	–	444,649	3,260	–	3,260	225,788	–	225,788
Withholding tax on director's fees	500		500	34,630	–	34,630						
<u>Amounts owed to affiliated undertakings</u>												
Loan from MHR Holdings (Mauritius) Ltd.	284,780	27,950,000	28,234,780	19,723,871	1,935,817,000	1,955,540,871	4,061,855	16,700,000	20,761,855	281,324,050	1,156,642,000	1,437,966,050
Mahindra Holidays & Resorts India Ltd.	112,401		112,401	7,784,893	–	7,784,893	51,450	–	51,450	3,563,427	–	3,563,427
<u>Other Creditors</u>									–	–	–	–
Social security authorities	71		71	4,909	–	4,909			–	–	–	–
Director fees	2,425		2,425	167,956	–	167,956			–	–	–	–
Loan from RCI Europe		10,000,000	10,000,000	–	692,600,000	692,600,000	320,194	10,000,000	10,320,194	22,176,670	692,600,000	714,776,670
Total	485,406	37,950,000	38,435,406	33,619,210	2,628,417,000	2,662,036,210	4,480,877	26,700,000	31,180,877	310,345,508	1,849,242,000	2,159,587,508

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 242,410,000) 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, 2017 amount to EUR 34,521.55 (INR 2,390,924).

EUR 16,700,000.00 (INR 1,156,642,000) 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 has been agreed by both parties in April, 2017. The accrued interests as at March 31, 2017 amount to EUR 207,263.00 (INR 14,355,035).

EUR 1,750,000.00 (INR 121,205,000) 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, 2017 amount to EUR 9,708.90 (INR 672,445).

EUR 6,000,000.00 (INR 415,560,000) 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, 2017 amount to EUR 33,287.67 (INR 2,305,527).

The loan from RCI Europe, amounting to EUR 10,000,000.00 (INR 692,600,000) 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, 2017 amount to EUR 0.00 (INR 0.00) due to RCI Europe waiving the full loan interest

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 112,401.00 (INR 7,784,893) does not bear any interest and has no maturity date.

Note 6 - Other External Charges

	in EUR	*in INR*	*in EUR*	*in INR*
This Caption is detailed as follows:	**Period from 01/04/2016 to 31/03/2017**		Period from 01/04/2015 to 31/03/2016	
Professional fees	**82,267**	**5,697,830**	58,835	4,074,943
Director fees	**4,379**	**303,301**	–	–
Luxembourg Chamber of Commerece contribution	**350**	**24,241**	350	24,241
Bank fees	**3,790**	**262,513**	5,467	378,667
Commission on Corporate Guarantee	**60,951**	**4,221,466**	51,450	3,563,427
Translation fees	**351**	**24,310**	263	18,233
Total	**152,089**	**10,533,661**	116,366	8,059,511

Note 7 - Other Interest and Other Financial Charges

	in EUR	*in INR*	*in EUR*	*in INR*
This Caption is detailed as follows:	**Period from 01/04/2016 to 31/03/2017**		Period from 01/04/2015 to 31/03/2016	
Interest charge on Loan amounts owed to RCI Europe	**153,397**	**10,624,249**	214,259	14,839,548
Interest charge on Loan amounts owed to MHR Holdings (Mauritius) Ltd.	**698,890**	**48,405,147**	434,934	30,123,495
Foreign Exchange Losses	**–**	**–**	2	114
Tax fines and penalties	**1,287**	**89,124**	–	–
Total	**853,574**	**59,118,520**	649,194	44,963,157

Note 8 - Income from financial fixed assets

	in EUR	*in INR*	*in EUR*	*in INR*
This Caption is detailed as follows:	**Period from 01/04/2016 to 31/03/2017**		Period from 01/04/2015 to 31/03/2016	
Dividend Income	**740,646**	**51,297,163**	–	–
Total	**740,646**	**51,297,163**	–	–

Note 9 - Other interest receivable and similar income

	in EUR	*in INR*	*in EUR*	*in INR*
This Caption is detailed as follows:	**Period from 01/04/2016 to 31/03/2017**		Period from 01/04/2015 to 31/03/2016	
Interest receivable from HCRO	**8,437**	**584,363**	–	–
Waiver on interest payable to RCI Europe	**473,591**	**32,800,918**	–	–
Total	**482,028**	**33,385,281**	–	–

Note 10 - Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 11 - Off balance sheet commitments and contingencies

The shares under the option agreement as at March 31, 2017 are as follows:

Agreement Date	**Shares**	**Executed**	**Outstanding**
Option agreement MHRIL September 2, 2015	386,112	249,542	136,570

Note 12 - Subsequent events

In April, 2017, an extension of the repayment date of the EUR 16,700,000.00 loan from MHR Holdings (Mauritius) Ltd. to the Company has been agreed by both parties.

In March 2017, the Company exercised the options to buy 127,160 shares in Holiday Club Resorts Oy. The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in Holiday Club Resorts Oy increased to 90,92%. This combined with the indirect shareholding of 4.24% amounts to a 95.16% post balance sheet holding in Holiday Club Resorts Oy.

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.

Note 13 - Going Concern

Management is of the opinion that there is no going concern issue and the liquidity risk is addressed when the loan maturing in August 2017 was extended in April, 2017. Refer to Note 6 and Note 13 above for further information.

Note 14

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 69.26 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017.

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, 2017.

OPERATIONS

The Group is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe.

The Group has 31 resorts in Finland (23), Sweden (2) and in Spain (6). These resorts were 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 July 2016, a subsidiary Caribia Service Oy was liquidated and removed from the trade register.

In July 2016, Holiday Club Resorts Oy together with the city of Kuusamo established a company called Tropiikin Rantasauna Oy. The company was registered in the trade register in August 2016. Holiday Club Resorts Oy owns 50% of the company's shares. This transaction is related to frame agreement with the city of Kuusamo.

In September 2016, a subsidiary Holiday Club Sweden AB sold all its shares in the company Åre Semesterby A AB, Åre Semesterby B AB, Åre Semesterby C AB and Åre Semesterby D AB.

In February 2017, subsidiaries Saimaa Gardens Arena Oy and Kiinteistö Oy Tunturinrivi merged into Holiday Club Resorts Oy.

In March 2017, the company renounced its ownership in the associated company Saimaa Adventures Oy.

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 (1.4.2016-31.3.2017) the Group has earned a revenue of 155.0 m€ and made a loss of -1.0 m€. The parent company revenue for the same period was 126.9 m€ and profit 0.8 m€.

Main items affecting the financial result of the Group were high start-up costs in Åre Spa hotel and lower demand of time share products in Gran Canary.

DIVIDENDS

The parent company's assets eligible for distribution are 42,766,660.45 euros. The parent's company's assets for profit distribution are 3,371,485.81 euros of which profit for the financial period is 802,013.67 euros.

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows:

0,30 euro/share, distributed as dividends	1,183,374.60	euro
Retained in equity	2,188,111.21	euro
	3,371,485.81	

DIRECTORS

The directors shown below have held office during the financial period under review:

1) Arunkumar Nanda, Chairman
2) Teuvo Salminen
3) Antti Heikinheimo
4) S. Krishnan
5) Sridar Iyengar
6) Vesa Tengman

The managing director of the company is Iiro Rossi. Vesa Tengman has been the managing director until 7th of September 2016.

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, 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 issue shares during the financial period under review.

HOLDING COMPANY

The Company is a subsidiary of Covington S.à.r.l. (ownership 91.9% 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, 2017.

Eero Suomela, APA is the primary and responsible auditor of the company. Company's deputy auditors have been APA KPMG Oy.

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 Oy

In Helsinki, 9th of May 2017

Arunkumar Nanda Chairman of the Board	**Teuvo Salminen** Director
Antti Heikinheimo Director	**S. Krishnan** Director
Sridar Iyengar Director	**Vesa Tengman** Director

AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

Report on the Audit of Financial Statements

Opinion

I have audited the financial statements of Holiday Club Resorts Oy (business identity code 2033337-1) for the year ended 31 March, 2017. 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 my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am 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 I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I 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 a 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 for the Audit of Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 parent company or the group 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 information included in the report of the Board of Directors. My opinion on the financial statements does not cover the other information.

In connection with my audit of the financial statements, my responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. My responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In my 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 I have performed, I conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. I have nothing to report in this regard.

Eero Suomela
Authorised Public Accountant, KHT
Nokkalankulma 7 B
02230 Espoo
FINLAND

Place : Helsinki
Date : 9th May 2017

PROFIT AND LOSS STATEMENT FOR THE GROUP

	Note	**Eur** **1.4.2016-31.3.2017**	**Rs.** **1.4.2016-31.3.2017**	Eur 1.10.2014-31.3.2016	Rs. 1.10.2014-31.3.2016
TURNOVER	**1**	**155,028,438.40**	**10,736,494,501.23**	183,383,004.47	12,700,189,974.57
Other operating income	**2**	**6,430,152.64**	**445,320,221.06**	12,875,845.04	891,716,648.25
Share of Associated Company Profit (Loss)		**6,741.20**	**466,861.81**	(109,015.38)	(7,549,860.14)
Materials and services	3	**(61,280,900.00)**	**(4,244,008,729.56)**	(62,534,162.13)	(4,330,803,398.31)
Personnel expenses	4	**(37,845,576.01)**	**(2,620,995,366.62)**	(53,137,916.27)	(3,680,066,391.28)
Depreciations and impairments	5	**(6,171,347.41)**	**(427,396,664.54)**	(11,546,697.32)	(799,666,522.90)
Other operating expenses	6	**(56,483,325.21)**	**(3,911,752,687.69)**	(72,238,270.60)	(5,002,861,430.40)
PROFIT (LOSS)		**(315,816.39)**	**(21,871,864.31)**	(3,307,212.19)	(229,040,980.22)
Financial income and expenses	7	**(947,152.28)**	**(65,595,031.27)**	(4,300,175.40)	(297,808,647.33)
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**(1,262,968.67)**	**(87,466,895.58)**	(7,607,387.59)	(526,849,627.55)
Income taxes	9	**(248,201.26)**	**(17,189,178.37)**	605,705.62	41,948,142.99
Minority Share		**519,175.57**	**35,955,503.80**	(209,004.56)	–
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**(991,994.37)**	**(68,700,570.15)**	(7,210,686.52)	(499,376,095.01)

BALANCE SHEET FOR THE GROUP

	Note	**Eur 31.3.2017**	**Rs. 31.3.2017**	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON CURRENT ASSETS					
Intangible assets	10	**8,671,484.73**	**600,543,675.02**	9,252,651.63	640,792,388.64
Group goodwill	10	**46,582.07**	**3,226,041.26**	57,989.87	4,016,088.45
Tangible assets	11	**40,178,051.76**	**2,782,530,974.75**	38,889,202.88	2,693,271,745.45
Investments	12	**4,071,142.74**	**281,946,990.55**	4,005,279.80	277,385,652.55
TOTAL NON CURRENT ASSETS		**52,967,261.30**	**3,668,247,681.58**	52,205,124.18	3,615,465,875.09
CURRENT ASSETS					
Inventories	14	**53,166,331.33**	**3,682,034,276.39**	51,187,488.18	3,544,989,493.91
Long-term receivables	15	**1,557,326.29**	**107,852,632.21**	1,564,717.96	108,364,542.32
Deferred tax receivables	19	**1,410,845.37**	**97,708,096.34**	1,335,277.86	92,474,668.19
Short-term receivables	16	**21,634,003.67**	**1,498,262,924.37**	18,364,613.38	1,271,841,299.63
Financial instruments		**3,558.00**	**246,409.29**	3,558.00	246,409.29
Cash and cash equivalents		**3,631,077.11**	**251,470,245.26**	10,532,400.57	729,421,401.48
TOTAL CURRENT ASSETS		**81,403,141.78**	**5,637,574,583.87**	82,988,055.95	5,747,337,814.82
TOTAL ASSETS		**134,370,403.08**	**9,305,822,265.45**	135,193,180.13	9,362,803,689.90
EQUITY AND LIABILITIES					
EQUITY	**17**				
Share capital		**11,959,146.00**	**828,230,656.23**	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity		**39,395,174.64**	**2,728,312,819.89**	39,395,174.64	2,728,312,819.69
Profit (loss) from previous years		**10,238,398.50**	**709,060,287.93**	18,847,508.98	1,305,284,234.41
Profit (loss) for the financial year		**(991,994.37)**	**(68,700,570.15)**	(7,210,686.52)	(499,376,094.94)
TOTAL EQUITY		**60,600,724.77**	**4,196,903,193.91**	62,991,143.10	4,362,451,615.39
GROUP RESERVE	**18**	**–**	**–**	–	-
MINORITY SHARE		**593,770.39**	**–**	–	–
LIABILITIES					
Deferred tax liabilities	19	**265,410.66**	**18,381,015.54**	440,390.09	30,499,215.68
Long-term liabilities	20	**18,265,950.87**	**1,265,008,427.60**	26,639,756.63	1,844,936,345.41
Short-term liabilities	21	**54,644,546.38**	**3,784,408,059.33**	43,973,050.85	3,045,353,636.62
TOTAL LIABILITIES		**73,175,907.91**	**5,067,797,502.47**	71,053,197.57	4,920,789,197.71
TOTAL EQUITY AND LIABILITIES		**134,370,403.08**	**9,305,822,265.04**	135,193,180.13	9,362,803,689.90

CASH FLOW STATEMENT FOR THE GROUP

	Eur	**Rs.**	Eur	Rs.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Cash flow from operating activities				
Profit/loss before appropriations and taxes ...	**(1,262,968.67)**	**(87,466,895.58)**	(7,607,387.59)	(526,849,627.55)
Adjustments:				
Depreciations	**6,171,347.41**	**427,396,664.88**	11,546,697.32	799,666,523.07
Other non-cash items	**(999,725.22)**	**(69,235,970.11)**	(101,655.02)	(7,040,118.49)
Financial income and expenses	**945,849.43**	**65,504,802.27**	3,577,898.67	247,787,372.15
Cash generated from operations before net working capital	**4,854,502.95**	**336,198,601.46**	7,415,553.38	513,564,149.19
Change in non-interest-bearing receivables	**(3,761,689.27)**	**(260,515,790.39)**	735,528.25	50,939,008.75
Change in inventories	**(2,143,884.52)**	**(148,474,722.43)**	(2,288,854.25)	(158,514,600.86)
Change in non-interest-bearing liabilities	**7,106,337.77**	**492,149,422.26**	3,595,388.75	248,998,647.80
Cash generated from operations before financial items and taxes	**6,055,266.93**	**419,357,510.90**	9,457,616.13	654,987,204.88
Interest expenses paid and other financial expenses	**(1,205,213.41)**	**(83,467,054.71)**	(2,758,844.75)	(191,063,793.29)
Dividend received	**782.00**	**54,157.41**	–	–
Interest income received	**252,914.03**	**17,515,561.15**	–	–
Income taxes paid	**138,761.22**	**9,609,908.29**	(1,012,027.64)	(70,087,974.38)
Net cash flow from operating activities	**5,242,510.77**	**363,070,083.04**	5,686,743.73	393,835,437.21
Cash flow from investments activities				
Investments in tangible and intangible assets	**(8,947,952.26)**	**(619,690,433.77)**	(5,950,815.94)	(412,123,758.12)
Proceeds from sale of tangible and intangible assets	**3,022,586.74**	**209,329,244.68**	2,721,390.06	188,469,868.61
Investments in other investments	**(66,539.80)**	**(4,608,213.85)**	(693,613.26)	(48,036,186.04)
Proceeds from repayments of loans	**2,277.91**	**157,756.66**	238,034.82	16,485,101.64
Proceeds from other investments	**–**	**–**	270,872.98	18,759,308.23
Interest received from investments	**–**	**–**	412,436.50	28,563,290.00
Dividends received from investments	**–**	**–**	514.80	35,652.47
Disposal of subsidiaries	**(5,424.96)**	**(375,705.60)**	–	–
Net cash flow from investing activities	**(5,995,052.37)**	**(415,187,351.88)**	(3,001,180.03)	(207,846,723.22)
Cash flow from financing activities				
Proceeds from issuance of share capital ..	**–**	**–**	14,477,872.50	1,002,665,059.99
Proceeds from short-term borrowings	**2,627,445.78**	**181,963,757.49**	(26,180.00)	(1,813,095.90)
Repayments in short-term borrowngs	**(510,240.88)**	**(35,336,732.14)**	–	–
Proceeds from long-term borrowings	**841,034.05**	**58,245,813.13**	12,056,000.00	834,938,280.00
Repayments in long-term borrowings	**(7,995,167.14)**	**(553,705,300.28)**	(22,438,028.98)	(1,553,945,696.92)
Dividends paid	**(950,532.60)**	**(65,829,135.21)**	(1,046,732.75)	(72,491,476.60)
Net cash used in financing activities	**(5,987,460.79)**	**(414,661,597.01)**	3,022,930.77	209,353,070.57
Net increase/decrease in cash and cash equivalents	**(6,740,002.39)**	**(466,778,865.86)**	5,708,494.47	395,341,784.56
Cash and cash equivalents at the beginning of period	**10,535,958.57**	**729,667,810.59**	4,827,464.10	334,326,026.25
Effects of exchange rate fluctuations on cash held	**(161,321.06)**	**–**	–	–
Cash and cash equivalents at the end of period	**3,634,635.11**	**251,716,654.54**	10,535,958.57	729,667,810.59
Change in net cash	**(6,740,002.40)**	**(466,778,866.04)**	5,708,494.47	395,341,784.34

PARENT COMPANY PROFIT AND LOSS

	Note	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs. 1.10.2014- 31.3.2016
TURNOVER	**1**	**126,484,703.75**	**8,759,698,158.21**	151,414,616.46	10,486,219,262.94
Other operating income	**2**	**5,314,607.66**	**368,063,153.49**	13,925,353.71	964,400,371.19
Materials and services	3	**(53,595,365.05)**	**(3,711,747,006.54)**	(56,160,920.20)	(3,889,424,528.45)
Personnel expenses	4	**(27,507,978.25)**	**(1,905,065,033.70)**	(40,452,045.92)	(2,801,506,440.19)
Depreciations and impairments	5	**(4,278,934.62)**	**(296,337,617.11)**	(6,059,619.99)	(419,658,982.41)
Other operating expenses	6	**(44,007,869.62)**	**(3,047,765,010.53)**	(63,515,611.30)	(4,398,773,660.58)
PROFIT (LOSS)		**2,409,163.87**	**166,846,643.82**	(848,227.24)	(58,743,977.51)
Financial income and expenses	7	**(1,277,358.99)**	**(88,463,496.85)**	(4,183,909.30)	(289,756,638.57)
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**1,131,804.88**	**78,383,146.96**	(5,032,136.54)	(348,500,616.08)
Appropriations	8	**21,287.55**	**1,474,269.28**	1,319,697.75	91,395,667.68
Income taxes	9	**(351,078.76)**	**(24,313,959.52)**	4,738.67	328,176.59
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**802,013.67**	**55,543,456.72**	(3,707,700.12)	(256,776,771.81)

PARENT COMPANY BALANCE SHEET

	Note	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON CURRENT ASSETS					
Intangible assets	10	**6,723,169.89**	**465,613,130.73**	6,822,907.76	472,520,476.92
Tangible assets	11	**12,898,144.70**	**893,261,011.20**	12,422,356.30	860,310,285.56
Investments					
Shares of the group companies	12	**8,368,429.51**	**579,555,585.72**	9,035,224.91	625,734,501.14
Shares of the associated companies	12	**648,700.00**	**44,925,718.50**	594,167.77	41,149,088.91
Receivables from group companies	16	**12,772,497.43**	**884,559,309.51**	13,197,402.79	913,986,130.22
Other shares	12	**3,588,855.55**	**248,546,191.12**	3,587,855.55	248,476,936.12
Other receivables	12	**61,508.68**	**4,259,783.63**	58,468.68	4,049,248.43
TOTAL NON CURRENT ASSETS		**45,061,305.76**	**3,120,720,730.41**	45,718,383.76	3,166,226,667.30
CURRENT ASSETS					
Inventories	14	**42,307,388.09**	**2,929,998,162.17**	38,250,835.37	2,649,061,603.55
Long-term receivables	15	**13,359,331.65**	**925,200,513.42**	13,611,441.13	942,660,355.46
Short-term receivables	16	**16,480,085.53**	**1,141,328,323.38**	15,569,042.81	1,078,234,059.81
Financial instruments		**3,558.00**	**246,409.29**	3,558.00	246,409.29
Cash and cash equivalents ...		**563,902.96**	**39,053,099.49**	6,439,806.98	445,988,832.40
TOTAL CURRENT ASSETS		**72,714,266.23**	**5,035,826,507.76**	73,874,684.29	5,116,191,260.50
TOTAL ASSETS		**117,775,571.99**	**8,156,547,238.17**	119,593,068.05	8,282,417,927.80
EQUITY AND LIABILITIES					
EQUITY	17				
Share capital		**11,959,146.00**	**828,230,656.23**	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity		**39,395,174.64**	**2,728,312,819.69**	39,395,174.64	2,728,312,819.69
Profit (loss) from previous years		**2,569,472.14**	**177,948,793.06**	7,227,704.86	500,554,700.08
Profit (loss) for the financial year		**802,013.67**	**55,543,456.72**	(3,707,700.12)	(256,776,771.81)
TOTAL EQUITY		**54,725,806.45**	**3,790,035,725.69**	54,874,325.38	3,800,321,404.19
ACCUMULATED DEPRECIATION		**432,093.19**	**29,924,613.87**	562,862.74	38,981,059.06
LIABILITIES					
Long-term liabilities	20	**16,643,585.59**	**1,152,651,520.04**	26,868,994.61	1,860,812,221.72
Short-term liabilities	21	**45,974,086.76**	**3,183,935,378.56**	37,286,885.32	2,582,303,242.84
TOTAL LIABILITIES		**62,617,672.35**	**4,336,586,898.60**	64,155,879.93	4,443,115,464.55
TOTAL EQUITY AND LIABILITIES		**117,775,571.99**	**8,156,547,238.17**	119,593,068.05	8,282,417,927.80

PARENT COMPANY CASH FLOW

	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs. 1.10.2014- 31.3.2016
Cash flow from operating activities				
Profit/loss before appropriations and taxes	**1,131,804.88**	**78,383,146.96**	(5,032,136.54)	(348,500,616.08)
Adjustments:				
Depreciations	**4,278,934.62**	**296,337,617.11**	6,059,620.47	419,659,015.65
Sales profit/loss from the sales of non-current assets	**(856,366.55)**	**(59,307,665.42)**	–	–
Other non-cash items	**(19,886.46)**	**(1,377,236.79)**	3,651,110.56	252,857,661.83
Financial income and expenses	**1,277,358.99**	**88,463,496.85**	1,457,976.88	100,972,188.82
Cash generated from operations before net working capital	**5,811,845.48**	**402,499,358.72**	6,136,571.37	424,988,250.23
Change in working capital				
Change in non-interest-bearing receivables	**(490,179.21)**	**(33,947,361.19)**	(831,618.92)	(57,593,768.30)
Change in inventories	**(4,054,013.33)**	**(280,760,693.17)**	(2,643,944.78)	(183,106,395.74)
Change in non-interest-bearing liabilities	**5,804,143.79**	**401,965,978.18**	1,492,336.62	103,351,772.62
Cash generated from operations before financial items and tax	**7,071,796.73**	**489,757,282.54**	4,153,344.29	287,639,858.80
Interest expenses paid and other financial expenses	**(1,088,842.11)**	**(75,407,760.33)**	(2,625,075.40)	(181,799,596.83)
Income taxes paid	**55,494.71**	**3,843,286.14**	(480,258.36)	(33,260,292.72)
Net cash flow from operating activities	**6,038,449.33**	**418,192,808.35**	1,048,010.53	72,579,969.26
Cash flow from investments activities				
Investments in tangible and intangible assets	**(4,602,959.11)**	**(318,777,933.16)**	(10,780,194.86)	(746,582,395.03)
Proceeds from sales of tangible and intangible assets	**2,288,231.81**	**158,471,494.00**	1,384,651.35	95,894,029.24
Investments in group companies	**(1,346,049.10)**	**(93,220,630.42)**	–	–
Investments in other investments	**(66,539.80)**	**(4,608,213.85)**	4,639,218.82	321,289,099.38
Proceeds from repayments of loans	**2,277.91**	**157,756.66**	8,392,562.07	581,226,886.16
Interest received from investments	**72,828.24**	**5,043,719.76**	1,029,956.69	71,329,650.57
Dividends received from investments	**782.00**	**54,157.41**	514.80	35,652.47
Net cash flow from investing activities	**(3,650,678.05)**	**(252,827,708.35)**	4,666,708.87	323,192,922.79

	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs. 1.10.2014- 31.3.2016
Cash flow from financing activities				
Proceeds from issuance of share capital	**–**	**–**	14,477,872.50	1,002,665,059.99
Proceeds from short-term borrowings	**2,374,880.58**	**164,472,354.57**	(4,752,789.22)	(329,154,417.43)
Proceeds from long-term borrowing	**–**	**–**	10,000,000.00	692,550,000.00
Repayments in long-term borrowings	**(9,737,666.86)**	**(674,382,118.39)**	(21,028,077.61)	(1,456,299,514.88)
Dividends paid	**(950,532.60)**	**(65,829,135.21)**	(1,046,732.75)	(72,491,476.60)
Group contributions received and paid	**–**	**–**	(600,000.00)	(41,553,000.00)
Net cash used in financing activities	**(8,313,318.88)**	**(575,738,899.03)**	(2,949,727.08)	(204,283,348.93)
Net increase/decrease in cash and cash equivalents	**(5,925,547.60)**	**(410,373,799.04)**	2,764,992.32	191,489,543.12
Cash and cash equivalents at the beginning of period	**6,443,364.98**	**446,235,241.69**	3,678,372.66	254,745,698.57
Cash received from merged companies	**49,643.58**	**–**	–	–
Cash and cash equivalents at the end of period	**567,460.96**	**39,299,508.78**	6,443,364.98	446,235,241.69
Change in net cash	**(5,925,547.60)**	**(410,373,799.04)**	2,764,992.32	191,489,543.12

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 87.7% 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.

The group's financial statements for the comparative period are presented for the extended 18 months financial period 1.10.2014-31.3.2016. As a result, proceeding accounting periods are not comparable with regard to the income statement.

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.

Note : FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 69.26 = FC1
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 FINANCIAL STATEMENTS

1. TURNOVER

TURNOVER BY BUSINESS AREAS

Business area review	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Timeshare	**45,783,445.90**	67,301,791.91	**38,738,272.77**	55,141,491.67
Service sector	**63,586,894.99**	71,797,235.74	**52,117,187.18**	64,556,890.30
Renting	**4,913,955.27**	6,735,906.38	**3,146,288.94**	4,074,983.87
Real Estate Management	**5,317,604.13**	8,336,129.11	**2,511,196.61**	4,125,536.17
Villas	**33,463,691.31**	25,054,650.10	**29,850,576.84**	23,497,050.42
Other Sales	**1,962,846.80**	4,157,291.23	**121,181.24**	18,664.03
Total	**155,028,438.40**	183,383,004.47	**126,484,703.58**	151,414,616.46

The Villas turnover for current financial year includes 17,977,252.00eur (2016/4,136,890eur) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Timeshare	**3,170,732,545.50**	4,660,985,598.73	**2,682,819,080.69**	3,818,824,005.61
Service sector	**4,403,710,412.40**	4,972,317,561.17	**3,609,375,798.15**	4,470,887,437.73
Renting	**340,315,972.49**	466,495,196.35	**217,896,240.54**	282,213,007.92
Real Estate Management	**368,270,674.02**	577,318,621.51	**173,912,921.23**	285,714,007.45
Villas	**2,317,527,941.36**	1,735,159,792.68	**2,067,301,699.05**	1,627,288,226.84
Other Sales	**135,936,955.46**	287,913,204.13	**8,392,406.78**	1,292,577.40
Total	**10,736,494,501.23**	12,700,189,974.57	**8,759,698,146.43**	10,486,219,262.94

The Villas turnover for current financial year includes Rs 1,245,014,587.26 (2016/ Rs 286,500,316.95) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

TURNOVER BY MARKET AREAS

Geographical review	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Finland	**126,806,305.13**	153,531,427.00	**126,484,703.75**	151,414,616.46
Sweden	**18,068,336.97**	11,617,565.19	–	–
Spain	**10,153,796.30**	18,234,012.28	–	–
Total	**155,028,438.40**	183,383,004.47	**126,484,703.75**	151,414,616.46

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Finland	**8,781,970,661.78**	10,632,818,976.89	**8,759,698,158.21**	10,486,219,262.94
Sweden	**1,251,322,676.69**	804,574,477.23	–	–
Spain	**703,201,162.76**	1,262,796,520.45	–	–
Total	**10,736,494,501.23**	12,700,189,974.57	**8,759,698,158.21**	10,486,219,262.94

2. OTHER OPERATING INCOME

	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Profit from the sales of fixed assets	**1,073,156.16**	3,061,088.63	**899,705.08**	2,524,443.79
Other income	**5,356,996.48**	9,036,538.52	**4,360,638.19**	8,174,399.93
Profit from mergers	–	–	**54,264.39**	3,226,509.99
Group reserve recognition	–	778,217.89	–	–
Total	**6,430,152.64**	12,875,845.04	**5,314,607.66**	13,925,353.71

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Profit from the sales of fixed assets	**74,321,429.73**	211,995,693.07	**62,309,075.32**	174,830,354.68
Other income	**370,998,791.33**	625,825,475.20	**301,995,997.85**	566,118,067.15
Profit from mergers	–	–	**3,758,080.33**	223,451,949.36
Group reserve recognition	–	53,895,479.97	–	–
Total	**445,320,221.06**	891,716,648.25	**368,063,153.49**	964,400,371.19

3. MATERIALS AND SERVICES

Materials and supplies	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Purchases during the financial year	**53,477,209.49**	51,022,197.76	**51,439,791.26**	49,424,006.11
Change in inventory	**(5,459,260.20)**	(782,992.35)	**(9,763,483.05)**	(3,566,112.00)
Total	**48,017,949.30**	50,239,205.41	**41,676,308.21**	45,857,894.11
External services	**13,262,950.70**	12,294,956.72	**11,919,056.84**	10,303,026.09
Materials and services total	**61,280,900.00**	62,534,162.13	**53,595,365.05**	56,160,920.20

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Purchases during the financial year	**3,703,564,143.44**	3,533,542,305.87	**3,562,462,743.71**	3,422,859,543.15
Change in inventory	**(378,081,064.93)**	(54,226,135.20)	**(676,170,018.63)**	(246,971,086.56)
Total	**3,325,483,078.50**	3,479,316,170.67	**2,886,292,725.08**	3,175,888,456.59
External services	**918,525,651.06**	851,487,227.64	**825,454,281.45**	713,536,071.86
Materials and services total	**4,244,008,729.56**	4,330,803,398.31	**3,711,747,006.54**	3,889,424,528.45

4. PERSONNEL AND MEMBERS OF THE BOARD

PERSONNEL EXPENSES

	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Salaries, wages, comissions	**30,584,277.63**	42,602,369.02	**22,193,033.09**	32,536,463.48
Pension expenses	**4,268,934.26**	6,072,222.84	**4,073,072.73**	6,122,419.52
Other indirect employee expenses	**2,992,364.13**	4,463,324.41	**1,241,872.43**	1,793,162.92
Total	**37,845,576.01**	53,137,916.27	**27,507,978.25**	40,452,045.92

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Salaries, wages, comissions	**2,118,114,147.11**	2,950,427,066.48	**1,536,978,506.65**	2,253,312,778.31
Pension expenses	**295,645,041.95**	420,531,792.78	**282,080,651.92**	424,008,163.86
Other indirect employee expenses	**207,236,177.56**	309,107,532.01	**86,005,875.14**	124,185,498.02
Total	**2,620,995,366.62**	3,680,066,391.28	**1,905,065,033.70**	2,801,506,440.19

EXECUTIVE REMUNERATION

Eur	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016	Parent 1.4.2016-31.3.2017	Parent 1.10.2014-31.3.2016
Chief executive officers	**534,476.27**	742,448.95	–	–
Members of the board of directors	**55,000.00**	91,500.00	**55,000.00**	91,500.00
Total	**589,476.27**	833,948.95	**55,000.00**	91,500.00

Rs.	1.4.2016-31.3.2017	1.10.2014-31.3.2016	1.4.2016-31.3.2017	1.10.2014-31.3.2016
Chief executive officers	37,015,154.24	51,418,301.85	–	–
Members of the board of directors	3,809,025.00	6,336,832.50	3,809,025.00	6,336,832.50
Total	**40,824,179.24**	**57,755,134.35**	**3,809,025.00**	**6,336,832.50**

THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016	Parent 1.4.2016-31.3.2017	Parent 1.10.2014-31.3.2016
Employees	780	782	510	504
Total	**780**	782	**510**	504

5. DEPRECIATIONS AND IMPAIRMENTS

Eur	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016	Parent 1.4.2016-31.3.2017	Parent 1.10.2014-31.3.2016
Intangible assets	**758,614.24**	1,021,737.83	**753,438.91**	1,021,737.83
Goodwill	**720,639.60**	972,855.17	**242,629.13**	405,443.04
Other long-term expenses	**1,215,217.00**	1,543,142.85	**1,211,235.53**	1,534,952.35
Buildings and structures	**781,741.45**	963,982.78	**85,024.75**	14,503.11
Machinery and equipment	**2,565,773.32**	3,621,784.57	**1,892,045.89**	2,656,791.82
Other tangible assets	**100,270.41**	135,972.80	**94,560.41**	6,018.22
Impairment losses from investments in non current Assets	**17,683.58**	3,204,679.25	–	420,173.62
Total	**6,159,939.61**	11,464,155.25	**4,278,934.62**	6,059,619.99
Group goodwill	**11,407.80**	82,542.07	–	–
Total	**6,171,347.41**	11,546,697.32	**4,278,934.62**	6,059,619.99

Rs.	1.4.2016-31.3.2017	1.10.2014-31.3.2016	1.4.2016-31.3.2017	1.10.2014-31.3.2016
Intangible assets	**52,537,828.97**	70,760,453.42	**52,179,411.71**	70,760,453.42
Goodwill	**49,907,895.61**	67,375,084.80	**16,803,280.40**	28,078,957.74
Other long-term expenses	**84,159,853.34**	106,870,358.08	**83,884,116.63**	106,303,125.00
Buildings and structures	**54,139,504.35**	66,760,627.43	**5,888,389.06**	1,004,412.88
Machinery and equipment	**177,692,631.38**	250,826,690.40	**131,033,638.11**	183,996,117.49
Other tangible assets	**6,944,227.24**	9,416,796.26	**6,548,781.19**	416,791.83
Impairment losses from investments in non current Assets	**1,224,676.47**	221,940,061.46	–	29,099,124.05
Total	**426,606,617.35**	793,950,071.84	**296,337,617.11**	419,658,982.41
Group goodwill	**790,047.19**	5,716,451.06	–	–
Total	**427,396,664.54**	799,666,522.90	**296,337,617.11**	419,658,982.41

6. OTHER OPERATING EXPENSES

Eur	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016	Parent 1.4.2016-31.3.2017	Parent 1.10.2014-31.3.2016
Voluntary employee expenses	724,889.59	692,389.42	626,273.62	544,674.24
Rents	17,301,480.89	20,249,982.48	13,957,321.24	19,365,618.83
Maintenance fees	5,861,201.75	8,946,340.96	6,427,671.06	8,714,297.17
Marketing expenses	9,692,318.09	13,954,608.41	8,856,456.33	10,972,359.51
Travel and entertainment expenses	1,085,510.88	1,708,968.00	1,109,611.38	1,329,439.65
Maintenance expenses	2,638,490.58	3,777,110.23	3,494,612.52	4,291,770.80
Real estate expenses	7,741,960.63	9,855,635.70	5,219,953.96	6,613,356.19
Other operating expenses	11,437,472.81	12,743,058.21	4,315,969.51	11,355,394.67
Total	**56,483,325.21**	71,928,093.41	**44,007,869.62**	63,186,911.06

Rs.	1.4.2016-31.3.2017	1.10.2014-31.3.2016	1.4.2016-31.3.2017	1.10.2014-31.3.2016
Voluntary employee expenses	**50,202,228.83**	47,951,429.28	**43,372,579.55**	37,721,414.49
Rents	**1,198,214,059.03**	1,402,412,536.65	**966,614,282.48**	1,341,165,932.07
Maintenance fees	**405,917,527.20**	619,578,843.18	**445,148,359.26**	603,508,650.51
Marketing expenses	**671,241,489.31**	966,426,405.43	**613,353,883.13**	759,890,757.87
Travel and entertainment expenses	**75,177,055.99**	118,354,578.84	**76,846,136.12**	92,070,342.96
Maintenance expenses	**182,728,664.82**	261,583,768.98	**242,019,390.07**	297,226,586.75
Real estate expenses	**536,169,483.14**	682,552,050.40	**361,507,911.50**	458,007,982.94
Other operating expenses	**792,102,179.36**	882,520,496.33	**298,902,468.42**	786,417,857.87
Total	**3,911,752,687.69**	4,981,380,109.11	**3,047,765,010.53**	4,376,009,525.46

AUDITING FEES

Eur	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016	Parent 1.4.2016-31.3.2017	Parent 1.10.2014-31.3.2016
Auditing services	287,546.73	277,498.44	197,932.53	191,990.71
Tax consultancy	22,385.20	67,114.49	1,985.20	1,701.60
Other fees	16,225.15	4,513.21	15,000.00	48,428.29
Total	**326,157.08**	**349,126.14**	**214,917.73**	**242,120.60**

Rs.	1.4.2016-31.3.2017	1.10.2014-31.3.2016	1.4.2016-31.3.2017	1.10.2014-31.3.2016
Auditing services	19,914,048.79	19,218,154.46	13,707,817.37	13,296,316.62
Tax consultancy	1,550,287.03	4,648,014.00	137,485.03	117,844.31
Other fees	1,123,672.76	312,562.36	1,038,825.00	3,353,901.22
Total	**22,588,008.58**	**24,178,730.83**	**14,884,127.39**	**16,768,062.15**

7. FINANCIAL INCOME AND EXPENSE

	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Dividends	**782.00**	514.80	**782.00**	514.80
Interest from Cooperative Capital	–	–	–	–
Other interest and financial income				
Group companies	–	–	**393,154.45**	897,591.44
Associated companies	–	16,925.34	–	16,925.34
Others	**2,563,191.01**	395,511.16	**279,025.51**	115,439.91
Total interest income	**2,563,191.01**	412,436.50	**672,179.96**	1,029,956.69
Total for financial income	**2,563,973.01**	412,951.30	**672,961.96**	1,030,471.49
Interest expenses and other financial expenses				
Group companies	–	–	**146,724.55**	421,472.00
Others	**984,489.55**	2,113,149.47	**981,566.62**	1,754,796.13
Other financial expenses				
Impairment losses from financial securities	–	2,103,464.08	**617,271.57**	2,725,932.42
Changes in derivatives fair values	**51,738.71**	–	**51,738.71**	–
Others	**2,474,897.03**	496,513.15	**153,019.50**	312,180.24
Total interest expenses	**3,511,125.29**	4,713,126.70	**1,950,320.95**	5,214,380.79
Financial income and expense	**(947,152.28)**	(4,300,175.40)	**(1,277,358.99)**	(4,183,909.30)

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Dividends	**54,157.41**	35,652.47	**54,157.41**	35,652.47
Other interest and financial income				
Group companies	–	–	**27,227,911.43**	62,162,695.18
Associated companies	–	1,172,164.42	–	1,172,164.42
Others	**177,513,793.14**	27,391,125.39	**19,323,911.70**	7,994,790.97
Total interest income	**177,513,793.14**	28,563,289.81	**46,551,823.13**	71,329,650.57
Total for financial income	**177,567,950.55**	28,598,942.28	**46,605,980.54**	71,365,303.04
Interest expenses and other financial expenses				
Group companies	–	–	**10,161,408.71**	29,189,043.36
Others	**68,180,823.79**	146,346,166.54	**67,978,396.27**	121,528,405.98
Other financial expenses				
Impairment losses from financial securities	–	145,675,404.86	**42,749,142.58**	188,784,449.75
Changes in derivatives fair values	**3,583,164.36**	–	**3,583,164.36**	–
Others	**171,398,993.81**	34,386,018.20	**10,597,365.47**	21,620,042.52
Total interest expenses	**243,162,981.96**	326,407,589.61	**135,069,477.39**	361,121,941.61
Financial income and expense	**(65,595,031.41)**	(297,808,647.33)	**(88,463,496.85)**	(289,756,638.57)

From the financial year 2009-2010 onwards, unrealized exchange rate gains from long-term loan receivables have been presented in acrued expenses in parent company according to the principle of prudence. Exchange rate differences from internal loans are presented in equity as translation differences in Group accounts.

8. APPROPRIATIONS

	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Change in accumulated depreciation	**–**	–	**130,769.55**	1,319,697.75
Group contribution	–	–	**(109,482.00)**	–
Total	–	–	**21,287.55**	1,319,697.75

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Change in accumulated depreciation	–	–	**9,056,445.19**	91,395,667.68
Group contribution	–	–	**(7,582,175.91)**	–
Total	–	–	**1,474,269.28**	91,395,667.68

9. INCOME TAXES

	Group	Group	Parent	Parent
Eur	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Income taxes from operating activities	**(344,837.03)**	(43,352.38)	**335,015.08**	–
Income taxes, previous financial year	**(152,812.50)**	2,501.98	**16,063.68**	4,738.67
Change in deferred tax receivables	**76,737.77**	468,516.00	–	–
Change in deferred tax liabilities	**172,710.50**	178,040.02	–	–
Total	**(248,201.26)**	605,705.62	**351,078.76**	4,738.67

Rs.	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016
Income taxes from operating activities	**(23,881,688.51)**	(3,002,369.08)	**23,201,469.37**	–
Income taxes, previous financial year	**(10,583,029.69)**	173,274.62	**1,112,490.16**	328,176.59
Change in deferred tax receivables	**5,314,474.34**	32,447,075.58	–	–
Change in deferred tax liabilities	**11,961,065.49**	12,330,161.59	–	–
Total	**(17,189,178.37)**	41,948,142.71	**24,313,959.52**	328,176.59

NOTES TO THE BALANCE SHEET

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2016	4,449,439.12	8,976,550.40	6,955,518.73	40,724.71	4,127,302.58	24,549,535.54
Translation difference	(39.80)	–	(21,914.45)	–	–	(21,954.25)
Additions	269,287.15	1,723,357.35	–	–	–	1,992,644.50
Deductions	(126,785.42)	(903,816.33)	(24,767.96)	–	–	(1,055,369.71)
Transfers between items	181,591.55	–	–	(40,724.71)	–	140,866.84
Correction between acquisition cost and accumulated depreciations	(169,320.67)	226,297.63	(40,577.89)	–	(3,656,923.10)	(3,640,524.03)
Acquisition cost 31.3.2017	**4,604,171.93**	**10,022,389.05**	**6,868,258.43**	**–**	**470,379.48**	**21,965,198.89**
Accumulated depreciations 1.4.2016	(2,184,487.98)	(5,636,137.91)	(3,348,955.44)	–	(4,069,312.71)	(15,238,894.04)
Translation difference	6.96	–	1,739.36	–	–	1,746.32
Accumulated depreciations from transfers/ deductions	126,785.42	903,816.33	24,767.96	–	–	1,055,369.71
Depreciations	(756,738.50)	(1,217,092.74)	(720,639.60)	–	(11,407.80)	(2,705,878.64)
Correction between acquisition cost and accumulated depreciations	169,320.66	(226,297.07)	40,577.87	–	3,656,923.10	3,640,524.56
Accumulated depreciations 31.3.2017	**(2,645,113.44)**	**(6,175,711.39)**	**(4,002,509.85)**	**–**	**(423,797.41)**	**(13,247,132.09)**
Book value 31.3.2017	**1,959,058.49**	**3,846,677.66**	**2,865,748.58**	**–**	**46,582.07**	**8,718,066.80**

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2016	308,145,906.26	621,670,997.95	481,704,449.65	2,820,389.79	285,836,340.18	1,700,178,083.82
Translation difference	(2,756.45)	–	(1,517,685.09)	–	–	(1,520,441.54)
Additions	18,649,481.66	119,351,113.27	–	–	–	138,000,594.94
Deductions	(8,780,524.26)	(62,593,799.93)	(1,715,305.07)	–	–	(73,089,629.27)
Transfers between items	12,576,122.80	–	–	(2,820,389.79)	–	9,755,733.00
Correction between acquisition cost and accumulated depreciations	(11,726,303.00)	15,672,242.37	(2,810,221.57)	–	(253,260,209.29)	(252,124,491.50)
Acquisition cost 31.3.2017	**318,861,927.00**	**694,100,553.66**	**475,661,237.91**	**–**	**32,576,130.89**	**1,521,199,849.46**
Accumulated depreciations 1.4.2016	(151,286,715.05)	(390,330,730.96)	(231,931,909.00)	–	(281,820,251.73)	(1,055,369,606.74)
Translation difference	481.85	–	120,459.31	–	–	120,941.17
Accumulated depreciations from transfers/ deductions	8,780,524.26	62,593,799.93	1,715,305.07	–	–	73,089,629.27
Depreciations	(52,407,924.60)	(84,289,757.71)	(49,907,895.61)	–	(790,047.19)	(187,395,625.10)
Correction between acquisition cost and accumulated depreciations	11,726,302.31	(15,672,203.58)	2,810,220.21	–	253,260,209.29	252,124,528.23
Accumulated depreciations 31.3.2017	**(183,187,331.23)**	**(427,698,892.31)**	**(277,193,820.01)**	**–**	**(29,350,089.63)**	**(917,430,133.18)**
Book value 31.3.2017	**135,674,595.77**	**266,401,661.34**	**198,467,417.90**	**–**	**3,226,041.26**	**603,769,716.27**

10. INTANGIBLE ASSETS, PARENT COMPANY

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2016	4,280,118.45	9,168,636.85	2,726,291.67	40,724.71	16,215,771.68
Additions	250,411.74	1,716,287.12	–	–	1,966,698.86
Deductions	(126,785.42)	(903,816.33)	(24,767.96)	–	(1,055,369.71)
Transfers between items	181,591.55	–	–	(40,724.71)	140,866.84
Acquisition cost 31.3.2017	**4,585,336.32**	**9,981,107.64**	**2,701,523.71**	**–**	**17,267,967.67**
Accumulated depreciations 1.4.2016	(2,015,167.32)	(5,845,164.87)	(1,532,531.73)	–	(9,392,863.92)
Accumulated depreciations from transfers/deductions	126,785.42	903,816.33	24,767.96	–	1,055,369.71
Depreciations for the financial year	(753,438.91)	(1,211,235.53)	(242,629.13)	–	(2,207,303.57)
Accumulated depreciations 31.3.2017	**(2,641,820.81)**	**(6,152,584.07)**	**(1,750,392.90)**	**–**	**(10,544,797.78)**
Book value 31.3.2017	**1,943,515.51**	**3,828,523.57**	**951,130.81**	**–**	**6,723,169.89**

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2016	296,419,603.25	634,973,945.05	188,809,329.61	2,820,389.79	1,123,023,267.70
Additions	17,342,265.05	118,861,464.50	–	–	136,203,729.55
Deductions	(8,780,524.26)	(62,593,799.93)	(1,715,305.07)	–	(73,089,629.27)
Transfers between items	12,576,122.80	–	–	(2,820,389.79)	9,755,733.00
Acquisition cost 31.3.2017	**317,557,466.84**	**691,241,609.61**	**187,094,024.54**	**–**	**1,195,893,100.99**
Accumulated depreciations 1.4.2016	(139,560,412.75)	(404,806,893.07)	(106,135,484.96)	–	(650,502,790.78)
Accumulated depreciations from transfers/deductions	8,780,524.26	62,593,799.93	1,715,305.07	–	73,089,629.27
Depreciations for the financial year	(52,179,411.71)	(83,884,116.63)	(16,803,280.40)	–	(152,866,808.74)
Accumulated depreciations 31.3.2017	**(182,959,300.20)**	**(426,097,209.77)**	**(121,223,460.29)**	**–**	**(730,279,970.25)**
Book value 31.3.2017	**134,598,166.65**	**265,144,399.84**	**65,870,564.25**	**–**	**465,613,130.73**

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 1.4.2016	14,272,949.72	20,089,360.90	19,467,421.22	2,973,291.73	38,818.15	56,841,841.72
Translation difference	(33,749.11)	(64,581.83)	(15,876.37)	–	(5,482.77)	(119,690.07)
Additions	461,107.00	26,781.47	1,428,821.18	260,611.64	3,503,637.37	5,680,958.66
Deductions	(611,982.68)	(20,346.51)	(220,769.17)	–	(9,980.73)	(863,079.09)
Transfers between items	–	–	8,799.20	–	(149,666.04)	(140,866.84)
Correction between acquisition cost and accumulated depreciations	–	(1,337,074.49)	(520,751.18)	–	–	(1,857,825.67)
Acquisition cost 31.3.2017	**14,088,324.93**	**18,694,139.54**	**20,147,644.88**	**3,233,903.37**	**3,377,325.98**	**59,541,338.71**
Accumulated depreciations 1.4.2016	(2,895,128.96)	(3,898,284.70)	(10,242,731.19)	(916,493.99)	–	(17,952,638.84)
Translation difference	–	5,329.90	1,164.24	–	–	6,494.14
Accumulated depreciations from deductions and transfers	–	4,408.49	168,336.30	–	–	172,744.79
Depreciations/impairments for the financial year	–	(781,741.32)	(2,565,773.95)	(100,270.41)	–	(3,447,785.68)
Correction between acquisition cost and accumulated depreciations	–	1,289,045.43	568,853.20	–	–	1,857,898.63
Accumulated depreciations 31.3.2017	**(2,895,128.96)**	**(3,381,242.20)**	**(12,070,151.40)**	**(1,016,764.40)**	**–**	**(19,363,286.96)**
Book value 31.3.2017	**11,193,195.97**	**15,312,897.35**	**8,077,493.48**	**2,217,138.97**	**3,377,325.98**	**40,178,051.75**

Rs.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2016	988,473,132.99	1,391,288,688.90	1,348,216,256.59	205,915,318.76	2,688,350.98	3,936,581,748.21
Translation difference	(2,337,294.58)	(4,472,614.41)	(1,099,517.79)	–	(379,708.92)	(8,289,135.71)
Additions	31,933,965.29	1,854,750.70	98,953,010.82	18,048,659.13	242,644,406.06	393,434,792.00
Deductions	(42,382,860.38)	(1,409,097.28)	(15,289,369.20)	–	(691,215.46)	(59,772,542.31)
Transfers between items	–	–	609,388.60	–	(10,365,121.60)	(9,755,733.00)
Accumulated depreciations from deductions and transfers	–	(92,599,093.75)	(36,064,622.89)	–	–	(128,663,716.64)
Acquisition cost 31.3.2017	975,686,943.31	1,294,662,634.17	1,395,325,146.12	223,963,977.89	233,896,711.06	4,123,535,412.55
Accumulated depreciations 1.4.2016	(200,502,156.12)	(269,975,706.90)	(709,360,348.56)	(63,471,791.28)	–	(1,243,310,002.86)
Translation difference	–	369,122.31	80,629.37	–	–	449,751.68
Accumulated depreciations from deductions and transfers	–	305,309.99	11,658,130.36	–	–	11,963,440.36
Depreciations/impairments for the financial year	–	(54,139,495.25)	(177,692,674.99)	(6,944,227.24)	–	(238,776,397.48)
Accumulated depreciations 31.3.2017	(200,502,156.12)	(234,167,928.48)	(835,918,335.43)	(70,416,018.52)	–	(1,341,004,438.55)
Book value 31.3.2017	775,184,787.19	1,060,494,705.69	559,406,810.69	153,547,959.37	233,896,711.06	2,782,530,974.00

11. TANGIBLE ASSETS, PARENT COMPANY

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2016	3,064,784.12	2,157,316.91	14,141,287.57	2,806,673.17	27,788.15	22,197,849.92
Additions	460,996.00	–	1,067,255.35	260,611.64	903,497.26	2,692,360.25
Deductions	(71,502.01)	–	(144,938.08)	–	(9,980.73)	(226,420.82)
Transfers between items/merger	7,525.55	181,363.57	8,799.20	–	(149,666.04)	48,022.28
Acquisition cost 31.3.2017	**3,461,803.66**	**2,338,680.48**	**15,072,404.04**	**3,067,284.81**	**771,638.64**	**24,711,811.63**
Accumulated depreciations and impairments 1.4.2016	(583,297.97)	(261,244.62)	(8,030,395.59)	(900,555.44)	–	(9,775,493.62)
Accumulated depreciations from deductions and transfers	–	(80,466.21)	113,923.95	–	–	33,457.74
Depreciations for the financial year	–	(85,024.75)	(1,892,045.89)	(94,560.41)	–	(2,071,631.05)
Accumulated depreciations 31.3.2017	**(583,297.97)**	**(426,735.58)**	**(9,808,517.53)**	**(995,115.85)**	**–**	**(11,813,666.93)**
Book value 31.3.2017	**2,878,505.69**	**1,911,944.90**	**5,263,886.51**	**2,072,168.96**	**771,638.64**	**12,898,144.70**

Rs.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2016	212,251,624.23	149,404,982.60	979,354,870.66	194,376,150.39	1,924,468.33	1,537,312,096.21
Additions	31,926,277.98	–	73,912,769.26	18,048,659.13	62,571,702.74	186,459,409.11
Deductions	(4,951,871.70)	–	(10,037,686.73)	–	(691,215.46)	(15,680,773.89)
Transfers between items/merger	521,181.97	12,560,334.04	609,388.60	–	(10,365,121.60)	3,325,783.00
Acquisition cost 31.3.2017	**239,747,212.47**	**161,965,316.64**	**1,043,839,341.79**	**212,424,809.52**	**53,439,834.01**	**1,711,416,514.44**
Accumulated depreciations and impairments 1.4.2016	(40,396,300.91)	(18,092,496.16)	(556,145,046.59)	(62,367,967.00)	–	(677,001,810.65)
Accumulated depreciations from deductions and transfers	–	(5,572,687.37)	7,889,803.16	–	–	2,317,115.78
Depreciations for the financial year	–	(5,888,389.06)	(131,033,638.11)	(6,548,781.19)	–	(143,470,808.37)
Accumulated depreciations 31.3.2017	**(40,396,300.91)**	**(29,553,572.59)**	**(679,288,881.54)**	**(68,916,748.19)**	**–**	**(818,155,503.24)**
Book value 31.3.2017	**199,350,911.56**	**132,411,744.05**	**364,550,460.25**	**143,508,061.32**	**53,439,834.01**	**893,261,011.20**

12. INVESTMENTS, GROUP

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2016	3,589,125.54	357,685.58	58,468.68	–	4,005,279.80
Additions	1,000.00	62,500.00	3,040.00	–	66,540.00
Deductions	–	(7,217.77)	–	–	(7,217.77)
Share of associated companies' results	–	6,741.20	–	–	6,741.20
Transfers between items	(269.99)	–	–	–	(269.99)
Book value 31.3.2017	**3,589,855.55**	**419,709.01**	**61,508.68**	**–**	**4,071,073.24**

Rs.	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2016	248,564,889.24	24,771,514.84	4,049,248.43	–	277,385,652.51
Additions	69,255.00	4,328,437.50	210,535.20	–	4,608,227.70
Deductions	–	(499,866.66)	–	–	(499,866.66)
Share of associated companies' results	–	466,861.81	–	–	466,861.81
Transfers between items	(18,698.16)	–	–	–	(18,698.16)
Book value 31.3.2017	**248,615,446.08**	**29,066,947.49**	**4,259,783.63**	**–**	**281,942,177.20**

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 1.4.2016	9,947,731.48	1,473,392.52	4,048,700.74	13,197,402.79	18,000.00	97,110.20	28,782,337.73
Additions	1,350,838.25	62,500.00	1,000.00	–	–	3,040.00	1,417,378.25
Deductions	(1,340,836.41)	(7,967.77)	–	(424,905.36)	–	–	(1,773,709.54)
Deductions from mergers	(59,695.51)	–	–	–	–	–	(59,695.51)
Acquisition cost 31.3.2017	**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**
Accumulated depreciations and impairments 1.4.2016	(912,506.57)	(879,224.75)	(460,845.19)	–	(18,000.00)	(38,641.52)	(2,309,218.03)
Impairments for the financial year	(617,101.73)	–	–	–	–	–	(617,101.73)
Accumulated depreciations 31.3.2017	**(1,529,608.30)**	**(879,224.75)**	**(460,845.19)**	**–**	**(18,000.00)**	**(38,641.52)**	**(2,926,319.76)**
Book value 31.3.2017	**8,368,429.51**	**648,700.00**	**3,588,855.55**	**12,772,497.43**	**–**	**61,508.68**	**25,439,991.17**

Rs.	Shares in group companies	Shares in associated companies	Other shares	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2016	688,930,143.65	102,039,798.97	280,392,769.75	913,986,130.22	1,246,590.00	6,725,366.90	1,993,320,799.49
Additions	93,552,303.00	4,328,437.50	69,255.00	–	–	210,535.20	98,160,530.70
Deductions	(92,859,625.57)	(551,807.91)	–	(29,426,820.71)	–	–	(122,838,254.19)
Deductions from mergers	(4,134,212.55)	–	–	–	–	–	(4,134,212.55)
Acquisition cost 31.3.2017	**685,488,608.53**	**105,816,428.56**	**280,462,024.75**	**884,559,309.51**	**1,246,590.00**	**6,935,902.10**	**1,964,508,863.46**
Accumulated depreciations and impairments 1.4.2016	(63,195,642.51)	(60,890,710.06)	(31,915,833.63)	–	(1,246,590.00)	(2,676,118.47)	(159,924,894.67)
Impairments for the financial year	(42,737,380.31)	–	–	–	–	–	(42,737,380.31)
Accumulated depreciations 31.3.2017	**(105,933,022.82)**	**(60,890,710.06)**	**(31,915,833.63)**	**–**	**(1,246,590.00)**	**(2,676,118.47)**	**(202,662,274.98)**
Book value 31.3.2017	**579,555,585.72**	**44,925,718.50**	**248,546,191.12**	**884,559,309.51**	**–**	**4,259,783.63**	**1,761,846,588.48**

13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Himoksen Tähti 2	Helsinki	100.00	100.00
Holiday Club Canarias Investment S.L.	Las Palmas	100.00	–
Holiday Club Canarias Resort Management S.L.	Las Palmas	100.00	–
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100.00	–
Holiday Club Rus LLC	Pietari	100.00	100.00
Holiday Club Sweden AB	Åre	100.00	100.00
Kiinteistö Oy Himos Gardens	Helsinki	100.00	100.00
Kiinteistö Oy Rauhanranta 1	Helsinki	100.00	100.00
Kiinteistö Oy Rauhanranta 2	Helsinki	100.00	100.00
Kiinteistö Oy Katinnurkka	Helsinki	100.00	100.00
Kiinteistö Oy Tiurunniemi	Helsinki	100.00	100.00
Kiinteistö Oy Tenetinlahti	Helsinki	100.00	100.00
Kiinteistö Oy Vanha Ykköstii	Helsinki	100.00	100.00
Suomen Vapaa-aikakiinteistöt Oy	Tampere	100.00	100.00
Ownership Services AB	Åre	100.00	–
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100.00	100.00
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100.00	100.00
Åre Villas 1 Ab	Åre	100.00	–
Åre Villas 2 Ab	Åre	100.00	–
Holiday Club Sport and Spa Hotels Ab	Åre	51.00	–
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100.00	100.00
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100.00	100.00
Kiinteistö Oy Mällösniemi	Sotkamo	100.00	100.00
Supermarket Capri Oy	Lappeenranta	100.00	100.00

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	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Materials and supplies	**820,227.24**	714,425.73	**655,679.58**	547,454.35
Timeshare	**42,526,671.53**	41,535,740.91	**31,629,609.58**	30,155,747.58
Unfinished construction projects	**3,254,461.03**	(1,169,286.95)	**3,393,430.82**	3,974,807.82
Other inventory	**2,410,035.31**	2,350,330.84	**2,410,035.31**	2,350,330.84
Villas apartments	**4,154,936.22**	7,756,277.66	**4,218,632.80**	1,222,494.78
Total	**53,166,331.33**	51,187,488.19	**42,307,388.09**	38,250,835.37

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Materials and supplies	**56,804,837.51**	49,477,553.93	**45,409,089.31**	37,913,951.01
Timeshare	**2,945,184,636.81**	2,876,557,736.72	**2,190,508,611.46**	2,088,436,298.65
Unfinished construction projects	**225,387,698.63**	(80,978,967.72)	**235,012,051.44**	275,275,315.57
Other inventory	**166,906,995.39**	162,772,162.32	**166,906,995.39**	162,772,162.32
Villas apartments	**287,750,107.92**	537,161,009.34	**292,161,414.56**	84,663,875.99
Total	**3,682,034,276.26**	3,544,989,494.60	**2,929,998,162.17**	2,649,061,603.55

RECEIVABLES

15. LONG-TERM RECEIVABLES

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Sales receivables	**1,463,723.03**	1,454,448.02	**537,434.45**	599,810.90
Loan receivables from group companies	**–**	–	**12,821,897.20**	12,994,963.55
Loan receivables	**–**	16,666.68	**–**	16,666.68
Other receivables	**93,603.26**	93,603.26	**–**	–
Deferred tax receivable	**1,410,845.37**	1,335,277.86	**–**	–
Total	**2,968,171.66**	2,899,995.82	**13,359,331.65**	13,611,441.13

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Sales receivables	**101,370,138.44**	100,727,797.63	**37,220,022.83**	41,539,903.88
Loan receivables from group companies	**–**	–	**887,980,490.59**	899,966,200.66
Loan receivables	**–**	1,154,250.92	**–**	1,154,250.92
Other receivables	**6,482,493.77**	6,482,493.77	**–**	–
Deferred tax receivable	**97,708,096.34**	92,474,668.19	**–**	–
Total	**205,560,728.55**	200,839,210.51	**925,200,513.42**	942,660,355.46

16. SHORT-TERM RECEIVABLES

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Sales receivables	**16,957,925.24**	13,323,111.30	**9,011,863.92**	7,754,507.19
Receivables from group companies				
Sales receivables	**–**	–	**75,336.53**	345,917.24
Loan receivables	**–**	–	**2,611,952.51**	2,508,183.85
Accrued income	**–**	–	**1,822,053.31**	1,581,052.31
Receivables from group companies, total	**–**	–	**4,509,342.35**	4,435,153.40
Receivables from associated companies				
Sales receivables	**–**	26,444.70	**–**	–
Receivables from associated companies, total	**–**	26,444.70	**–**	–
Loan receivables	**221,363.14**	314,327.17	**221,363.14**	314,327.17
Accrued income	**2,771,514.81**	3,614,647.47	**1,765,673.53**	2,167,878.40
Other receivables	**1,683,200.48**	1,086,082.74	**971,842.59**	897,176.65
Total	**21,634,003.67**	18,364,613.38	**16,480,085.53**	15,569,042.81

Rs.	Group 31.3.2017	Group 31.3.2016	Parent 31.3.2017	Parent 31.3.2016
Sales receivables	**1,174,421,112.45**	922,692,073.08	**624,116,635.78**	537,038,395.44
Receivables from group companies				
Sales receivables	**–**	–	**5,217,431.39**	23,956,498.46
Loan receivables	**–**	–	**180,890,771.08**	173,704,272.53
Accrued income	**–**	–	**126,186,301.98**	109,495,777.73
Receivables from group companies, total	**–**	–	**312,294,504.45**	307,156,548.72
Receivables from associated companies				
Sales receivables	**–**	1,831,427.70	**–**	–
Receivables from associated companies, total	**–**	1,831,427.70	**–**	–
Loan receivables	**15,330,504.26**	21,768,728.16	**15,330,504.26**	21,768,728.16
Accrued income	**191,941,258.43**	250,332,410.53	**122,281,720.32**	150,136,418.59
Other receivables	**116,570,049.22**	75,216,660.16	**67,304,958.57**	62,133,968.90
Total	**1,498,262,924.37**	1,271,841,299.63	**1,141,328,323.38**	1,078,234,059.81

RELEVANT ACCRUED INCOME (excluding receivables from group and associated companies)

Eur	Group 31.3.2017	Group 31.3.2016	Parent 31.3.2017	Parent 31.3.2016
Accrued expenses	1,998,940.95	2,321,539.02	1,095,585.54	1,277,232.54
Tax receivables	97,331.82	426,750.16	74,682.65	154,687.39
Social security receivables	159,602.31	321,441.70	137,292.73	305,729.73
Others	515,639.73	544,915.87	458,112.61	430,228.74
Total	**2,771,514.81**	**3,614,646.75**	**1,765,673.53**	**2,167,878.40**

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Accrued expenses	138,436,655.49	160,778,184.83	75,874,776.57	88,454,739.56
Tax receivables	6,740,715.19	29,554,582.33	5,172,146.93	10,712,875.19
Social security receivables	11,053,257.98	22,261,444.93	9,508,208.02	21,173,312.45
Others	35,710,629.50	37,738,148.58	31,726,588.81	29,795,491.39
Total	**191,941,258.17**	**250,332,360.67**	**122,281,720.32**	**150,136,418.59**

17. EQUITY

Eur	Group 31.3.2017	Group 31.3.2016	Parent 31.3.2017	Parent 31.3.2016
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**11,959,146.00**	9,097,395.00	**11,959,146.00**	9,097,395.00
Directed share issue	**–**	2,861,751.00	**–**	2,861,751.00
Share capital at the end of financial year	**11,959,146.00**	11,959,146.00	**11,959,146.00**	11,959,146.00
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**11,959,146.00**	11,959,146.00	**11,959,146.00**	11,959,146.00
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**39,395,174.64**	27,779,053.14	**39,395,174.64**	27,779,053.14
Directed share issue	**–**	11,616,121.50	**–**	11,616,121.50
Reserve for invested non-restricted equity at the end of the financial year	**39,395,174.64**	39,395,174.64	**39,395,174.64**	39,395,174.64
Profit from previous financial years at the beginning of the financial year	**11,636,822.46**	20,016,653.96	**3,520,004.74**	8,274,437.61
Paid Dividends	**(950,532.60)**	(1,046,732.75)	**(950,532.60)**	(1,046,732.75)
Change in translation difference	**(447,891.36)**	(128,709.55)	**–**	–
Reclassifications for previous financial years	**–**	6,297.32	**–**	–
Profit from previous financial years at the end of financial year	**10,238,398.50**	18,847,508.98	**2,569,472.14**	7,227,704.86
Profit for the period	**(991,994.37)**	(7,210,686.52)	**802,013.67**	(3,707,700.12)
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**48,641,578.77**	51,031,997.10	**42,766,660.45**	42,915,179.38
SHAREHOLDERS' EQUITY TOTAL	**60,600,724.77**	62,991,143.10	**54,725,806.45**	54,874,325.38

The Shareholders' equity of the Group includes 368 320,86 EUR 31.3.2017 (31.3.2016: 606 805,56 EUR) from appropriations and other voluntary provisions.

Rs	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**828,230,656.23**	630,040,090.73	**828,230,656.23**	630,040,090.73
Directed share issue	**–**	198,190,565.51	**–**	198,190,565.51
Share capital at the end of financial year	**828,230,656.23**	828,230,656.23	**828,230,656.23**	828,230,656.23
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**828,230,656.23**	828,230,656.23	**828,230,656.23**	828,230,656.23
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**2,728,312,819.69**	1,923,838,325.21	**2,728,312,819.69**	1,923,838,325.21
Directed share issue	**–**	804,474,494.48	**–**	804,474,494.48
Reserve for invested non-restricted equity at the end of the financial year	**2,728,312,819.69**	2,728,312,819.69	**2,728,312,819.69**	2,728,312,819.69
Profit from previous financial years at the beginning of the financial year	**805,908,139.47**	1,386,253,370.00	**243,777,928.27**	573,046,176.68
Paid Dividends	**(65,829,135.21)**	(72,491,476.60)	**(65,829,135.21)**	(72,491,476.60)
Change in translation difference	**(31,018,716.14)**	(8,913,779.89)	**–**	–
Reclassifications for previous financial years	**–**	436,120.90	**–**	–
Profit from previous financial years at the end of financial year	**709,060,288.12**	1,305,284,234.41	**177,948,793.06**	500,554,700.08
Profit for the period	**(68,700,570.15)**	(499,376,094.94)	**55,543,456.72**	(256,776,771.81)
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**3,368,672,537.66**	3,534,220,959.16	**2,961,805,069.46**	2,972,090,747.96
SHAREHOLDERS' EQUITY TOTAL	**4,196,903,193.89**	4,362,451,615.39	**3,790,035,725.69**	3,800,321,404.19

The Shareholders' equity of the Group includes Rs 25 508 061.16 31.3.2017 (31.3.2016: Rs 42 024 319.06) from appropriations and other voluntary provisions.

CALCULATION FOR DISTRIBUTABLE FUNDS

	Parent	Parent
Eur	**31.3.2017**	31.3.2016
Reserve for invested non-restricted equity	**39,395,174.64**	39,395,174.64
Profit from the previous financial years	**2,569,472.14**	7,227,704.86
+Profit for the period	**802,013.67**	(3,707,700.12)
-Appropriations*	**–**	–
Total	**42,766,660.45**	42,915,179.38

*Appropriations: The share of accumulated depreciations presented in equity

Rs.	**31.3.2017**	31.3.2016
Reserve for invested non-restricted equity	**2,728,312,819.69**	2,728,312,819.69
Profit from the previous financial years	**177,948,793.06**	500,554,700.08
+Profit for the period	**55,543,456.72**	(256,776,771.81)
-Appropriations*	**–**	–
Total	**2,961,805,069.46**	2,972,090,747.96

*Appropriations: The share of accumulated depreciations presented in equity

18. GROUP RESERVE

Eur	Group 1.4.2016-31.3.2017	Group 1.10.2014-31.3.2016
Group reserve at the beginning of the financial year	–	778,217.88
Accumulated revenue recognition at the end of the financial year	–	(778,217.88)
Group reserve at the end of the financial year	–	–

Rs.	1.4.2016-31.3.2017	1.10.2014-31.3.2016
Group reserve at the beginning of the financial year	–	53,895,479.16
Accumulated revenue recognition at the end of the financial year	–	(53,895,479.16)
Group reserve at the end of the financial year	–	–

19. DEFERRED TAX RECEIVABLES AND LIABILITIES

Eur	Group 31.3.2017	Group 31.3.2016	Parent 31.3.2017	Parent 31.3.2016
Deferred tax receivables:				
From unused losses in taxation	553,907.53	610,740.34	–	–
From other temporary differences	856,937.40	724,537.00	–	–
Total	1,410,844.93	610,740.34	–	–
Deferred tax liabilities:			–	–
From appropriations	92,080.21	192,936.18	–	–
From other temporary differences	173,330.45	247,453.91	–	–
Total	265,410.66	440,390.09	–	–

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Deferred tax receivables:				
From unused losses in taxation	38,360,865.99	42,296,822.25	–	–
From other temporary differences	59,347,199.64	50,177,809.94	–	–
Total	97,708,065.63	42,296,822.25	–	–
Deferred tax liabilities:			–	–
From appropriations	6,377,014.94	13,361,795.15	–	–
From other temporary differences	12,004,000.31	17,137,420.54	–	–
Total	18,381,015.26	30,499,215.68	–	–

20. LONG-TERM LIABILITIES

Eur	Group 31.3.2017	Group 31.3.2016	Parent 31.3.2017	Parent 31.3.2016
Loans from financial institutions	16,883,190.02	24,329,264.01	10,411,766.00	17,303,432.00
Pension loans	1,200,000.00	2,000,000.00	1,200,000.00	2,000,000.00
Other long-term loans	182,760.85	310,492.62	181,942.45	282,063.59
Loans from group companies	–	–	4,849,877.14	7,283,499.02
Total	18,265,950.87	26,639,756.63	16,643,585.59	26,868,994.61

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Loans from financial institutions	1,169,245,324.84	1,684,923,179.01	721,066,854.33	1,198,349,183.16
Pension loans	83,106,000.00	138,510,000.00	83,106,000.00	138,510,000.00
Other long-term loans	12,657,102.67	21,503,166.40	12,600,424.37	19,534,313.93
Loans from group companies	–	–	335,878,241.33	504,418,724.63
Total	1,265,008,427.50	1,844,936,345.41	1,152,651,520.04	1,860,812,221.72

LIABILITIES MATURING LATER THAN FIVE YEARS

	Group	Group	Parent	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Loans from financial institutions	**1,700,000.00**	5,983,335.00	**200,000.00**	1,733,335.00
Total	**1,700,000.00**	5,983,335.00	**200,000.00**	1,733,335.00

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Loans from financial institutions	**117,733,500.00**	414,375,865.43	**13,851,000.00**	120,042,115.43
Total	**117,733,500.00**	414,375,865.43	**13,851,000.00**	120,042,115.43

21. SHORT-TERM LIABILITIES

	Group	Group	Parent	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Loans from financial institutions	**10,536,160.56**	7,368,392.30	**9,268,444.31**	6,558,333.00
Pension loans	**800,000.00**	800,000.00	**800,000.00**	800,000.00
Received advance payments	**11,279,046.21**	10,199,912.39	**11,060,197.59**	10,176,702.10
Accounts payable	**5,230,079.66**	5,540,206.84	**2,830,414.12**	3,888,389.28
Loans from group companies				
Accounts payable	**–**	–	**21,747.62**	169,300.81
Other loans	**–**	–	**611,058.67**	613,886.91
Accrued liabilities	**–**	–	**84,491.52**	151,098.80
Total	**–**	–	**717,297.81**	934,286.52
Other loans	**8,199,103.22**	4,507,514.70	**7,145,415.82**	3,438,661.78
Accrued liabilities	**18,600,156.76**	15,557,024.62	**14,152,317.10**	11,490,512.64
Short-term liabilities, total	**54,644,546.41**	43,973,050.85	**45,974,086.75**	37,286,885.32

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Loans from financial institutions	**729,681,799.44**	510,298,008.74	**641,886,110.69**	454,197,351.92
Pension loans	**55,404,000.00**	55,404,000.00	**55,404,000.00**	55,404,000.00
Received advance payments	**781,130,345.47**	706,394,932.57	**765,973,984.10**	704,787,503.94
Accounts payable	**362,209,166.78**	383,687,024.70	**196,020,329.88**	269,290,399.59
Loans from group companies				
Accounts payable	**–**	–	**1,506,131.42**	11,724,927.60
Other loans	**–**	–	**42,318,868.19**	42,514,737.95
Accrued liabilities	**–**	–	**5,851,460.22**	10,464,347.39
Total	**–**	–	**49,676,459.83**	64,704,012.94
Other loans	**567,828,893.21**	312,167,930.55	**494,855,772.61**	238,144,521.57
Accrued liabilities	**1,288,153,856.50**	1,077,401,740.06	**980,118,720.76**	795,775,452.88
Short-term liabilities, total	**3,784,408,061.41**	3,045,353,636.62	**3,183,935,377.87**	2,582,303,242.84

RELEVANT ACCRUED LIABILITIES (excluding receivables from group and associated companies)

	Group	Group	Parent	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Holiday pay and other salary related debts	**4,387,455.23**	4,348,686.70	**3,706,851.97**	3,718,675.90
Social expense payables	**1,134,949.37**	1,153,015.21	**886,995.01**	959,623.18
Accrued interests	**83,936.54**	110,835.67	**50,100.49**	74,218.03
Sales commissions	**933,660.20**	860,648.15	**710,983.70**	575,181.30
Taxes	**361,232.12**	55,554.31	**335,015.08**	8,440.62
Other	**11,698,923.31**	9,028,284.58	**8,462,370.85**	6,154,373.61
Total	**18,600,156.76**	15,557,024.62	**14,152,317.10**	11,490,512.64

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Holiday pay and other salary related debts	**303,853,212.02**	301,168,297.41	**256,718,033.18**	257,536,899.45
Social expense payables	**78,600,918.30**	79,852,068.37	**61,428,839.42**	66,458,703.33
Accrued interests	**5,813,025.08**	7,675,924.33	**3,469,709.43**	5,139,969.67
Sales commissions	**64,660,636.98**	59,604,187.63	**49,239,176.14**	39,834,180.93
Taxes	**25,017,130.26**	3,847,413.74	**23,201,469.37**	584,555.14
Other	**810,208,933.85**	625,253,848.59	**586,061,493.22**	426,221,144.36
Total	**1,288,153,856.50**	1,077,401,740.06	**980,118,720.76**	795,775,452.88

OTHER NOTES TO THE FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENT LIABILITIES

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Loans from financial institutions	**24,452,515.11**	30,847,497.17	**17,303,432.00**	22,461,765.00
Total	**24,452,515.11**	30,847,497.17	**17,303,432.00**	22,461,765.00
Property under mortgages	**16,566,160.00**	13,433,590.24	**6,566,160.00**	933,590.24
Mortgage on company assets	**31,445,637.81**	34,445,637.81	**31,445,637.81**	34,445,637.81
Pledged assets	**41,152,774.80**	40,354,756.37	**41,152,774.80**	40,354,756.37
Total	**89,164,572.61**	88,233,984.42	**79,164,572.61**	75,733,984.42

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Loans from financial institutions	**1,693,458,933.79**	2,136,343,416.60	**1,198,349,183.16**	1,555,589,535.08
Total	**1,693,458,933.79**	2,136,343,416.60	**1,198,349,183.16**	1,555,589,535.08
Property under mortgages	**1,147,289,410.80**	930,343,291.76	**454,739,410.80**	64,655,791.76
Mortgage on company assets	**2,177,767,646.53**	2,385,532,646.53	**2,177,767,646.53**	2,385,532,646.53
Pledged assets	**2,850,035,418.77**	2,794,768,652.40	**2,850,035,418.77**	2,794,768,652.40
Total	**6,175,092,476.11**	6,110,644,590.70	**5,482,542,476.11**	5,244,957,090.70

OTHER COLLATERAL FOR OWN COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Deposits, rent guarantees	**3,413,411.63**	1,036,957.64	**3,413,411.63**	1,036,957.64
Total	**3,413,411.63**	1,036,957.64	**3,413,411.63**	1,036,957.64

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Deposits, rent guarantees	**236,395,822.44**	71,814,501.36	**236,395,822.44**	71,814,501.36
Total	**236,395,822.44**	71,814,501.36	**236,395,822.44**	71,814,501.36

COLLATERAL FOR GROUP COMPANIES' LIABILITIES

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Property under mortgages	**880,000.00**	880,000.00	**–**	–
Mortgage on company assets	**1,576,938.85**	1,625,963.38	**–**	–
Guarantees given	**6,050,000.00**	6,450,000.00	**6,050,000.00**	6,450,000.00
Pledged assets	**3,891,973.09**	4,015,148.87	**–**	–
Property under mortgages	**466,160.00**	433,590.24	**–**	–
Total	**12,865,071.94**	13,404,702.49	**6,050,000.00**	6,450,000.00

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Property under mortgages	**60,944,400.00**	60,944,400.00	**–**	–
Mortgage on company assets	**109,210,899.80**	112,606,094.11	**–**	–
Guarantees given	**418,992,750.00**	446,694,750.00	**418,992,750.00**	446,694,750.00
Pledged assets	**269,538,596.35**	278,069,134.99	**–**	–
Property under mortgages	**32,283,910.80**	30,028,291.76	**–**	–
Total	**890,970,556.95**	928,342,670.87	**418,992,750.00**	446,694,750.00

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

LEASING CONTRACT COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Due during the next financial year	**631,253.92**	1,571,878.11	**521,374.94**	1,467,193.75
Due thereafter	**414,935.24**	816,712.60	**338,387.93**	727,995.04
Total	**1,046,189.16**	2,388,590.71	**859,762.87**	2,195,188.79

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Due during the next financial year	**43,717,490.16**	108,860,418.80	**36,107,821.64**	101,610,503.16
Due thereafter	**28,736,340.14**	56,561,430.87	**23,435,056.09**	50,417,296.50
Total	**72,453,830.30**	165,421,849.67	**59,542,877.73**	152,027,799.65

RENTAL COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Due during the next financial year	**16,318,930.17**	19,073,860.49	**12,304,795.17**	15,668,944.22
Due thereafter	**217,043,192.53**	209,452,481.83	**183,377,636.25**	180,914,516.57
Total	**233,362,122.70**	228,526,342.32	**195,682,431.41**	196,583,460.79

Rs.	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
Due during the next financial year	**1,130,167,509.04**	1,320,960,208.28	**852,168,589.35**	1,085,152,732.14
Due thereafter	**15,031,326,298.54**	14,505,631,628.99	**12,699,818,198.18**	12,529,234,845.21
Total	**16,161,493,807.58**	15,826,591,837.27	**13,551,986,787.53**	13,614,387,577.35

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.

INVESTING COMMITMENTS

Holiday Club Resorts Oy has given completion commitments to Fennia and Veritas in relation to the land areas sold to them.

If the completion commitments are not met, Fennia and Veritas have the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Group company Kiinteistö Oy Himoksen Tähti 2 has given the city of Jämsä completion commitments regarding land areas.

If the company fails to meet the completion commitments, the parent company has committed to pay the city of Jämsä a contractual penalty of 127,408.60 € (Rs 8,824,320).

Holiday Club Resorts Oy and the municipality of Salla have agreed that Holiday Club Resorts will make at least four million euros (Rs 277,040,000) worth of investments to Salla by the end of year 2018. If the investments of at least four million euros (Rs 277,040,000) 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 (Rs 138,520,000), 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 8 to Mancipium Tabulae Oy. The shares give right to land that is leased to Kiinteistö Oy HC Villas Petäjälampi 5. HCR will pay the 24,225 euros (Rs 1,677,824) annual lease until the buildings on the land are finished. HCR has the right to collect from Kiinteistö Oy HC Villas Petäjälampi 5 the lease HCR has paid on its behalf. Furthermore, HCR has agreed to buy back the sold land for the original sales price of 427,500 euros (Rs 29,608,650) 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 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 the 24,225 euros (Rs 1,677,824) 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 of 427,500 euros (Rs 29,608,650) 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, of if the amount of buildings on the land is fundamentally smaller than planned.

Holiday Club Resorts Oy has committed to a framework agreement with the city of Kuusamo according to which 10 million euros (Rs 692,600,000) worth of investments will be made.

Holiday Club Resorts Oy and Skanska Talonrakennus Oy signed a cooperation agreement on 31.3.2016. By this agreement Holiday Club Resorts Oy committed to purchase the shares of Kiinteistö Oy Kelotähti I -named company no later than 1.5.2018.

The debt-free purchase price for the shares is 3,1 million euros (Rs 214,706,000). Furthermore, Holiday Club Resorts Oy committed to purchase the shares of Kiinteistö Oy Kelotähti II -named company. These shares give the right to control an unfinished building.

If certain requirements are fullfilled, Kiinteistö Oy Kelotähti II will finish the construction of the building.

In this case Holiday Club Resorts Oy will buy the shares with a purchase price of 8,666.46 euros (Rs 600,239) and Kiinteistö Oy Kelotähti will be liable for the contract price towards Skanska Talonrakennus Oy (5 million euros (Rs 346,300,000)).

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. The purchase price of the shares was 1,2 million euros (Rs 83,112,000). 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 is obliged to annually review the tax deductions made from the real estate investment 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 time period.

The maximum amount of the obligation was 697,576.84 euros (Rs 48,314,172) on 31.3.2017.

Group company Kiinteistö Oy Rauhan Liikekiinteistöt 1 is obliged to annually review the tax deductions made from the real estate investment 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 time period.

The maximum amount of the obligation was 2,377,090.80 euros (Rs 164,637,309) on 31.3.2017.

Holiday Club Resorts Oy is obliged to annually review the tax deductions made from the renovation costs to leased properties 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.

The maximum amount of the obligation was 1,107,603.96 euros (Rs 76,712,650) on 31.3.2017.

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 until 30.9.2018.

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 with the buyback price of 382,000 euros (Rs 26,457,320).

Holiday Club Resorts Oy has given a commitment to purchase its own shares from its personnel.

Holiday Club Resorts Oy has committed to purchase the shares of Kiinteistö Oy HC Villas Katinkulta Spa 1 Lodge -named company from their current owners. Half of the shares (50 %) have been purchased by 31.12.2016 and the rest will be purchased by 30.4.2017.

The sales price of the shares is 850,000 euros (Rs 58,871,000) total.

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. The buyback price on 31.3.2022 has been agreed to be 4,750,000 euros (Rs 328,985,000).

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 (1.7 million euros (Rs 117,742,000)) towards Åre Kongress AB

OTHER LIABILITIES AND GUARANTEES

Holiday Club Resorts Oy has guaranteed a bank loan of Kiinteistö Oy Rauhan Liikekiinteistöt 1, a 100 % owned subsidiary.

The remaining loan capital is 5.45 million euros (Rs 377,467,000).

Holiday Club Sweden AB has pledged a floating charge as a security for Holiday Club Sport and Spa Hotels AB's loan. The loan capital is 1.7 million euros (Rs 117,678,496). Holiday Club Sweden AB owns 51 % of the Holiday Club Sport and Spa Hotels AB's shares.

Holiday Club Resorts Oy has given a surety for Fastighets Aktiebolaget Åre Properties (Capman) regarding lease obligations of Holiday Club Sport and Spa Hotels AB. The surety equates the lease obligation of 12 months.

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 have been recognised in the profit and loss statement in 31.3.2017 with a total impact of 51,738.71 euros (Rs 3,583,164.36). In the future, the negative 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.

	Eur	**Rs**	Eur	Rs
Interest rate swaps	**31.3.2017**	**31.3.2017**	31.3.2016	31.3.2016
Fair value	**(338,291)**	**(23,430,016)**	(521,257)	(36,102,288)
Nominal value	**20,875,008**	**1,445,803,047**	24,586,772	1,702,879,797

RELATED PARTY TRANSACTIONS

	Group	**Group**	Parent	Parent
Eur	**1.4.2016-31.3.2017**	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Sale of materials	–	–	79,211.21	183,379.44
Sale of services	–	–	233,872.19	453,054.10
Purchases of materials	–	–	346,462.13	524,605.90
Purchases of services	–	–	949,668.81	10,658,456.67
Interest income	–	–	393,154.45	897,591.44
Interest expenses	–	–	155,149.28	474,428.95
Total	–	–	2,157,518.07	13,191,516.50

	Group	**Group**	Parent	Parent
Eur	**1.4.2016-31.3.2017**	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Sale of materials	–	–	5,485,772.35	12,699,943.12
Sale of services	–	–	16,196,818.52	31,376,261.70
Purchases of materials	–	–	23,994,234.81	36,331,581.60
Purchases of services	–	–	65,769,313.59	738,151,416.93
Interest income	–	–	27,227,911.43	62,162,695.18
Interest expenses	–	–	10,744,863.39	32,856,576.93
Total	–	–	149,418,914.09	913,578,475.45

DATE AND SIGNATURES

Signatures of the financial statements and annual report

Helsinki, 9th May 2017

Arunkumar Nanda
Chairman of the Board

Teuvo Salminen
Member of the Board

Antti Heikinheimo
Member of the Board

Krishnan S
Member of the Board

Sridar Iyengar
Member of the Board

Vesa Tengman
Member of the Board

Iiro Rossi
CEO

AUDITOR'S NOTE

Auditor's report has been issued today.

Eero Suomela
APA

ADDITIONAL INFORMATION:

COUNTRY WISE FINANCIAL HIGHLIGHTS - 2016-17

(Euro in Mn)

	Finland	Sweden	Spain	Russia	Total
Turnover	124.29	18.17	12.39	0.18	155.03
Other operating income	4.35	1.37	0.71	–	6.43
Operating Profit	**6.91**	**(0.46)**	**(0.50)**	**(0.10)**	**5.85**
Less: Depreciations and impairments	4.72	0.43	1.02	–	6.17
(Add)/Less Financial (income) and expenses	(1.10)	0.28	(0.19)	0.06	(0.95)
Profit before Tax	**1.61**	**(0.61)**	**(1.71)**	**(0.04)**	**(0.75)**
Add: Minority share + Extraordinary	0.52	–	–	–	0.52
Less: Taxes	0.21	–	0.02	0.01	0.24
Profit after Tax	**1.40**	**(0.61)**	**(1.73)**	**(0.05)**	**(0.99)**

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, 2016 and ended on March 31, 2017.

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, 2017.

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 2,085,889.26 (Rs. 144,458,260.70). The Company's assets for profit distribution are Euros 252,589.26 (Rs. 17,493,069.20) of which profit for the financial period Euros 26,730.46 (Rs. 1,851,218.01) and retained earnings Euros 225,858.80 (Rs. 15,641,851.19).

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

Mr. Krishnan Sadasivan

Mr. 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, 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.

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 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, 2017.

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 Management Oy in Helsinki 9th of May 2017.

Signing of the Board of Directors Report.

Helsinki 9th May, 2017

Arunkumar Nanda	**S Krishnan**	**Iiro Rossi**
Chairman of the Board	Director	Director

AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement, cash flow statements and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors. My opinion on the financial statements does not cover the other information.

In connection with my audit of the financial statements, my responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. My responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In my 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 I have performed, I conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. I have nothing to report in this regard.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT
Nokkalankulma 7 B
02230 Espoo
FINLAND

ACCOUNTING PRINCIPLES

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 69.26 = 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.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2015-31.3.2016	1.10.2015-31.3.2016
Other operative expenses	**(2,832.52)**	**(196,166.17)**	(151.84)	(10,515.68)
PROFIT (LOSS)	**(2,832.52)**	**(196,166.17)**	(151.84)	(10,515.68)
Dividend income	**50,188.80**	**3,475,825.34**	0.00	0.00
Interest expenses	**(20,625.81)**	**(1,428,440.47)**	(21,452.47)	(1,485,690.81)
PROFIT (LOSS) BEFORE TAXES	**26,730.47**	**1,851,218.70**	(21,604.31)	(1,496,206.49)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**26,730.47**	**1,851,218.70**	(21,604.31)	(1,496,206.49)

BALANCE SHEET

	Eur	Rs.	Eur	Rs.
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
ASSETS				
NON-CURRENT ASSETS				
Investments				
Other shares	**2,094,675.20**	**145,066,730.98**	2,094,675.20	145,066,730.98
TOTAL FOR NON-CURRENT ASSETS	**2,094,675.20**	**145,066,730.98**	2,094,675.20	145,066,730.98
CURRENT ASSETS				
Cash and cash equivalents	**24,225.41**	**1,677,730.77**	352.91	24,440.78
TOTAL FOR CURRENT ASSETS	**24,225.41**	**1,677,730.77**	352.91	24,440.78
TOTAL ASSETS	**2,118,900.61**	**146,744,461.75**	2,095,028.11	145,091,171.76
Liabilities				
SHAREHOLDERS' EQUITY				
Share Capital	**2,500.00**	**173,137.50**	2,500.00	173,137.50
Reserve for invested non-restricted equity	**1,833,300.00**	**126,965,191.50**	333,300.00	23,082,691.50
Retained earnings	**225,858.80**	**15,641,851.19**	247,463.11	17,138,057.68
Profit (loss) for the period	**26,730.46**	**1,851,218.01**	(21,604.31)	(1,496,206.49)
TOTAL FOR SHAREHOLDERS' EQUITY	**2,088,389.26**	**144,631,398.20**	561,658.80	38,897,680.19
LIABILITIES				
Long Term Liabilities	**29,350.00**	**2,032,634.25**	29,350.00	2,032,634.25
Short Term Liabilities	**1,161.35**	**80,429.29**	1,504,019.31	104,160,857.31
TOTAL FOR LIABILITIES	**30,511.35**	**2,113,063.54**	1,533,369.31	106,193,491.56
TOTAL LIABILITIES	**2,118,900.61**	**146,744,461.75**	2,095,028.11	145,091,171.76

CASH FLOW STATEMENT

	Eur	**Rs.**	Eur	Rs.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2015-31.3.2016	1.10.2015-31.3.2016
Operative Cash Flow				
Cash paid to suppliers and employees	**(2,832.52)**	**(196,166.17)**	(151.84)	(10,515.68)
Operative Cashflow before financing items and taxes	**(5,690.49)**	**(394,094.88)**	(151.84)	(10,515.68)
Paid interest and other payments related to financing activities	**(20,625.81)**	**(1,428,440.47)**	(21,266.53)	(1,472,813.54)
Dividends received	**50,188.80**	**3,475,825.34**	0.00	0.00
Operative Cash Flow	**23,872.50**	**1,653,289.99**	(21,418.37)	(1,483,329.21)
Financing Cash Flow				
Proceeds from issuance of Equity	**1,500,000.00**	**103,882,500.00**	0.00	0.00
Withdrawals of Long Term Loans	**0.00**	**0.00**	21,350.00	1,478,594.25
Re-payments of Long Term Loans	**(1,500,000.00)**	**(103,882,500.00)**	0.00	0.00
Financing Cash Flow	**0.00**	**0.00**	21,350.00	1,478,594.25
Net increase/decrease in cash and cash equivalents	**23,872.50**	**1,653,289.99**	(68.37)	(4,734.96)
Cash and cash equivalents at the beginning of the period	**352.91**	**24,440.78**	421.28	29,175.75
Cash and cash equivalents at the end of the period	**24,225.41**	**1,677,730.77**	352.91	24,440.78

NOTES TO THE ACCOUNTS

NON CURRENT ASSETS

INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2016	2,094,675.20	2,094,675.20
Acquisition Cost 31.3.2017	**2,094,675.20**	**2,094,675.20**
Book value 31.3.2017	**2,094,675.20**	**2,094,675.20**

INVESTMENTS

Rs.	Shares, other	Total
Acquisition Cost 31.3.2016	145,066,730.98	145,066,730.98
Acquisition Cost 31.3.2017	**145,066,730.98**	**145,066,730.98**
Book value 31.3.2017	**145,066,730.98**	**145,066,730.98**

HCR Management Oy owns 4.24% of the shares of Holiday Club Resorts Oy.

SHAREHOLDERS' EQUITY

	Eur 31.3.2017	Rs. 31.3.2017
RESTRICTED SHAREHOLDERS' EQUITY		
Share Capital 31.3.2016	**2,500.00**	**173,137.50**
Share Capital 31.3.2017	**2,500.00**	**173,137.50**
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,500.00**	**173,137.50**
NON-RESTRICTED SHAREHOLDERS' EQUITY		
Reserve for Invested non-restricted equity 31.3.2016	**333,300.00**	**23,082,691.50**
Proceeds from issuance of Equity	**1,500,000.00**	**103,882,500.00**
Reserve for Invested non-restricted equity 31.3.2017	**1,833,300.00**	**126,965,191.50**
Retained earnings 31.3.2016	**225,858.80**	**15,641,851.19**
Retained earnings 31.3.2017	**225,858.80**	**15,641,851.19**
Profit for the period	**26,730.46**	**1,851,218.01**
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,085,889.26**	**144,458,260.70**
SHAREHOLDERS' EQUITY TOTAL	**2,088,389.26**	**144,631,398.20**

CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur 31.3.2017	Rs. 31.3.2017
Reserve for invested non-restricted equity	**1,833,300.00**	**126,965,191.50**
Retained earnings	**225,858.80**	**15,641,851.19**
Profit for the period	**26,730.46**	**1,851,218.01**
Total	**2,085,889.26**	**144,458,260.70**

SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
Total	**124,320**	**2,500.00**

Rs.	pcs	Rs.
1 vote/share	124,320	173,137.50
Total	**124,320**	**173,137.50**

SHORT TERM LIABILITIES

	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
Bank Loans	0.00	0.00	1,500,000.00	103,882,500.00
Accrued interest	1,161.35	80,429.29	4,019.31	278,357.31
Total	**1,161.35**	**80,429.29**	1,504,019.31	104,160,857.31

OTHER NOTES

COLLATERALS GIVEN

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
Other Loans	0.00	0.00	1,500,000.00	103,882,500.00
Total	**0.00**	**0.00**	**1,500,000.00**	**103,882,500.00**
Pledged assets	0.00	0.00	2,094,675.20	145,066,730.98
Total	**0.00**	**0.00**	**2,094,675.20**	**145,066,730.98**

NOTES TO THE ACCOUNTS

Signing of the annual report and the board of directors report.

Helsinki, 9 May 2017

Arunkumar Nanda
Chairman of the Board

Krishnan Sadasivan
Member of the Board

Iiro Rossi
Member of the Board, CEO

APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

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, 2016 and ended on March 31, 2017.

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 71,066 thousand (INR 515,939 thousand) and made profit of SEK 6,708 thousand (INR 48,700 thousand).

Dividends

No dividend was proposed for the financial year ended March 31, 2017.

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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	**Iiro Rossi**	**Anne Oravainen**
Director	Director	Director

Place: Östersund

AUDITOR'S REPORT

To the annual 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 2016-04-01-2017-03-31.

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 AB as of 31 March 2017 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.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 opinions. 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 the company's internal control relevant to our 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 Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 year 2016-04-01-2017-03-31 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.

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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

Sundsvall, April 2017

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.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.26 = FC 1 which is the Bloomberg rate as on 31st March 2017.

Multi-year review kSEK

	2016/17 kSEK	2014/16 kSEK	2013/14 kSEK	2012/13 kSEK
Net sales	64,080	54,933	18,903	27,315
Profit/loss after financial items	6,709	(8,284)	(6,976)	31,083
Equity/assets ratio	62.4%	51.0%	51.6%	54.9%

Multi-year review kINR

	2016/17 kINR	2014/16 kINR	2013/14 kINR	2012/13 kINR
Net sales	465,221	398,814	3,377,503	2,895,387
Profit/loss after financial items	48,706	(60,142)	366,265	(436,630)
Equity/assets ratio	62.4%	51.0%	51.6%	54.9%

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 726 kINR	146807 kSEK 1065818 kINR	(8284) kSEK (60142) kINR	138623 kSEK 1006403 kINR
Appropriation of profits as resolved by the AGM				
To be carried forward		(8284) kSEK (60142) kINR	8284 kSEK 60142 kINR	
Profit/Loss for the year			6709 kSEK 48707 kINR	6709 kSEK 48707 kINR
Amount at year-end	100 kSEK 726 kINR	138522 kSEK 1005670 kINR	6709 kSEK 48707 kINR	145331 kSEK 1055103 kINR

Shareholders contribution

The shareholders have left shareholder contributions totaling 121.750 kSEK (883.905 kINR).

Proposed Appropriation of Profits

	kSEK	kINR
The following profits are at the disposal of the Annual General Meeting:		
Profit/loss brought forward	138,523	1,005,675
Profit/Loss for the year	6,709	48,706
Total	145,232	1,054,381

	kSEK	kINR
The Board of Directors proposes that the available profits be appropriated as follows:		
Profit/loss brought forward	145,232	1,054,381
Total	145,232	1,054,381

INCOME STATEMENT

	Note	1-Apr-16 – 31 Mar 2017 kSEK	1-Oct-14 – 31 Mar 2016 kSEK	1-Apr-16 – 31 Mar 2017 kINR	1-Oct-14 – 31 Mar 2016 kINR
Operating income, changes in inventory, etc.					
Net sales		**29,493**	39,213	**214,116**	284,685
Construction work on behalf of other		**34,587**	15,720	**251,105**	**114,127**
Other operating income		**6,986**	7,061	**50,721**	51,266
Total operating income, changes in inventory, etc.		**71,066**	61,994	**515,942**	450,079
Operating expenses					
Raw materials and consumables		**(40,681)**	(35,155)	**(295,341)**	(255,224)
Other external expenses		**(13,252)**	(19,990)	**(96,209)**	(145,124)
Personnel costs	2	**(13,353)**	(17,192)	**(96,944)**	(124,811)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(111)**	(166)	**(804)**	(1,206)
Total operating expenses		**(67,396)**	(72,502)	**(489,298)**	(526,366)
Operating profit/loss		**3,670**	(10,508)	**26,644**	(76,287)
Financial items					
Share of profits from interests in associates		**2,106**	0	**15,289**	0
Other interest income and similar profit/loss items	3	**4,322**	7,512	**31,377**	54,538
Interest and similar expenses	4	**(3,389)**	(5,288)	**(24,604)**	(38,394)
Total financial items		**3,039**	2,224	**22,062**	16,145
Profit/loss after financial items		**6,709**	(8,284)	**48,706**	(60,143)
Profit/Loss before tax		**6,709**	(8,284)	**48,706**	(60,143)
Profit/Loss for the year		**6,709**	(8,284)	**48,706**	(60,143)

BALANCE SHEET

	Note	31 Mar 2017 kSEK	31 Mar 2016 kSEK	31 Mar 2017 kINR	31 Mar 2016 kINR
Non-current assets					
Property, plant and equipment					
Land and buildings	5	**7,121**	12,365	**51,701**	89,771
Current new developements	6	**33,792**	0	**245,333**	0
Total property, plant and equipment		**40,914**	12,365	**297,034**	89,771
Financial non-current assets					
Participations in Group companies	7	**9,297**	10,731	**67,496**	77,909
Receivables from Group companies	8	**118,370**	179,503	**859,369**	1,303,189
Other securities held as non-current assets		**76**	331	**554**	2,400
Other non-current receivables					
Total financial assets		**127,743**	190,564	**927,418**	1,383,498
Total non-current assets		**168,657**	202,930	**1,224,452**	1,473,269
Current assets					
Inventories etc.					
Raw materials and consumables		**37,216**	48,405	**270,189**	351,419
Total inventories		**37,216**	48,405	**270,189**	351,419
Current receivables					
Trade receivables		**2,061**	4,714	**14,965**	34,220
Receivables from Group companies		**10,265**	11,391	**74,527**	82,699
Other receivables		**5,419**	331	**39,343**	2,404
Prepaid expenses and accrued income		**4,151**	766	**30,139**	5,558
Total current receivables		**21,897**	17,201	**158,974**	124,882
Cash and bank balances					
Cash and bank balances		**5,262**	3,390	**38,202**	24,610
Total cash and bank balances		**5,262**	3,390	**38,202**	24,610
Total current assets		**64,375**	68,996	**467,365**	500,911
Total assets		**233,033**	271,926	**1,691,816**	1,974,180

BALANCE SHEET

	Note	31 Mar 2017 kSEK	31 Mar 2016 kSEK	31 Mar 2017 kINR	31 Mar 2016 kINR
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 1000 shares		**100**	100	**726**	726
Total restricted equity		**100**	100	**726**	726
Non-restricted equity					
Profit/loss brought forward		**138,523**	146,807	**1,005,675**	1,065,818
Profit/Loss for the year		**6,709**	(8,284)	**48,706**	(60,143)
Total Non-restricted equity		**145,232**	138,523	**1,054,381**	1,005,675
Total equity		**145,332**	138,623	**1,055,107**	1,006,401
Non-current liabilities	9				
Liabilities to Group companies		**78,414**	122,305	**569,285**	887,937
Other liabilities		**669**	2,007	**4,856**	14,568
Total non-current liabilities		**79,083**	124,312	**574,141**	902,505
Current liabilities					
Advances from customers					
Trade creditors		**1,538**	361	**11,166**	2,617
Liabilities to Group companies		**2,864**	3,059	**20,796**	22,205
Other liabilities		**1,886**	1,358	**13,694**	9,861
Accrued expenses and deferred income		**2,330**	4,214	**16,913**	30,591
Total current liabilities		**8,618**	8,991	**62,568**	65,274
Total equity and liabilities		**233,033**	271,926	**1,691,816**	1,974,180

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

During the year accounting principles has changed and 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-16 – 31 Mar 2017	1-Oct-14 – 31 Mar 2016
Average number of employees, etc.	**23**	25

Note 3 Other interest income and similar profit/loss items

	1-Apr-16 – 31 Mar 2017 kSEK	1-Oct-14 – 31 Mar 2016 kSEK	**1-Apr-16 – 31 Mar 2017 kINR**	1-Oct-14 – 31 Mar 2016 kINR
Of which from Group companies	**4,310**	7,438	**31,289**	53,997

Note 4 Interest expense and similar profit/loss items

	1-Apr-16 – 31 Mar 2017 kSEK	1-Oct-14 – 31 Mar 2016 kSEK	**1-Apr-16 – 31 Mar 2017 kINR**	1-Oct-14 – 31 Mar 2016 kINR
Of which from Group companies	**3,118**	5,136	**22,637**	37,284

Balance sheet disclosures

Note 5 Land and buildings

	31 Mar 2017 kSEK	31 Mar 2016 kSEK	**31 Mar 2017 kINR**	31 Mar 2016 kINR
Opening cost of acquisition	**13,323**	13,323	**96,722**	96,722
Sales	**(5,133)**	0	**(37,267)**	0
Closing cost of acquisition	**8,189**	13,323	**59,455**	96,722
Opening depreciation/ amortisation	**(957)**	(791)	**(6,951)**	(5,745)
- Depreciation for the year	**(111)**	(166)	**(804)**	(1,206)
Closing depreciation	**(1,068)**	(957)	**(7,755)**	(6,951)
Carrying amount	**7,121**	12,365	**51,700**	89,771

Note 6 Current new developements

	31 Mar 2017 kSEK	31 Mar 2016 kSEK	**31 Mar 2017 kINR**	31 Mar 2016 kINR
Purchase	**33,792**	0	**245,330**	0
	33,792	0	**245,330**	0
- Depreciation for the year	**0**	0	**0**	0
Closing depreciation	**0**	0	**0**	0
Carrying amount	**33,792**	0	**245,330**	0

Note 7 Participations in Group companies

	31 Mar 2017 kSEK	31 Mar 2016 kSEK	**31 Mar 2017 kINR**	31 Mar 2016 kINR
Opening cost of acquisition	**10,731**	**781**	**77,909**	**5,672**
- Purchases	**0**	**9,950**	**0**	**72,237**
- Sales	**(1,434)**	0	**(10,414)**	0
Carrying amount	**9,297**	10,731	**67,496**	77,909

Name	**Equity kSEK**	Net profit/loss kSEK	**Equity kINR**	Net profit/loss kINR
Ownership Service AB 556676-0327 Åre	**2,041**	(45)	**14,819**	(329)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	**12,518**	(19,577)	**90,879**	(142,130)
HC Canarias Investment S.L B-76081603 Las Palmas	**45**	(28)	**329**	(202)
HC Canarias Resort Management S.L B-76081629 Las Palmas	**29,300**	3,051	**212,715**	22,150
HC Sport and Spahotels AB 559032-5733 Åre	**6,194**	(8,559)	**44,971**	(62,139)
Åre Villa 1 AB 556996-2177 Åre	**50**	0	**363**	0
Åre Villa 2 AB 556996-2250 Åre	**50**	0	**363**	0
Total	**50,198**	(25,158)	**364,439**	(182,650)

Name	Number of shares	Share of equity, %	Carrying amount, 31 Mar 2017 SEK	Carrying amount, 31 Mar 2017 kINR
Ownership Service AB	**1,000**	100	**100**	726
HC Canarias Sales & Marketing	**1**	100	**9**	68
HC Canarias Resort Management	**1**	100	**9**	68
HC Canarias Investment	**1**	100	**78**	567
Holiday Club Sport and Spa Hotels AB	**510,000**	51	**9,000**	65,340
Åre Villa 1 AB	**50,000**	100	**50**	363
Åre Villa 2 AB	**50,000**	100	**50**	363
			9,297	67,496

Note 8 Receivables from Group companies

	31 Mar 2017 kSEK	31 Mar 2016 kSEK	31 Mar 2017 kINR	31 Mar 2016 kINR
Opening cost of acquisition	**179,503**	195,333	**1,303,189**	1,418,117
– Deductible receivables	**(14,902)**	(15,830)	**(108,190)**	(114,928)
– Reclassification, etc.	**(46,229)**	–	**(335,629)**	–
Carrying amount	**118,370**	179,503	**859,369**	1,303,189

Note 9 Non-current liabilities

	31 Mar 2017 kSEK	31 Mar 2016 kSEK	31 Mar 2017 kINR	31 Mar 2016 kINR
Non-current liabilities maturing more than five years after the balance sheet date:				
Liabilities to Group companies	**122,221**	119,882	**887,324**	870,346
Total	**122,221**	119,882	**887,324**	870,346

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-16 – 31 Mar 2017 kSEK	1-Oct-14 – 31 Mar 2016 kSEK	1-Apr-16 – 31 Mar 2017 kINR	1-Oct-14 – 31 Mar 2016 kINR
Mortgages	**4,000**	4,000	**29,040**	29,040
Other pledged assets	**37,216**	48,405	**270,188**	351,419
Total pledged assets	**41,216**	52,405	**299,228**	380,459

Stockholm 2017-05-03

Tapio Anttila
CEO

Iiro Rossi

Anne Oravainen

Our auditor's report has been submitted 2017-05-03

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized 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, 2016 and ended on March 31, 2017.

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 -24,952 (INR -181,152).

Dividend

No dividend was proposed for the financial year ended March 31, 2017.

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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	**Iiro Rossi**	**Anne Oravainen**
Director	Director	Director

Place: Åre
Dated: April 24, 2017

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 year 2016-04-01-2017-03-31.

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 2017 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.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 opinions. 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 the company's internal control relevant to our 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 Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 year 2016-04-01-2017-03-31 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

Place: Sundsvall
Date: April 2017

ADMINISTRATION REPORT

Operations

Information regarding the operations

The company's operations consist of administrative and technical management of tenant-owner associations.

In this annual report FC amounts are translated for convenience into indian Rupees at the exchange rate of Rs 7.26 = FC 1 wich is the Bloomberg rate as on 31st March 2017.

MULTI-YEAR REVIEW kSEK

	2016/17 kSEK	2015/16 kSEK (15 month)	2014 kSEK	2013 kSEK
Balance sheet total, kSEK	9,908	9,692	8,096	6,699
Equity/assets ratio...	20.6%	21.3%	26.1%	32.1%

MULTI-YEAR REVIEW kINR

	2016/17 kINR	2015/16 kINR (15 month)	2014 kINR	2013 kINR
Balance sheet total, kINR	71,932	70,362	58,777	48,635
Equity/assets ratio ...	20.6%	21.3%	26.1%	32.1%

CHANGES IN EQUITY

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Amount at beginning of year according to adopted balance sheet.................	100000SEK 726 000INR	2011494SEK 14603446INR	(45303SEK) (328900NR)	2066191SEK 15000546INR
Appropriation of profits as resolved by the AGM..........				
To be carried forward		(45303SEK) (328900NR)	45303SEK 328900NR	
Profit/loss for the year			(24952SEK) (181152INR)	(24952SEK) (181152INR)
Balance at year-end.............	100000SEK 726 000INR	1966191SEK 14274546INR	(24952SEK) (181152INR)	2041239SEK 14819395 INR

PROPOSED APPROPRIATION OF PROFITS

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit bought forward.....................	1,966,191	14,274,547
Profit/Loss for the year	(24,952)	(181,152)
Total	1,941,239	14,093,395
The Board of Directors proposes that the available profits be appropriated as follows:		
Dividend to shareholders	1,941,239	14,093,395
Total	1,941,239	14,093,395

INCOME STATEMENT

	Note	1 Apr 2016 –31 Mar 2017 SEK	1 Jan 2015 –31 Mar 2016 SEK	1 Apr 2016 –31 Mar 2017 INR	1 Jan 2015 –31 Mar 2016 INR
Operating expenses					
Other external expenses		**(24,952)**	(47372)	**(181,152)**	(343,921)
Total operating expenses		**(24,952)**	(47,372)	**(181,152)**	(343,921)
Operating profit/loss		**(24,952)**	(47,372)	**(181,152)**	(343,921)
Financial items					
Other interest income and similar profit/loss items		**–**	2069	**0**	15,021
Total financial items		**0**	2069	**0**	15,021
Profit/loss after financial items		**(24,952)**	(45,303)	**(181,152)**	(328,900)
Profit/Loss before tax		**(24,952)**	(45,303)	**(181,152)**	(328,900)
Profit/Loss for the year		**(24,952)**	(45,303)	**(181,152)**	(328,900)

BALANCE SHEET

	Note	**31-Mar-17 SEK**	31-Mar-16 SEK	**31-Mar-17 INR**	31-Mar-16 INR
Assets					
Current assets					
Current receivables					
Trade receivables		**1,363,413**	2,984,175	**9,898,378**	21,665,111
Receivables from Group companies		**2,355,454**	2,372,954	**17,100,596**	17,227,646
Total current receivables		**3,718,867**	5,357,129	**26,998,974**	38,892,757
Cash and bank balances					
Cash and bank balances		**6,189,292**	4,334,560	**44,934,260**	31,468,906
Total cash and bank balances		**6,189,292**	4,334,560	**44,934,260**	31,468,906
Total current assets		**9,908,159**	9,691,689	**71,933,234**	70,361,662
Total assets		**9,908,159**	9,691,689	**71,933,234**	70,361,662
Equity					
Restricted equity					
Share capital, 1000 shares		**100,000**	100,000	**726,000**	726,000
Total restricted equity		**100,000**	100,000	**726,000**	726,000
Non-restricted equity					
Profit brought forward		**1,966,191**	2,011,494	**14,274,547**	14,603,446
Profit/Loss for the year		**(24,952)**	(45,303)	**(181,152)**	(328,900)
Total Non-restricted equity		**1,941,239**	1,966,191	**14,093,395**	14,274,547
Total equity		**2,041,239**	2,066,191	**14,819,395**	15,000,547
Current liabilities					
Other liabilities		**7,858,796**	7,610,312	**57,054,859**	55,250,865
Accrued expenses and deferred income		**8,124**	15,186	**58,980**	110,250
Total current liabilities		**7,866,920**	7,625,498	**57,113,839**	55,361,115
Total equity and liabilities		**9,908,159**	9,691,689	**71,933,234**	70,361,662

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 Comapny

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 2017-04-21.

Åre 2017-04-21

Tapio Anttila

Iiro Rossi

Anne Oravainen

Our auditor’s report has been submitted 2017-05-03.
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the abridged Financial Statements of the Company for the financial period commencing from April 1, 2016 and ended on March 31, 2017.

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 Euro 2.926 (INR 202,646).

Dividends

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) Anne Oravainen
2) Holiday Club Resorts Oy, represented by Calvin Stuart Lucock

Statement of Directors

In the opinion of the Board of Directors, the accompanying abridged 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, 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 issue shares during the financial period under review.

Holding Company

The Company is wholly owned subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Cub 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, 2017.

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.

Anne Oravainen	**Holiday Club Resorts Oy**
Director	**Director represented by**
	Calvin Stuart Lucock

Place : Gran Canaria, Mogán
Dated : April 12, 2017

INDEPENDENT AUDITOR'S 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 INVESTMENT, SLU:

Report on the Financial Statements

We have audited the accompanying financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU ("the Company"), which comprise the balance sheet as at 31 March 2017, and the income statement, statement of cash flows and notes to the financial statements for the year then ended.

Director's Responsibility for the Financial Statements

The director is responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of HOLIDAY CLUB CANARIAS INVESTMENT, SLU in accordance with Financial Reporting Standards applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as the director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of HOLIDAY CLUB CANARIAS INVESTMENT, SLU as at 31 March 2017, and its results and its cash flows for the year then ended in accordance with Financial Reporting Standards as applicable to the Company in Spain.

Other issues

The Company did not audit the annual accounts of the previous year because it was not obliged to do so. Consequently, the comparative figures have not been audited. Our opinion refers exclusively to the accompanying annual accounts for 2016-17.

Javier ALVAREZ CABRERA (n° ROAC: 16.092)
RSM SPAIN AUDITORES, SLP (n° ROAC: S2158)

Place: In Las Palmas de Gran Canaria
Date: April 12, 2017

BALANCE SHEET AT MARCH 31, 2017

ASSET	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) NON CURRENT ASSET					
IV. Long-Term investments in group companies and associates	5	**6,200**	**429,412**	6,200	429,412
TOTAL A		**6,200**	**429,412**	6,200	429,412
B) CURRENT ASSETS					
III. Trade and other receivables	5	**796**	**55,164**	131,498	9,107,559
3. Other Debtors		**796**	**55,164**	131,498	9,107,559
IV. Short-term investments in Group, Multigroup and Associate companies	5-10	**807,950**	**55,958,602**	685,556	47,481,591
VII. Cash and equivalent liquid assets	5	**761**	**52,740**	1,151	79,738
TOTAL B		**809,508**	**56,066,507**	818,205	56,668,889
TOTAL ASSET (A + B)		**815,708**	**56,495,919**	824,405	57,098,301

TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) TOTAL EQUITY					
A-1) EQUITY		**4,755**	**329,355**	649	44,921
I. Capital	**7**	**3,100**	**214,706**	3,100	214,706
1. Share Capital		**3,100**	**214,706**	3,100	214,706
III. Reserves		**1,901**	**131,639**	1,901	131,639
V. Profit & Loss from previous periods		**(4,352)**	**(301,424)**	(3,089)	(213,955)
V.I Partner Contributions		**7,033**	**487,080**	0	0
VII. Result for the period (losses)	**3**	**(2,926)**	**(202,646)**	(1,263)	(87,470)
TOTAL A		**4,755**	**329,355**	649	44,921
B) NON CURRENT LIABILITIES					
III. Long term debts with Group and associated Companies	**6-10**	**0**	**0**	6,252	433,016
TOTAL B		**0**	**0**	6,252	433,016
C) CURRENT LIABILITIES					
IV. Short term debts with Group and associated Companies	**6-10**	**757,282**	**52,449,342**	817,505	56,620,364
V. Trade Creditors and other Accounts payable		**53,671**	**3,717,222**	0	1
2. Sundry Creditors		**53,671**	**3,717,222**	0	1
TOTAL C		**810,952**	**56,166,564**	817,505	56,620,364
TOTAL EQUITY AND LIABILITIES (A + B + C)		**815,708**	**56,495,919**	824,405	57,098,301

PROFIT AND LOSS ACCOUNT AT MARCH 31, 2017

CONCEPTS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
7. Other operating expenses	9	**(2,873)**	**(198,959)**	(1,181)	(81,784)
13. Other results		**56**	**3,846**	0	0
A.1.) OPERATING INCOME (LOSS)		**(2,817)**	**(195,113)**	(1,181)	(81,784)
14. Financial income		**0**	**1**	0	1
15. Financial Expenses	9	**(109)**	**(7,534)**	(82)	(5,687)
A.2) FINANCIAL PROFIT & LOSS (LOSS)		**(109)**	**(7,533)**	(82)	(5,686)
A.3) PROFIT BEFORE TAXES (LOSS)		**(2,926)**	**(202,646)**	(1,263)	(87,470)
19. Corporate Income Tax	8	**0**	**0**	0	0
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(2,926)**	**(202,646)**	(1,263)	(87,470)

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2017

ITEMS	Notes	**(Euros)** **2016/17**	**(Rupees)** **2016/17**	(Euros) 2015/16	(Rupees) 2015/16
A) STATEMENT OF RECOGNISED PROFIT AND LOSS					
A) PROFIT AND LOSS ACCOUNT	**3**	**(2,926)**	**(202,646)**	(1,263)	(87,470)
TOTAL OF RECOGNISED PROFIT AND LOSS (A)		**(2,926)**	**(202,646)**	(1,263)	(87,470)

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2017

(Euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Partner Contributions	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY						
A. FINAL BALANCE YEAR 2014/15	3,100	1,901	(1,732)	0	(1,357)	1,912
B. ADJUSTED BALANCE BEGINNING 2015/16	3,100	1,901	(1,732)	0	(1,357)	1,912
I. Total recognised Profit & Loss	0	0	0	0	(1,263)	(1,263)
III. Other variations to Equity	0	0	(1,357)	0	1,357	0
C. FINAL BALANCE 2015/16	3,100	1,901	(3,089)	0	(1,263)	649
D. ADJUSTED BALANCE, BEGINNING 2016/17	3,100	1,901	(3,089)	0	(1,263)	648
I. Total recognised incomes and expenses	0	0	0	0	(2,926)	(2,926)
II. Transactions with shareholders or owners	0	0	0	7,033	0	7,033
3. Other operations with partners or owners	0	0	0	7,033	0	7,033
III. Other changes to Equity	0	0	(1,263)	0	1,263	0
E. FINAL BALANCE 2016/17	3,100	1,901	(4,352)	7,033	(2,926)	4,755

(Rupees)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Partner Contributions	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY						
A. FINAL BALANCE YEAR 2014/15	214,706	131,639	(119,950)	0	(94,005)	132,390
B. ADJUSTED BALANCE BEGINNING 2015/16	214,706	131,639	(119,950)	0	(94,005)	132,390
I. Total recognised Profit & Loss	0	0	0	0	(87,470)	(87,470)
III. Other variations to Equity	0	0	(94,005)	0	94,005	0
C. FINAL BALANCE 2015/16	214,706	131,639	(213,955)	0	(87,470)	44,921
D. ADJUSTED BALANCE, BEGINNING 2016/17	214,706	131,639	(213,955)	0	(87,470)	44,914
I. Total recognised incomes and expenses	0	0	0	0	(202,646)	(202,646)
II. Transactions with shareholders or owners	0	0	0	487,080	0	487,080
3. Other operations with partners or owners	0	0	0	487,080	0	487,080
III. Other changes to Equity	0	0	(87,470)	0	87,470	0
E. FINAL BALANCE 2016/17	214,706	131,639	(301,424)	487,080	(202,646)	329,355

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2017.

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 Valentín Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.

On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22nd, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1st to September 30th was changed. However, during 2016 there was a change in the financial period, as indicated in note 2.3 of this report.

1.2. 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.

1.3. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.4. 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

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 69.26 = 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 31st March 2017

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.

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.

2.2. Critical Aspects in the Valuation and Judgement of Uncertainty

In the drafting of Annual Accounts for the financial year ending on March 31, 2017, 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.

2.3. Comparison of the Information

For the purposes of the obligation established in Article 35.6 of the Spanish Business Code and to those effects derived from the application of the principles of uniformity and the requirement of comparability in Abridged Annual Accounts, not only do the data reflect the Financial Period ending on March 31, 2017, but the figures corresponding to the previous Financial Period ending on March 31, 2016.

However, it is important to point out that the figures corresponding to the Financial Year ending on March 31, 2016 will not be comparable, since the Financial Period ending on March 31, 2016 only covered 6 months and the next period covered twelve months. This is due to the fact that the shareholders passed a resolution in which they decided to modify the Financial Period, in order for it to start every April 1 of each year. This is why the Financial Period 2015/2016 only covered 6 months.

Said accounting balances were drafted according to the regulations established in Royal Decree 1514/2007, in which the Spanish General Accounting Plan was approved, therefore they need not be standardised to compare them.

Euros	Presentation 2016/17	Presentation 2015/16	Differences
ASSET			
B) CURRENT ASSETS.	**818,205**	132,649	685,556
IV. Short-term investments in Group, Multigroup and Associate companies	**685,556**	0	685,556
TOTAL ASSET (A + B)	**824,405**	138,849	685,556
Total Equity and liabilities			
C) CURRENT LIABILITIES	**817,505**	131,949	685,556
IV. Short term debts with Group and associated Companies	**817,505**	131,949	685,556
TOTAL EQUITY AND LIABILITIES (A + B + C)	**824,405**	138,849	685,556

Rupees	Presentation 2016/17	Presentation 2015/16	Differences
ASSET			
B) CURRENT ASSETS.	**56,668,889**	9,187,297	47,481,592
IV. Short-term investments in Group, Multigroup and Associate companies	**47,481,591**	0	47,481,591
TOTAL ASSET (A + B)	**57,098,301**	9,616,709	47,481,592
Total Equity and liabilities			
C) CURRENT LIABILITIES	**56,620,364**	9,138,773	47,481,592
IV. Short term debts with Group and associated Companies	**56,620,364**	9,138,773	47,481,591
TOTAL EQUITY AND LIABILITIES (A + B + C)	**57,098,301**	9,616,709	47,481,592

Currency exchange rate

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 69.26 = 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 31st March 2017.

3. APPLICATION OF EARNINGS

The company's Administrators will propose at the Annual General Meeting, not to distribute results, due to the losses incurred in the financial year ending on March 31, 2017 of the amount of 2,926 Euros (202,655 Rupees). Said losses shall be compensated by the company's future profits.

Euros

Distribution Balance	**2016/17**	2015/16
Financial Period Losses	**(2,926)**	(1,263)
Total	**(2,926)**	(1,263)
Distribution		
Losses accumulated from previous Financial Periods	**2,926**	(1,263)
Total	**2,926**	(1,263)

Rupees

Distribution Balance	**2016/17**	2015/16
Financial Period Losses	**(202,646)**	(87,470)
Total	**(202,646)**	(87,470)
Distribution		
Losses accumulated from previous Financial Periods	**(202,646)**	(87,470)
Total	**(202,646)**	(87,470)

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:

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.

b) 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

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 unaplied 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 recognised as 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 reliably appraised or estimated.

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	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**–**	–
Totals	**–**	–	**–**	–	**–**	–
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**808,175**	685,582
Liquid Assets	**–**	–	**–**	–	**761**	1,151
Totals	**–**	–	**–**	–	**808,937**	686,733

Rupees	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**–**	–
Totals	**–**	–	**–**	–	**–**	–
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**55,974,223**	47,483,403
Liquid Assets	**–**	–	**–**	–	**52,740**	79,738
Totals	**–**	–	**–**	–	**56,026,963**	47,563,141

5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is as follows:

Euros							
Financial Assets	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Investments in Group and Associated Companies	**807,950**	**–**	**–**	**–**	**–**	**–**	**–**
Other financial assets	**807,950**	–	–	–	–	–	–
Commercial Debts and other Receivables	**226**	–	–	–	–	–	–
Sundry Receivables	**226**	–	–	–	–	–	–
Cash and other Liquid Assets	**761**	–	–	–	–	–	–
Liquid Assets	**761**	–	–	–	–	–	–
Totals	**808,937**	**–**	**–**	**–**	**–**	**–**	**–**

Rupees

Financial Assets	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Investments in Group and Associated Companies	**55,958,602**	–	–	–	–	–	–
Other financial assets	**55,958,602**	–	–	–	–	–	–
Commercial Debts and other Receivables.	**15,621**	–	–	–	–	–	–
Sundry Receivables	**15,621**	–	–	–	–	–	–
Cash and other Liquid Assets.	**52,740**	–	–	–	–	–	–
Liquid Assets	**52,740**	–	–	–	–	–	–
Totals	**56,026,963**	–	–	–	–	–	–

5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2017 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, Jardín Amadores and Puerto Calma.

Percentage of direct participation: 100%

Figures of the balance 2016/17: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (214,706 Rupees)
- Reserves: 5,396,060 Euros (373,731,116 Rupees)
- Grants: 417,849 Euros (28,940,222 Rupees)
- Losses from previous periods: (2,032,173) Euros ((140,748,302) Rupees)
- Result for the period (losses): (2,053,783) Euros ((142,245,011) Rupees)

Value of participation:

- theoretical value: 1,731,053 Euros (111,892,731 Rupees)
- book value: 3,100 Euros (214,706 Rupees)

1) 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, Jardín Amadores and Puerto Calma).

Percentage of direct participation: 100%

Figures of the balance 2016/17: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (214,706 Rupees)
- Reserves: 2,986,721 Euros (206,860,296 Rupees)
- Losses from previous periods: (236,134) Euros ((16,354,641) Rupees)
- Result for the period (profit): 320,068 Euros (22,167,910 Rupees)

Value of participation:

- theoretical value: 3,073,755 Euros (212,888,271 Rupees)
- book value: 3,100 Euros (214,706 Rupees)

b) There are not movements during 2016/17 and 2015/16 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:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-term financial Liabilities						
Debits and Payables	–	–	–	–	–	–
Short-term Financial Liabilities						
Debits and Payables	–	–	–	–	**757,282**	817,505
Totals					**757,282**	817,505

Rupees	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-term financial Liabilities						
Debits and Payables	–	–	–	–	–	–
Short-term Financial Liabilities						
Debits and Payables	–	–	–	–	**52,449,317**	56,620,396
Totals					**52,449,317**	56,620,396

Euros							
Financial Liabilities	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/p**
Debts with Group and Associated Companies	**757,282**	–	–	–	–	–	–
Totals	**757,282**	**–**	**–**	**–**	**–**	**–**	**–**

Rupees							
Financial Liabilities	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/p**
Debts with Group and Associated Companies	**52,449,317**	–	–	–	–	–	–
Totals	**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 (214,706 Rupees), divided into thirty-one shares at face value of 100 Euros (6,926 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 on Profits

The reconciliation between the accounting profit and loss and the taxable corporate income tax is as follows:

Euros	
Accounting profit	(2,926)
Total increase on Accounting profit	–
Total decrease on Accounting profit	–
Prior taxable income	(2,926)
Compensationn neg. T.I. previous periods	
Tax base	–
Tax rate	25%
Total tax due	–
Deductions for double taxation	–
Total tax adjusted	–
Other deductions	–
Tax payable	–
Tax withholding and payments on account	
Tax to be paid or collected	–

Rupees	
Accounting profit	(202,646)
Total increase on Accounting profit	–
Total decrease on Accounting profit	–
Prior taxable income	(202,646)
Compensationn neg. T.I. previous periods	
Tax base	–
Tax rate	25%
Total tax due	–
Deductions for double taxation	–
Total tax adjusted	–
Other deductions	–
Tax payable	–
Tax withholding and payments on account	
Tax to be paid or collected	–

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 2016/2017, 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.

8.2. Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2016/2017, 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:

Euros	2016/17	2015/16
Professional services	**657**	107
Bank Services and Similar	**15**	–
Local Tax	**2,201**	1,074
Totals	**2,873**	1,181
Other financials expenses	**109**	82
Totals	**109**	82
Local Tax	**2,201**	1,074
Totals	**2,201**	1,074

Rupees	2016/17	2015/16
Professional services	**45,479**	7,422
Bank Services and Similar	**1,039**	–
Local Tax	**152,441**	74,362
Totals	**198,959**	81,784
Other financials expenses	**7,534**	5,687
Totals	**7,534**	5,687
Local Tax	**152,441**	74,362
Totals	**152,441**	74,362

10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2017 and 2016 with related companies are as follows:

Euros	**2016/2017**		2015/2016	
	Debit Balances	**Creditor Balances**	Debit Balances	Creditor Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**757,282**	–	816,777
Holiday Club Canarias Resort Managemet, SLU	**807,950**	**–**	685,556	–
Holiday Club Sweden	**–**	**–**	–	727
Totals.	**807,950**	**757,282**	685,556	817,505

Rupees	**2016/2017**		2015/2016	
	Debit Balances	**Creditor Balances**	Debit Balances	Creditor Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**52,449,342**	–	56,569,987
Holiday Club Canarias Resort Managemet, SLU	**55,958,602**	**–**	47,481,591	–
Holiday Club Sweden	**–**	**–**	–	50,376
Totals	**55,958,602**	**52,449,342**	47,481,591	56,620,364

The Company endorses the company of the group Holiday Club Canarias Resort Management, S.L.U. for a loan obtained of a financial institution for 750,000 Euros (51,945,000 Rupees).

11. OTHER INFORMATION

11.1. Average number of Employees

The Company has not employed anyone during this period.

11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Due to the activities the Company carries out, it has no assets devoted to minimising environmental impact and the protection and improvement of the environment, nor has it incurred in expenses for those purposes, during this period. No funds have been provisioned to cover risks and expenses for environmental protection, since no contingencies related to the protection and improvement of the environment are esteemed to exist, nor have grants for environmental purposes been received.

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

Mogán, April 10, 2017.

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, 2016 and ended on March 31, 2017.

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 earned revenue of Euro 7,813,566 (INR 541,167,590) and made loss of Euro 2,053,783 (INR 142,245,034).

Dividends

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) Anne Oravainen

2) Holiday Club Resorts Oy, represented by Calvin Stuart Lucock

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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 Canarias Sales & Marketing, S.L.U.

Anne Oravainen **Director**	**Holiday Club Resorts Oy** **Director represented by** **Calvin Stuart Lucock**

Place : Gran Canaria, Mogán
Dated : April 12, 2017

INDEPENDENT AUDITOR'S 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 accompanying financial statements of **HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU** ("the Company"), which comprise the balance sheet as at 31 March 2017, and the income statement, statement of cash flows and notes to the financial statements for the year then ended.

Director's Responsibility for the Financial Statements

The director is responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU in accordance with Financial Reporting Standards applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as the director determine is necessary to enable the preparation of financial statements that are tree from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are tree from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU as at 31 March 2017, and its results and its cash flows for the year then ended in accordance with Financial Reporting Standards as applicable to the Company in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying director's report for 2016-2017 contains the explanations which the Company's directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2016-2017. Our work as auditors was confined to checking the director's report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of HOLIDAY CLUB CANARIAS SALES AND MARKETING, SLU.

Javier ALVAREZ CABRERA
(nº ROAC: 16.092)

RSM SPAIN AUDITORES, SLP
(nº ROAC: S2158)

In Las Palmas de Gran Canaria
on April 12, 2017

BALANCE AT MARCH 31, 2017

	ASSETS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A)	**NON-CURRENT ASSETS**					
I.	**Intangible Assets**	**5**	**1,636,101**	**113,316,332**	1,811,706	125,478,731
	4. Goodwill		**1,627,195**	**112,699,534**	1,807,995	125,221,703
	5. IT applications		**8,906**	**616,798**	3,711	257,028
II.	**Fixed Assets**	**6**	**2,761,973**	**191,294,226**	3,141,697	217,593,900
	1. Property and Buildings		**737,061**	**51,048,840**	820,236	56,809,541
	2. Technical Facilities and other Fixed Assets		**2,024,912**	**140,245,386**	2,321,461	160,784,358
V.	**Long-term financial investments**	**8**	**16,658**	**1,153,733**	16,658	1,153,733
	5. Other financial assets		**16,658**	**1,153,733**	16,658	1,153,733
VI.	**Deferred Tax Assets**	**13**	**77,754**	**5,385,239**	86,878	6,017,168
	TOTAL A		**4,492,485**	**311,149,531**	5,056,938	350,243,532
B)	**LIQUID ASSETS**					
II.	**Inventories**	**11**	**7,301,117**	**505,675,338**	7,707,366	533,812,172
	1. Commercial inventories		**7,291,268**	**504,993,254**	7,694,024	532,888,070
	6. Advance payments to suppliers	**8**	**9,848**	**682,084**	13,343	924,102
III.	**Commercial debtors and other accounts receivables**		**2,905,125**	**201,208,957**	3,575,797	247,659,715
	1. Trade receivables	**8**	**2,891,611**	**200,273,011**	3,541,661	245,295,434
	a) Trade receivables/long term		**862,025**	**59,703,843**	629,690	43,612,329
	b) Trade receivables/short term		**2,029,587**	**140,569,168**	2,911,971	201,683,105
	4. Personnel	**8**	**5,509**	**381,520**	17,117	1,185,509
	6. Other receivables from Public Administrations		**8,005**	**554,426**	17,020	1,178,772
IV.	**Short-term Investments in affiliated group and associated companies**	**8-19**	**773,357**	**53,562,725**	835,040	57,834,880
	2. Loans to companies		**773,357**	**53,562,725**	835,040	57,834,880
V.	**Short-term financial investments**	**8**	**8,210**	**568,614**	0	0
	5. Other financial assets		**8,210**	**568,614**	0	0
VI.	**Short-term accruals**		**1,430,409**	**99,070,131**	1,358,594	94,096,190
VII.	**Cash and other equivalent liquid assets**	**8**	**643,344**	**44,557,995**	522,771	36,207,149
	1. Liquid assets		**643,344**	**44,557,995**	522,771	36,207,149
	TOTAL B		**13,061,562**	**904,643,760**	13,999,568	969,610,105
	TOTAL ASSETS (A + B)		**17,554,047**	**1,215,793,291**	19,056,506	1,319,853,637

BALANCE AT MARCH 31, 2017

NET WORTH AND LIABILITIES	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) TOTAL EQUITY					
A-1) EQUITY		**1,313,204**	**90,952,505**	3,366,987	233,197,539
I. Capital	**10**	**3,100**	**214,706**	3,100	214,706
1. Shared Capital		**3,100**	**214,706**	3,100	214,706
III. Reserves	**10**	**5,396,060**	**373,731,144**	5,396,060	373,731,144
1. Legal and statutory		**3,100**	**214,706**	3,100	214,706
2. Other reserves		**5,392,960**	**373,516,438**	5,392,960	373,516,438
V. Profit & Loss from previous Periods		**(2,032,173)**	**(140,748,311)**	(1,850,138)	(128,140,586)
2. (Losses from previous Periods)		**(2,032,173)**	**(140,748,311)**	(1,850,138)	(128,140,586)
VII. Losses for the period	**3**	**(2,053,783)**	**(142,245,034)**	(182,035)	(12,607,725)
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	**17**	**417,849**	**28,940,236**	486,574	33,700,135
TOTAL A		**1,731,053**	**119,892,740**	3,853,562	266,897,674
B) NON CURRENT LIABILITIES					
I. Long-term provisions	**15**	**26,029**	**1,802,741**	0	0
4. Other provisions		**26,029**	**1,802,741**	0	0
II. Long-term Debts	**9**	**0**	**0**	48,951	3,390,327
2. Debts to Loan Institutions		**0**	**0**	43,954	3,044,230
3. Finance lease creditors	**7**	**0**	**0**	4,997	346,097
III. Long-term debts with Group and associated Companies	**9-19**	**12,417,834**	**860,059,189**	12,167,834	842,744,189
IV. Deferred Tax liabilities	**13-17**	**139,283**	**9,646,738**	162,191	11,233,371
TOTAL B		**12,583,146**	**871,508,668**	12,378,976	857,367,887
C) CURRENT LIABILITIES					
II. Short-term provisions	**15**	**631,833**	**43,760,746**	645,660	44,718,429
III. Short-term debts	**9**	**52,263**	**3,619,732**	285,745	19,790,705
2. Debts to loan institutions		**43,954**	**3,044,230**	260,747	18,059,324
3. Finance lease creditors	**7**	**4,750**	**328,952**	21,553	1,492,728
5. Other financial liabilities		**3,560**	**246,550**	3,446	238,653
IV. Short-term debts with Group and associated Companies	**9-19**	**2,125,585**	**147,217,999**	1,580,482	109,464,167
V. Trade Creditors and other Accounts payable		**430,168**	**29,793,406**	312,082	21,614,776
1. Suppliers	**9-22**	**207**	**14,317**	207	14,317
3. Sundry Creditors	**9-22**	**235,809**	**16,332,149**	194,660	13,482,150
4. Staff (salaries pending payment)	**9**	**4,408**	**305,328**	9,010	624,055
6. Other debts with Public Administrations		**102,271**	**7,083,277**	108,205	7,494,254
7. Customer advances		**87,472**	**6,058,335**	0	0
TOTAL C		**3,239,848**	**224,391,883**	2,823,969	195,588,077
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**17,554,047**	**1,215,793,291**	19,056,506	1,319,853,637

PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2017

ITEMS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) CONTINUING OPERATIONS					
1. Turnover	**21**	**7,813,566**	**541,167,590**	5,204,832	360,486,659
a) Sales		**5,178,589**	**358,669,098**	3,943,204	273,106,306
b) Services rendered		**2,634,977**	**182,498,492**	1,261,628	87,380,354
2. Variation in inventories of products finished and being manufactured		**(407,836)**	**(28,246,694)**	300,299	20,798,690
3. Self-constructed assets		**0**	**0**	19	1,294
4. Supplies	**14**	**(183,011)**	**(12,675,319)**	(111,980)	(7,755,713)
a) Consumption of merchandise		**(183,011)**	**(12,675,319)**	(111,980)	(7,755,713)
5. Other operations income		**2,755**	**190,831**	798	55,260
a) Accessory income and other current operations		**2,755**	**190,831**	798	55,260
6. Personnel expenses		**(2,801,380)**	**(194,023,595)**	(1,586,695)	(109,894,495)
a) Wages, salaries and similar		**(2,204,483)**	**(152,682,522)**	(1,235,277)	(85,555,304)
b) Social Security contributions	**14**	**(596,897)**	**(41,341,074)**	(351,418)	(24,339,191)
7. Other operating expenses		**(5,681,759)**	**(393,518,647)**	(3,778,641)	(261,708,663)
a) Outsourced services	**14**	**(5,075,645)**	**(351,539,203)**	(3,345,499)	(231,709,287)
b) Taxes		**(56,068)**	**(3,883,243)**	(21,335)	(1,477,658)
c) Losses, impairment and variation of supplies from trade operations	**14**	**(281,566)**	**(19,501,233)**	(411,313)	(28,487,507)
d) Other current operating expenses		**(268,481)**	**(18,594,968)**	(494)	(34,211)
8. Depreciation of fixed assets	**5-6**	**(695,743)**	**(48,187,159)**	(268,711)	(18,610,954)
10. Allocation of subsidies for non-financial fixed assets and others	**17**	**91,633**	**6,346,532**	45,817	3,173,266
13. Other incomes and expenses	**14**	**(51,253)**	**(3,549,750)**	(17,124)	(1,186,032)
A.1.) Operating Income (LOSS)		**(1,913,026)**	**(132,496,211)**	(211,387)	(14,640,687)
14. Financial Incomes	**8**	**150,058**	**10,392,992**	78,896	5,464,309
b) Trade securities and other equity instruments		**150,058**	**10,392,992**	78,896	5,464,309
b 2) Third Parties		**150,058**	**10,392,992**	78,896	5,464,309
15. Financial expenses	**9**	**(368,306)**	**(25,508,881)**	(177,259)	(12,276,944)
a) For debts with group and associated Companies	**19**	**(317,533)**	**(21,992,336)**	(172,304)	(11,933,806)
b) Debts with Third Parties		**(50,773)**	**(3,516,545)**	(4,954)	(343,138)
17. Exchange differences		**(35,779)**	**(2,478,035)**	19,194	1,329,395
A.2) FINANCIAL PROFIT & LOSS (LOSS)		**(254,027)**	**(17,593,924)**	(79,169)	(5,483,240)
A.3) PROFIT BEFORE TAXES (LOSS)		**(2,167,054)**	**(150,090,134)**	(290,556)	(20,123,927)
19. Corporate Income Tax	**13**	**113,270**	**7,845,100**	108,522	7,516,202
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(2,053,783)**	**(142,245,034)**	(182,035)	(12,607,725)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2017

ITEMS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) STATEMENT OF RECOGNISED PROFIT AND LOSS					
A) PROFIT AND LOSS ACCOUNT	**3**	**(2,053,783)**	**(142,245,034)**	(182,035)	(12,607,725)
B) TOTAL P&L DIRECTLY ATTRIBUTABLE TO EQUITY	**17**	**0**	**0**	32,820	2,273,119
III. Grants, donations and legacies received		**0**	**0**	0	0
V. Tax effect		**0**	**0**	32,820	2,273,119
C) TRANSFERS TO PROFIT & LOSS ACCOUNT	**17**	**(68,725)**	**(4,759,899)**	(32,454)	(2,247,745)
VIII. Grants, donations and legacies received		**(91,633)**	**(6,346,532)**	(45,817)	(3,173,266)
IX. Tax effect		**22,908**	**1,586,633**	13,363	925,521
TOTAL RECOGNISED PROFIT & LOSS (A+ B + C)		**(2,122,508)**	**(147,004,933)**	(181,668)	(12,582,351)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2017 (euros)

	ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B)	**TOTAL STATEMENT OF CHANGES TO EQUITY**						
A.	**BALANCE AT YEAR'S END 2014/15**	3,100	5,396,060	(173,211)	(1,676,927)	486,208	4,035,230
B.	**ADJUSTED BALANCE Year's beginning 2015/16**	3,100	5,396,060	(173,211)	(1,676,927)	486,208	4,035,230
I.	Total recognised incomes and expenses	0	0	0	(182,035)	366	(181,668)
III.	Other changes to Equity	0	0	(1,676,927)	1,676,927	0	0
C.	**BALANCE AT YEAR'S END 2015/16**	3,100	5,396,060	(1,850,138)	(182,035)	486,574	3,853,562
D.	**ADJUSTED BALANCE, BEGINNING OF YEAR 2016/17**	**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
E.	**BALANCE AT YEAR'S END 2016/17**	**3,100**	**5,396,060**	**(2,032,173)**	**(2,053,783)**	**417,849**	**1,731,053**

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2017 (Rupees)

	ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B)	**TOTAL STATEMENT OF CHANGES TO EQUITY**						
A.	**BALANCE AT YEAR'S END 2014/15**	214,706	373,731,144	(11,996,619)	(116,143,967)	33,674,760	279,480,025
B.	**ADJUSTED BALANCE Year's beginning 2015/16**	214,706	373,731,144	(11,996,619)	(116,143,967)	33,674,760	279,480,025
I.	Total recognised incomes and expenses	0	0	0	(12,607,725)	25,375	(12,582,351)
III.	Other changes to Equity	0	0	(116,143,967)	116,143,967	0	0
C.	**BALANCE AT YEAR'S END 2015/16**	214,706	373,731,144	(128,140,586)	(12,607,725)	33,700,135	266,897,674
D.	**ADJUSTED BALANCE, BEGINNING OF YEAR 2016/17**	**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
E.	**BALANCE AT YEAR'S END 2016/17**	**214,706**	**373,731,144**	**(140,748,311)**	**(142,245,034)**	**28,940,236**	**119,892,741**

CASH FLOW STATEMENT AT MARCH 31, 2017

	ITEMS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A)	**CASH-FLOW FROM OPERATING ACTIVITIES**					
1.	**PROFIT & LOSS BEFORE TAX**		**(2,167,054)**	**(150,090,134)**	(290,556)	(20,123,927)
2.	**ADJUSTMENTS TO PROFIT & LOSS**		**1,116,125**	**77,302,806**	732,570	50,737,830
	a) Depreciation of Fixed Assets	**5-6**	**695,743**	**48,187,159**	268,711	18,610,954
	b) Value corrections of impairment losses		**281,566**	**19,501,233**	411,313	28,487,507
	c) Change to provisions	**15**	**12,201**	**845,058**	0	0
	d) Allocation of grants		**(91,633)**	**(6,346,532)**	(45,817)	(3,173,266)
	g) Financial Income	**8**	**(150,058)**	**(10,392,992)**	(78,896)	(5,464,309)
	h) Financial Expenses	**9**	**368,306**	**25,508,881**	177,259	12,276,944
3.	**CHANGES IN WORKING CAPITAL**		**841,626**	**58,291,049**	(574,621)	(39,798,278)
	a) Inventories		**406,249**	**28,136,834**	(279,865)	(19,383,435)
	b) Trade and other accounts receivable		**389,107**	**26,949,525**	776,211	53,760,387
	c) Other current assets		**(71,815)**	**(4,973,941)**	(797,026)	(55,202,031)
	d) Creditors and other accounts payable		**118,086**	**8,178,630**	(273,942)	(18,973,199)
4.	**OTHER CASH FLOW FROM OPERATING ACTIVITIES**		**(218,248)**	**(15,115,889)**	(98,363)	(6,812,635)
	a) Interest payments	**9**	**(368,306)**	**(25,508,881)**	(177,259)	(12,276,944)
	c) Interest receivable	**8**	**150,058**	**10,392,992**	78,896	5,464,309
	d) Income taxes paid		**0**	**0**	0	0
5.	**CASH FLOW ON OPERATING ACTIVITIES**		**(427,551)**	**(29,612,168)**	(230,970)	(15,997,011)
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
6.	**PAYMENTS FOR INVESTMENTS**		**(167,261)**	**(11,584,512)**	(13,857)	(959,766)
	b) Intangible Assets	**5**	**(7,070)**	**(489,684)**	(3,816)	(264,296)
	c) Fixed Assets	**6**	**(151,981)**	**(10,526,214)**	(10,041)	(695,469)
	e) Other financial assets	**8**	**(8,210)**	**(568,614)**	0	0
7.	**DIVESTMENT RECEIPTS**		**202,714**	**14,039,995**	1,317,740	91,266,704
	a) Group and Associated Companies		**184,077**	**12,749,184**	1,317,361	91,240,442
	c) Fixed Assets		**18,637**	**1,290,811**	0	0
	e) Other financial assets		**0**	**0**	379	26,261
8.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**		**35,453**	**2,455,483**	1,303,883	90,306,938
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**					
10.	**RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS**		**512,670**	**35,507,532**	(778,535)	(53,921,326)
	a) Issue		**795,217**	**55,076,728**	312,433	21,639,135
	3. Debts to Group and associated Companies		**795,103**	**55,068,832**	311,517	21,575,691
	4. Other debts		**114**	**7,896**	916	63,444
	b) Repayment and amortization		**(282,547)**	**(19,569,196)**	(1,090,968)	(75,560,462)
	2. Debts with credit institutions		**(282,547)**	**(19,569,196)**	(140,968)	(9,763,462)
	3. Debts with Group and Associated Companies		**0**	**0**	(950,000)	(65,797,000)
12.	**CASH FLOW FROM FINANCING ACTIVITIES**		**512,670**	**35,507,532**	(778,535)	(53,921,326)
E)	**NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS**		**120,572**	**8,350,847**	294,378	20,388,601
	Cash or cash equivalents at the beginning of the year	**8**	**522,771**	**36,207,149**	228,394	15,818,548
	Cash or equivalents at the end of the year	**8**	**643,344**	**44,557,995**	522,771	36,207,149

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING MARCH 31, 2017

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. Valentín Concejo Arranz, under his Protocol number 1524.

1.2. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company and on July 22nd 2011 the financial year, between April 1st until March 31st 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

1.3. 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, Jardín Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogán, in Gran Canaria.

1.4. The Corporate offices are located at Avenida Anna Lindh, número 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria).

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 6th , 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 client's' 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 1st, 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. 69.26 = 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 31st March 2017.

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

On February 1st, 2016 General Meeting of the Company in which it was agreed to modify the start and end dates of the financial year in the by-laws, establishing April 1 to March 31 of each year. Exceptionally, with respect to this financial period beginning on October 1, 2015, it was agreed to finalize on March 31, 2016.

However, it is important to point out that the figures corresponding to the Financial Year ending on March 31, 2017 will not be comparable, since the Financial Period ending on March 31, 2016 only covered 6 months (October 2015 to March 2016) and the next period covered twelve months (April 2016 to March 2017).

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31st, 2017 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on September 30th , 2016, is as follows:

Euros	**2016/17**	2015/16
Distribution Balance		
Financial Period Losses	**(2,053,783)**	(182,035)
Distribution		
Losses accumulated from previous Financial Periods	**(2,053,783)**	(182,035)
Total	**(2,053,783)**	(182,035)

Rupees	**2016/17**	2015/16
Distribution Balance		
Financial Period Losses	**(142,245,034)**	(12,607,725)
Distribution		
Losses accumulated from previous Financial Periods	**(142,245,034)**	(12,607,725)
Total	**(142,245,034)**	(12,607,725)

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 27th, 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	11,76 %
Machinery	10,53 – 25%
Other installations	10 – 12%
Furniture	10 – 25%
IT Equipment	12,5 – 25%
Vehicles	11,76 – 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 2016/17 and 2015/16 periods were the following:

Euros	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Goodwill	1,807,995	–	–	**1,807,995**
IT Applications	14,517	7,070	–	**21,587**
Totals	1,822,511	7,070	–	**1,829,582**
Accumulated amortization				
Goodwill	–	180,799	–	**180,799**
IT Applications	10,806	1,876	–	**12,681**
Totals	10,806	182,675	–	**193,481**
Net Totals	1,811,706			**1,636,101**

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Gross Costs				
Goodwill	1,807,995	–	–	1,807,995
IT Applications	10,701	3,816	–	14,517
Totals	1,818,696	3,816	–	1,822,511
Accumulated amortization				
IT Applications	10,701	105	–	10,806
Net Totals	1,807,995			1,811,706

Rupees	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Gross Costs				
Goodwill	125,221,734	–	–	125,221,703
IT Applications	741,151	264,296	–	1,005,430
Totals	125,962,885	264,296	–	126,227,133
Accumulated amortization				
IT Applications	741,151	7,272	–	748,402
Net Totals	125,221,734			125,478,731

Rupees	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Goodwill	125,221,703	–	–	**125,221,703**
IT Applications	1,005,430	489,684	–	**1,495,114**
Totals	126,227,133	489,684	–	**126,716,817**
Accumulated amortization				
Goodwill	–	12,522,169	–	**12,522,169**
IT Applications	748,402	129,914	–	**878,316**
Total	748,402	12,652,083	–	**13,400,485**
Net Totals	125,478,731			**113,316,332**

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 Assets.

5.4. There are fully depreciated software applications in use at March 31, 2016 and March 31, 2017 for the amount of 10,701 Euros (741,151 Rupees).

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2016/17 and 2015/16 periods were the following:

Euros	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
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**
Totals	4,503,733	151,981	(72,567)	**4,583,146**
Accumulated amortization				
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**
Totals	1,362,035	513,068	(53,929)	**1,821,174**
Net Totals	3,141,698			**2,761,973**

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Gross Costs				
Buildings	1,125,496	–	–	1,125,496
Machinery	59,351	–	–	59,352
Other facilities	2,872,887	1,615	–	2,874,502
Furniture	237,615	7,218	–	244,833
IT Equipment	75,513	1,209	–	76,722
Vehicles	100,561	–	–	100,561

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Other tangible fixed assets	22,267	–	–	22,267
Totals	4,493,690	10,041	–	4,503,732
Accumulated amortization				
Buildings	240,033	65,227	–	305,260
Machinery	16,258	3,378	–	19,636
Other installations	590,220	151,515	–	741,735
Furniture	132,009	32,324	–	164,333
IT Equipment	51,310	6,656	–	57,966
Vehicles	48,040	7,871	–	55,911
Other tangible fixed assets	15,558	1,635	–	17,193
Totals	1,093,429	268,606	–	1,362,036
Net Totals	3,400,262			3,141,696

Rupees	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
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**
Totals	311,928,548	10,526,214	(5,025,968)	**317,428,709**
Accumulated amortization				
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**
Totals	94,334,544	35,535,076	(3,735,156)	**126,134,483**
Net Totals	217,594,003			**191,294,226**

Rupees	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Gross Costs				
Buildings	77,951,853	–	–	77,951,853
Machinery	4,110,650	–	–	4,110,720
Other facilities	198,976,154	111,855	–	199,088,009
Furniture	16,457,215	499,919	–	16,957,134
IT Equipment	5,230,030	83,735	–	5,313,766
Vehicles	6,964,855	–	–	6,964,855
Other tangible fixed assets	1,542,212	–	–	1,542,212
Totals	311,232,969	695,509	–	311,928,547
Accumulated amortization				
Buildings	16,624,686	4,517,650	–	21,142,335
Machinery	1,126,029	233,988	–	1,360,017
Other installations	40,878,637	10,493,950	–	51,372,587
Furniture	9,142,943	2,238,791	–	11,381,735
IT Equipment	3,553,731	461,028	–	4,014,759
Vehicles	3,327,250	545,145	–	3,872,396
Other tangible fixed assets	1,077,547	113,271	–	1,190,818
Totals	75,730,823	18,603,824	–	94,334,647
Net Totals	235,502,146			217,593,900

6.2. The acquisition in the period 2016/17 correspond, mainly, to investments in the Angry Birds Park.

6.3. Fixed assets acquired through finance lease contracts is as follows (see Note 7.1):

	(Euros)
Information Processing Equipment	13,378
Transport Elements (Vehicles)	92,361

	(Rupees)
Information Processing Equipment	926,560
Transport Elements (Vehicles)	6,396,923

6.4. There are no signs of impairment through March 31st, 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, 2017 for the amount of 46,797 Euros (3,241,160 Rupees). At March 31, 2016 amounted 34,416 Euros (2,383,652 Rupees)

7. LEASES AND OTHER SIMILAR OPERATIONS

Financial Leases

7.1. The amount initially recognised for the fixed assets subject to financial leasing comes to 105,739 Euros (7,323,483 Rupees) and corresponds to IT equipment and vehicles for 13,378 Euros (926,560 Rupees) and 92,361 Euros (6,396,923 Rupees) respectively (see Note 6.3). These assets have been recorded at their reasonable value.

7.2. The reconciliation between minimum future payments and the current value at the close of the 2016/17 and 2015/2016 period, is the following: (see Note 9.6):

Euros	2016/17	2015/16
Total amount of minimum future payments at the end of the period	**4,772**	27,226
Financial expenses not accrued	**(22)**	(676)
Current value to the end of the period (note 9.6)	**4,750**	26,550

Rupees	2016/17	2015/16
Total amount of minimum future payments at the end of the period	**330,490**	1,885,673
Financial expenses not accrued	**(1,538)**	(46,848)
Current value to the end of the period (note 9.6)	**328,952**	1,838,825

7.3. Minimum lease payments and their current value, at the end of the 2016/2017 and 2015/2016 years, according to their maturity are the following:

Euros	2016/17	2015/16
Minimum payment		
Up to 1 year	**4,772**	22,207
From 1 to 5 years	**–**	5,019
Current value		
Up to 1 year	**4,750**	21,553
From 1 to 5 years	**–**	4,997

Rupees	2016/17	2015/16
Minimum payment		
Up to 1 year	**330,490**	1,538,057
From 1 to 5 years	**–**	347,616
Current value		
Up to 1 year	**328,952**	1,492,732
From 1 to 5 years	**–**	346,092

7.4. The value of the Purchase Option of the fixed assets subject to financial leases comes to 553 Euros (38,301 Rupees).

7.5. The contingent quotas recognised as expenses in the 2016/17 financial period, come to 925 Euros (64,066 Rupees) (1,080 Euros (74,801 Rupees) in the 2015/16 financial period)

8. FINANCIAL ASSETS

Information related to the Balance Sheet

8.1. 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:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	**31.03.17**	**31.03.16**	**31.03.17**	**31.03.16**	**31.03.17**	**31.03.16**
Long-term Financial Assets						
Investments held to maturity	**–**	–	–	–	**16,658**	16,658
Loans and Receivables	**–**	–	–	–	**862,025**	629,690
Totals	**–**	–	–	–	**878,683**	646,348
Short- term Financial Assets						
Loans and Receivables	**–**	–	–	–	**2,826,510**	3,777,470
Liquid Assets	**–**	–	–	–	**643,344**	522,771
Totals	**–**	–	–	–	**3,469,854**	4,300,241

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Rupees	**31.03.17**	**31.03.16**	**31.03.17**	**31.03.16**	**31.03.17**	**31.03.16**
Long-term Financial Assets						
Investments held to maturity	**–**	–	–	–	**1,153,733**	1,153,733
Loans and Receivables	**–**	–	–	–	**59,703,843**	43,612,329
Totals	**–**	–	–	–	**60,857,576**	44,766,062
Short- term Financial Assets						
Loans and Receivables	**–**	–	–	–	**195,764,112**	261,627,596
Liquid Assets	**–**	–	–	–	**44,557,995**	36,207,149
Totals	**–**	–	–	–	**240,322,107**	297,834,744

8.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

Euros

Financial Assets	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Financial Investments	8,210	–	–	–	–	16,658	16,658
Other financial assets	8,210	–	–	–	–	16,658	16,658
Advances to Suppliers	9,848	–	–	–	–	–	–

Euros

Financial Assets	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Investments in Group and Associated Companies	773,357	–	–	–	–	–	–
Loans to companies	773,357	–	–	–	–	–	–
Commercial Debts and other Receivables	2,035,095	438,922	276,342	98,389	36,645	11,727	862,025
Customer receivables for sales and services	2,253,789	438,922	276,342	98,389	36,645	11,727	862,025
Clients' Impairment	(224,202)	–	–	–	–	–	–
Personnel	5,509	–	–	–	–	–	–
Cash and other Liquid Assets	643,344	–	–	–	–	–	–
Liquid Assets	643,344	–	–	–	–	–	–
Totals	3,469,854	438,922	276,342	98,389	36,645	28,385	878,683

Rupees

Financial Assets	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Financial Investments	568,614	–	–	–	–	1,153,733	1,153,733
Other financial assets	568,614	–	–	–	–	1,153,733	1,153,733
Advances to Suppliers	682,084	–	–	–	–	–	–
Investments in Group and Associated Companies	53,562,725	–	–	–	–	–	–
Loans to companies	53,562,725	–	–	–	–	–	–
Commercial Debts and other Receivables	140,950,688	30,399,725	19,139,449	6,814,444	2,538,011	812,214	59,703,843
Customer receivables for sales and services	156,097,428	30,399,725	19,139,449	6,814,444	2,538,011	812,214	59,703,843
Clients' Impairment	(15,528,260)	–	–	–	–	–	–
Personnel	381,520	–	–	–	–	–	–
Cash and other Liquid Assets	44,557,995	–	–	–	–	–	–
Liquid Assets	44,557,995	–	–	–	–	–	–
Totals	240,322,107	30,399,725	19,139,449	6,814,444	2,538,011	1,965,947	60,857,576

8.3. 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:

Euros	**Amount**
Balance at 30.09.15	1,207,262
Impairment Maturity (Note 14.1)	322,523
Impairment reversal (Note 14.1)	(486,718)
Balance at 31.03.16	1,043,067
Impairment Maturity (Note 14.1)	176,860
Impairment reversal (Note 14.1)	(995,725)
Balance at 31.03.17	**224,202**

Rupees	**Amount**
Balance at 30.09.15	83,614,966
Impairment Maturity (Note 14.1)	22,337,943
Impairment reversal (Note 14.1)	(33,710,089)
Balance at 31.03.16	72,242,820
Impairment Maturity (Note 14.1)	12,249,319
Impairment reversal (Note 14.1)	(68,963,880)
Balance at 31.03.17	**15,528,260**

Information relating to the Profit and Loss Account

8.4. Financial Income

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 150,058 Euros (10,393,017 Rupees) and 78,896 Euros (5,464,337 Rupees) for the 2016/17 and 2015/16 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

Other Information

8.5. 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 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.

8.6. 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 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.

9. **FINANCIAL LIABILITIES**

Information related to the Balance Sheet

9.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

Euros

	Debits with Credit Institutions		**Bonds and Other Market Securities**		**Derivatives/Others**	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-Term financial Liabilities						
Debits and Payables	**–**	48,951	**–**	–	**12,417,834**	12,167,834
Totals	**–**	48,951	**–**	–	**12,417,834**	12,167,834
Short-Term financial Liabilities						
Debits and Payables	**48,703**	282,299	**–**	–	**2,457,041**	1,787,805
Totals	**48,703**	282,299	**–**	–	**2,457,041**	1,787,805

Rupees

	Debits with Credit Institutions		**Bonds and Other Market Securities**		**Derivatives/Others**	
	31.03.17	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Long-Term financial Liabilities						
Debits and Payables	**–**	3,390,327	**–**	–	**860,059,189**	842,744,189
Totals	**–**	3,390,327	**–**	–	**860,059,189**	842,744,189
Short-Term financial Liabilities						
Debits and Payables	**3,373,182**	19,552,052	**–**	–	**170,174,678**	123,823,342
Totals	**3,373,182**	19,552,052	**–**	–	**170,174,678**	123,823,342

9.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros

Financial Liabilities	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Debts	**52,263**	–	–	–	–	–	–
Debts with Credit Institutions	**43,954**	–	–	–	–	–	–
Financial Lease Creditors	**4,750**	–	–	–	–	–	–

Euros

Financial Liabilities	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Other financial liabilities	**3,560**	–	–	–	–	–	–
Debts with Group and Associated Companies	**2,125,585**	–	–	–	–	12,417,834	12,417,834
Trade Creditors and other Accounts Payable	**327,897**	–	–	–	–	–	–
Suppliers	**207**	–	–	–	–	–	–
Sundry Creditors	**235,809**	–	–	–	–	–	–
Personnel (wages pending payment)	**4,408**	–	–	–	–	–	–
Customer advances	**87,472**	–	–	–	–	–	–
Totals	**2,505,744**	–	–	–	–	12,417,834	12,417,834

Rupees

Financial Liabilities	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Debts	**3,619,732**	–	–	–	–	–	–
Debts with Credit Institutions	**3,044,230**	–	–	–	–	–	–
Financial Lease Creditors	**328,952**	–	–	–	–	–	–
Other financial liabilities	**246,550**	–	–	–	–	–	–
Debts with Group and Associated Companies	**147,217,999**	–	–	–	–	860,059,189	860,059,189
Trade Creditors and other Accounts Payable	**22,710,129**	–	–	–	–	–	–
Suppliers	**14,317**	–	–	–	–	–	–
Sundry Creditors	**16,332,149**	–	–	–	–	–	–
Personnel (wages pending payment)	**305,328**	–	–	–	–	–	–
Customer advances	**6,058,335**	–	–	–	–	–	–
Totals	**173,547,860**	–	–	–	–	860,059,189	860,059,189

Information relating to the Profit and Loss Account and Equity

9.3. Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2016/17 and 2015/16 financial years for the amounts of 317,533 Euros (21,992,336 Rupees) and 172,304 Euros (11,933,775 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 we didn't materialize the Canary Islands Investment Reserve (RIC) of financial years 2012 and 2013, the amounts of which come to 4,677 Euros (323,929 Rupees) and 46,096 Euros (3,192,609 Rupees) for the 2016/17 and, for the 2015/16 only includes interests for debts with credit institutions, the amount which comes to 4,954 Euros (343,114 Rupees)

Other Information

9.4. Reasonable Value

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

9.5. 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.

9.6. Other Information about Financial Instruments

a) Debts with credit institutions show the following breakdown:

Euros	**2016/2017**	2015/2016
Personal secured loans	**43,954**	304,700
Leasing (Note 7.2)	**4,750**	26,550
Totals	**48,703**	331,250

Rupees	**2016/2017**	2015/2016
Personal secured loans	**3,044,230**	21,103,554
Leasing (Note 7.2)	**328,952**	1,838,825
Totals	**3,373,182**	22,942,378

b) The average interest rate of non-commercial debts fluctuates between 1 and 5 per cent per annum.

10. SHAREHOLDERS' EQUITY

10.1. 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.

10.2. 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.

10.3. 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.

10.4. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

10.5. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2016/17	2015/16
Voluntary Reserves	**1,892,290**	708,441
Canary Islands Investment Reserves	**3,093,871**	4,322,921
Goodwill Reserves	**406,799**	361,599
Totals	**5,392,960**	5,392,960

Rupees	2016/17	2015/16
Voluntary Reserves	**131,060,025**	49,066,604
Canary Islands Investment Reserves	**214,281,531**	299,405,495
Goodwill Reserves	**28,174,882**	25,044,339
Totals	**373,516,438**	373,516,438

11. INVENTORIES

11.1. Inventories show the following break-down:

Euros	2016/17	2015/16
Merchandise in Stock, Angry Birds Theme Park	**36,199**	31,118
Unsold Weeks in Stock	**7,255,070**	7,662,905
Totals	**7,291,268**	7,694,024

Rupees	2016/17	2015/16
Merchandise in Stock, Angry Birds Theme Park	**2,507,115**	2,155,260
Unsold Weeks in Stock	**502,486,139**	530,732,809
Totals	**504,993,254**	532,888,070

11.2. The transactions of unsold weeks in stock during the 2014/15 y 2015/16 financial periods, have been as follows:

Euros	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Unsold weeks in stock	7,662,905	456,942	(864,777)	**7,255,070**
	Balance 30.09.15	**Acquisitions**	**Disposals**	**Balance 31.03.16**
Unsold weeks in stock	7,362,607	676,833	(376,535)	7,662,905

Rupees	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**
	Balance 30.09.15	**Acquisitions**	**Disposals**	**Balance 31.03.16**
Unsold weeks in stock	509,934,170	46,877,454	(26,078,814)	530,732,809

The increases in stock for 2016/17 were due to the weeks sold in previous years and recovered during 2016/17, due to the default of the customers of their debts with the company or to the related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU for the amount of 441,942 Euros (30,608,903 Rupees) and, to a lesser extent, purchases of weeks made in the financial year 2016/17 amounting 15,000 Euros (1,038,900 Rupees). The increases in stocks for the financial year 2015/16 are due to the activation of hotel resort reforms, to the weeks sold in previous years and recovered during 2015/16, due to the default of the customers of their debts with the company or with the Related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU for the amounts of 190,000 Euros (13,159,400 Rupees) and 486,833 Euros (33,718,054 Rupees) respectively. There are advances of 9,848 Euros (682,072 Rupees) and 13,343 Euros (924,136 Rupees) at the end of the financial years 2016/17 and 2015/16, respectively.

Except for what was commented in the previous paragraph, there are no firm commitments of purchase and sale, no futures contracts on stocks, nor limitations of availability.

11.3. There are no signs of impairment to the inventories at the end of the financial periods 2015/16 and 2016/17.

12. FOREIGN CURRENCY

12.1. 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:

Foreign currency	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**	**9,86 libra/euro**	**332,462**	**23,026,292**
Foreign currency	**Balance at 31.03.16**	**Exchange Rate at 31.03.16**	**Euros at 31.03.16**	**Rupees at 31.03.16**
- Pounds Sterling	403,111	0,79 libra/euro	510,267	35,341,092

12.2. Transactions carried out in foreign currency during the 2016/17 and 2015/16 financial periods, correspond entirely to sales, reaching 255,218 Euros (17,676,399 Rupees) and 425,364 Euros (29,460,711 Rupees) respectively.

13. TAX POSITION

Profit Tax

13.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VII of Royal Legislative Decree 4/2004, of 5 March, 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.

13.2. 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:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	(2,053,783)	–
Profit Tax	(113,270)	–
Current Tax	(122,394)	–
Deferred Tax	9,124	–

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Permanent Differences		
Goodwill Deduction	90,400	–
RIC failure	1,229,049	
Non-deductible Expenses	28,890	–
Temporary Differences		
70% Limit Amortization	(30,413)	–
Non-deductible Expenses	(12,860)	–
Tax Base (Tax Profit & Loss)	(861,988)	–

Rupees	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	(142,245,034)	–
Profit Tax	(7,845,100)	–
Current Tax	(8,477,029)	–
Deferred Tax	631,928	–
Permanent Differences		
Goodwill Deduction	6,261,104	–
RIC failure	85,123,934	
Non-deductible Expenses	2,000,921	–
Temporary Differences		
70% Limit Amortization	(2,106,404)	–
Non-deductible Expenses	(890,684)	–
Tax Base (Tax Profit & Loss)	(59,701,263)	**–**

13.3. 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 Sales & Marketing, S.L.U., for a negative amount of 861,988 Euros (59,701,289 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	**2016/17**	2015/16
Previous Group Tax Base	**(375,337)**	116,247
Negative Group Tax base from previous financial years	**–**	(116,247)
Group Tax Base	**(375,337)**	–
Corporate income tax payable (25% x taxable base)	**–**	–
Group Gross Tax payable	**–**	–

Rupees	**2016/17**	2015/16
Previous Group Tax Base	**(25,995,841)**	8,051,267
Negative Group Tax base from previous financial years	**–**	(8,051,267)
Group Tax Base	**(25,995,841)**	–
Corporate income tax payable (25% x taxable base)	**–**	–
Group Gross Tax payable	**–**	–

13.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods 2016/17 and 2015/16 is broken down as follows:

Euros	**2016/17**	2015/16
1. Current Tax	**(122,394)**	(113,084)
2. Deferred tax	**9,124**	4,562
– deductible temporary differences that are applied in the period	**9,124**	4,562
3. Total expenditure on income tax	**(113,270)**	(108,522)

Rupees	**2016/17**	2015/16
1. Current Tax	**(8,477,029)**	(7,832,198)
2. Deferred tax	**631,928**	315,996
– deductible temporary differences that are applied in the period	**631,928**	315,996
3. Total expenditure on income tax	**(7,845,100)**	(7,516,202)

13.5. Deferred Tax Asset

Transactions during the 2015/16 and 2016/17 financial periods found in this heading have been the following:

Euros	Balance 30.09.15	Acquisitions	Applications	Balance 31.03.16
– Temporary differences, 70% limit fiscal amortisation	91,440	–	(4,562)	86,878
Totals	91,440	–	(4,562)	86,878

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
– Temporary differences, 70% limit fiscal amortisation	86,878	–	(9,124)	**77,754**
Totals	86,878	–	(9,124)	**77,754**

Rupees	Balance 30.09.15	Acquisitions	Applications	Balance 31.03.16
– Temporary differences, 70% limit fiscal amortisation	6,333,164	–	(315,996)	6,017,168
Totals	6,333,164	–	(315,996)	6,017,168

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
– Temporary differences, 70% limit fiscal amortisation	6,017,168	–	(631,928)	**5,385,240**
Totals	6,017,168	–	(631,928)	**5,385,240**

13.6. Deferred Tax Liabilities

The amount of 139,283 Euros (9,646,741 Rupees), corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2017. The tax base applied is 25%.

13.7. 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 year 2015/2016, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	2011	2011/12	2012/13
Provisions	776,358	1,081,563	2,465,000

Euros

Item	2011	2011/12	2012/13
Investments carried out			
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

Item	2011	2011/12	2012/13
Provisions	53,770,555	74,909,053	170,725,900
Investments carried out			
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:

Euros

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	1,084,195	633,330	633,330	633,330	–	–
					633,330	**633,330**	**–**	**–**
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	–	–
					36,125	**36,125**	**–**	**–**
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

Euros

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
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
					1,688,918	**106,902**	**1,081,563**	**500,453**
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
					54,670	**–**	**–**	**54,670**
21701001	IT Equipment	26.10.2013	1,347	–	1,347	–	–	1,347
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
					18,264	**–**	**–**	**18,264**
21801001	Vehicles	10.09.2014	19,509	–	19,509	–	–	19,509
21801001	Vehicles	12.09.2014	285	–	285	–	–	285
					19,794	**–**	**–**	**19,794**
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
					4,029	**–**	**–**	**4,029**

Rupees

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	75,091,346	43,864,436	43,864,436	43,864,436	–	–
					43,864,436	**43,864,436**	**–**	**–**
21301001	ANGRY BIRDS ASSETS	01.11.2013	3,868,240	1,608,633	2,259,608	2,259,608	–	–
21301001	Machinery	12.06.2014	242,410		242,410	242,410	–	–
					2,502,018	**2,502,018**	**–**	**–**

Rupees

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21508001	ANGRY BIRDS ASSETS	01.11.2013	196,233,804	81,604,279	114,629,456	7,404,033	74,909,053	32,316,370
21508001	Other Facilities	21.11.2013	533,995	–	533,995	–	–	533,995
21508001	Other Facilities	01.02.2014	76,325	–	76,325	–	–	76,325
21508001	Other Facilities	01.02.2014	179,383	–	179,383	–	–	179,383
21508001	Other Facilities	18.02.2014	52,291	–	52,291	–	–	52,291
21508001	Other Facilities	26.02.2014	51,668	–	51,668	–	–	51,668
21508001	Other Facilities	08.04.2014	111,439	–	111,439	–	–	111,439
21508001	Other Facilities	07.05.2014	7,619	–	7,619	–	–	7,619
21508001	Other Facilities	09.05.2014	20,639	–	20,639	–	–	20,639
21508001	Other Facilities	09.05.2014	65,312	–	65,312	–	–	65,312
21508001	Other Facilities	14.05.2014	61,849	–	61,849	–	–	61,849
21508001	Other Facilities	19.05.2014	111,439	–	111,439	–	–	111,439
21508001	Other Facilities	20.05.2014	96,271	–	96,271	–	–	96,271
21508001	Other Facilities	21.05.2014	27,427	–	27,427	–	–	27,427
21508001	Other Facilities	31.05.2014	102,228	–	102,228	–	–	102,228
21508001	Other Facilities	31.05.2014	41,833	–	41,833	–	–	41,833
21508001	Other Facilities	05.06.2014	125,430	–	125,430	–	–	125,430
21508001	Other Facilities	06.06.2014	1,801	–	1,801	–	–	1,801
21508001	Other Facilities	06.06.2014	1,039	–	1,039	–	–	1,039
21508001	Other Facilities	06.06.2014	5,264	–	5,264	–	–	5,264
21508001	Other Facilities	01.08.2014	18,631	–	18,631	–	–	18,631
21508001	Other Facilities	01.08.2014	111,924	–	111,924	–	–	111,924
21508001	Other Facilities	01.08.2014	241,925	–	241,925	–	–	241,925
21508001	Other Facilities	08.08.2014	138,589	–	138,589	–	–	138,589
21508001	Other Facilities	01.09.2014	160,614	–	160,614	–	–	160,614
					116,974,391	**7,404,033**	**74,909,053**	**34,661,306**
21601002	ANGRY BIRDS ASSETS	01.11.2013	5,807,867	2,415,208	3,392,632	–	–	3,392,632
21601002	Furniture	19.11.2013	54,231	–	54,231	–	–	54,231
21601002	Furniture	19.11.2013	12,121	–	12,121	–	–	12,121
21601002	Furniture	01.03.2014	41,556	–	41,556	–	–	41,556
21601002	Furniture	01.04.2014	47,789	–	47,789	–	–	47,789
21601002	Furniture	15.04.2014	47,789	–	47,789	–	–	47,789
21601002	Furniture	31.05.2014	24,657	–	24,657	–	–	24,657
21601002	Furniture	01.06.2014	13,783	–	13,783	–	–	13,783
21601002	Furniture	01.06.2014	4,363	–	4,363	–	–	4,363
21601002	Furniture	01.06.2014	12,121	–	12,121	–	–	12,121
21601002	Furniture	01.06.2014	79,095	–	79,095	–	–	79,095
21601002	Furniture	29.06.2014	56,378	–	56,378	–	–	56,378
					3,786,513	**–**	**–**	**3,786,513**
21701001	IT Equipment	26.10.2013	93,293	–	93,293	–	–	93,224
21701001	IT Equipment	04.12.2013	53,192	–	53,192	–	–	53,192
21701001	IT Equipment	04.12.2013	51,876	–	51,876	–	–	51,876
21701001	IT Equipment	04.12.2013	981,830	–	981,830	–	–	981,830
21701002	IT Equipment	11.10.2013	84,774	–	84,774	–	–	84,774
					1,264,965	**–**	**–**	**1,264,895**

Rupees

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21801001	Vehicles	10.09.2014	1,462,590	–	1,370,932	–	–	1,370,932
21801001	Vehicles	12.09.2014	19,739	–	19,739	–	–	19,739
					1,390,672	**–**	**–**	**1,390,672**
21901008	Other Tangible Fixed Assets	01.12.2013	96,964	–	96,964	–	–	96,964
21901008	Other Tangible Fixed Assets	16.09.2014	4,798	–	4,433	–	–	4,433
21901008	Other Tangible Fixed Assets	16.09.2014	173,150	–	173,150	–	–	173,150
21901008	Other Tangible Fixed Assets	17.09.2014	4,433	–	4,433	–	–	4,433
					279,049	**–**	**–**	**279,049**

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
		Furniture	**5,297**	**5,297**	**5,297**
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
		IT Equipment	**3,740**	**3,740**	**3,740**

Rupees

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	15,237	15,237	15,237
21601002	Furniture	28.02.2015	49,521	49,521	49,521
21601002	Furniture	12.03.2015	20,639	20,639	20,639
21601002	Furniture	19.03.2015	73,416	73,416	73,416
21601002	Furniture	19.03.2015	4,156	4,156	4,156
21601002	Furniture	30.04.2015	164,354	164,354	164,354
21601002	Furniture	30.09.2015	39,547	39,547	39,547
		Furniture	**366,870**	**366,870**	**366,870**
21701001	IT Equipment	31.10.2014	54,300	54,300	54,300
21701001	IT Equipment	31.10.2014	44,673	44,673	44,673
21701001	IT Equipment	30.11.2014	160,060	160,060	160,060
		IT Equipment	**259,032**	**259,032**	**259,032**

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.C 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
		Furniture	**7,218**	**7,218**	**7,218**
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
		IT Equipment	**1,209**	**1,209**	**1,209**
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		Other facilities	**1,615**	**1,615**	**1,615**
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		IT applications	**3,816**	**3,816**	**3,816**

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	477,755	477,755	477,755
21601002	Furniture	31.10.2015	22,163	22,163	22,163
		Furniture	**499,919**	**499,919**	**499,919**
21701002	IT Equipment	25.11.2015	51,876	51,876	51,876
21701002	IT Equipment	30.11.2015	31,860	31,860	31,860
		IT Equipment	**83,735**	**83,735**	**83,735**
21508001	Other facilities	29.02.2016	87,268	87,268	87,268
21508001	Other facilities	29.02.2016	24,587	24,587	24,587
		Other facilities	**111,855**	**111,855**	**111,855**
20601001	IT applications	01.03.2016	264,296	264,296	264,296
		IT applications	**264,296**	**264,296**	**264,296**

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
		Furniture	**3,969**	**3,969**	**3,969**
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21701002	IT Equipment	25.05.2016	460	460	460
		IT Equipment	**2,275**	**2,275**	**2,275**
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
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
		Other Tangible Fixed Assets	**112,777**	**112,777**	**112,777**
21100001	Constructions	29.03.2017	828	828	828
21100001	Constructions	29.03.2017	3,700	3,700	3,700
21100001	Constructions	31.03.2017	22,253	22,253	22,253
		Constructions	**26,781**	**26,781**	**26,781**
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
		IT applications	**7,070**	**7,070**	**7,070**
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		Other facilities	**6,202**	**6,202**	**6,202**

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
		Furniture	**274,893**	**274,893**	**274,893**
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
		IT Equipment	**157,567**	**157,567**	**157,567**
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

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
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
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
		Other Tangible Fixed Assets	**7,810,866**	**7,810,866**	**7,810,866**
21100001	Constructions	29.03.2017	57,347	57,347	57,347
21100001	Constructions	29.03.2017	256,262	256,262	256,262
21100001	Constructions	31.03.2017	1,541,243	1,541,243	1,541,243
		Constructions	**1,854,852**	**1,854,852**	**1,854,852**
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
		IT applications	**489,668**	**489,668**	**489,668**
21508001	Other facilities	29.03.2017	429,551	429,551	429,551
		Other facilities	**429,551**	**429,551**	**429,551**

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).

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.

13.8. 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 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.

14. INCOMES AND EXPENSES

14.1. 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:

Euros	2016/17	2015/16
Cost of weeks acquired	**15,000**	–
Merchandise purchased Theme Park	**173,091**	85,180
Change in Inventory merchandise Theme park	**(5,080)**	26,800
Totals	**183,011**	111,980

Rupees	2016/17	2015/16
Cost of weeks acquired	**1,038,877**	–
Merchandise purchased Theme Park	**11,988,297**	5,899,545
Change in Inventory merchandise Theme park	**(351,855)**	1,856,168
Totals	**12,675,319**	7,755,713

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 596,897 euros (41,341,086 Rupees) and 351,418 Euros (23,646,611 Rupees) for the Financial Periods 2016/17 and 2015/16, respectively.

7.a) External Services:

Euros	2016/17	2015/16
Leases and Charges	**461,559**	259,172
Repair and Maintenance	**2,297,291**	1,448,362
Independent Professional Services	**1,220,202**	939,466
Transport	**211,798**	110,915

Euros	**2016/17**	2015/16
Insurance	**24,094**	13,137
Bank Services and Similar	**26,545**	18,550
Publicity, Advertising and Public Relations	**484,723**	377,890
Supplies	**157,612**	95,595
Other Services	**191,822**	82,413
Totals	**5,075,645**	3,345,499

Rupees	**2016/17**	2015/16
Leases and Charges	**31,967,562**	17,950,253
Repair and Maintenance	**159,110,389**	100,313,524
Independent Professional Services	**84,511,166**	65,067,415
Transport	**14,669,136**	7,681,958
Insurance	**1,668,764**	909,869
Bank Services and Similar	**1,838,478**	1,284,773
Publicity, Advertising and Public Relations	**33,571,902**	26,172,661
Supplies	**10,916,188**	6,620,910
Other Services	**13,285,619**	5,707,924
Totals	**351,539,203**	231,709,287

7.c) Losses on, impairment of and change in trade provisions:

Euros	**2016/17**	2015/16
Losses from bad debts	**1,098,646**	486,718
Trade Provision	**176,860**	322,523
Excess Trade Provision	**(995,725)**	(486,718)
Provision packs	**(12,860)**	–
Provision Sales-persons' commissions	**(27,529)**	28,016
Other provisions	**42,173**	60,774
Totals	**281,566**	411,313

Rupees	**2016/17**	2015/16
Losses from bad debts	**76,092,234**	33,710,058
Trade Provision	**12,249,319**	22,337,943
Excess Trade Provision	**(68,963,880)**	(33,710,089)
Provision packs	**(890,684)**	–
Provision Sales-persons' commissions	**(1,906,659)**	1,940,388
Other provisions	**2,920,901**	4,209,207
Totals	**19,501,233**	28,487,507

14.2. "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 they correspond, mainly, to the long term provision the amount of 26,029 Euros (1,802,769 Rupees) (See note 15.1)

15. PROVISIONS AND CONTINGENCIES

Provisions

15.1. The long-term provision for the amount of 26,029 Euros (1,802,769 Rupees) corresponds to a judicial process in favor of a client for claims for a week sold in previous periods.

15.2. The short-term provision corresponds to the accrual of commissions pending payment to sales 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 2015/16 amounts 631,833 euros (43,760,754 Rupees) and 645,660 Euros (44,718,412 Rupees), respectively.

Contingencies

15.3. There are guarantees provided by one of the group Companies, to respond to a loan granted by a financial institution, amounting to 518,142 Euros (35,886,515 Rupees) (see Note 19.3).

15.4. There are several customer complaints for weeks sales contracts and a maximum risk of 157,243 Euros (8,828,087 Rupees) has been quantified if the judgments are unfavorable to the entity.

16. 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.

17. GRANTS, DONATIONS AND BEQUESTS

17.1. 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).

17.2. Variations in the capital grant during the financial years 2016/17 and 2015/16 are as follows:

Euros	**Balance 31.03.16**	**Acquisitions**	**Transfer to results**	**Tax rate change**	**Balance 31.03.17**
Capital Grant	648,766	–	(91,633)	–	**557,132**
Tax Effect	(162,191)	–	22,908	–	**(139,283)**
Totals	486,574	–	(68,725)	–	**417,848**

	Balance 30.09.15	**Acquisitions**	**Transfer to results**	**Tax rate change**	**Balance 31.03.16**
Capital Grant	694,583	–	(45,817)	–	648,766
Tax Effect	(208,375)	–	13,363	32,820	(162,191)
Totals	486,207	–	(32,454)	32,820	486,574

Rupees	**Balance 30.03.16**	**Acquisitions**	**Transfer to results**	**Tax rate change**	**Balance 31.03.17**
Capital Grant	44,933,505	–	(6,346,532)	–	**38,586,973**
Tax Effect	(11,233,371)	–	1,586,633	–	**(9,646,738)**
Totals	33,700,135	–	(4,759,899)	–	**28,940,236**

	Balance 30.09.15	**Acquisitions**	**Transfer to results**	**Tax rate change**	**Balance 31.03.16**
Capital Grant	48,106,791	–	(3,173,285)	–	44,933,505
Tax Effect	(14,432,075)	–	925,521	2,273,113	(11,233,371)
Totals	33,674,716	–	(2,247,764)	2,273,113	33,700,135

18. 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.

19. TRANSACTIONS BETWEEN RELATED PARTIES

19.1. 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 Saetran, 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 2015/16, 102,715 Euros (7,114,041 Rupees)

On the Balance Sheet there is a current account with partners and administrators at March 31, 2017, that amounts 3,560 euros (246,566 Rupees) and in the financial period 2015/2016, 3,264 euros (226,065 Rupees).

19.2. 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 19.1.

19.3. Transactions and Balances with Group companies:

The transactions carried out with Group companies during the financial periods 2016/17 and 2015/16, are the following:

Euros		**2016/17**	
Company	**Financial Expenses**	**Services received**	**Services rendered**
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**
Totals	**317,533**	**2,818,312**	**511,760**

Euros		**2015/16**	
Company	**Financial Expenditures**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	–	2,144,102	87,563
Holiday Club Resort OY	–	227,256	235,591
Holiday Club Sweden AB	172,304	2,169	–
Totals	172,304	2,373,528	323,154

Rupees		**2016/17**	
Company	**Financial Expenses**	**Services received**	**Services rendered**
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**
Totals	**21,992,336**	**195,196,311**	**35,444,532**

Rupees		**2015/16**	
Company	**Financial Expenditures**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	–	148,500,505	6,064,613
Holiday Club Resort OY	–	15,739,751	16,317,033
Holiday Club Sweden AB	11,933,806	150,225	–
Totals	11,933,806	164,390,480	22,381,646

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2016/17 and 2015/16, both short-term and long-term, at the close of the Financial Periods are:

	2016/2017		2015/2016	
Euros	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Resort Management, S.L.U.	**–**	**1,276,397**	–	448,950
Holiday Club Canarias Investment, S.L.U.	**757,250**	**–**	816,777	–
Holiday Club Resort OY	**16,107**	**–**	18,263	–
Holiday Club Sweden AB	**–**	**13,267,022**	–	13,299,365
Totals	**773,357**	**14,543,419**	835,040	13,748,315

	2016/2017		2015/2016	
Rupees	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Resort Management, S.L.U.	**–**	**88,403,240**	–	31,094,309
Holiday Club Canarias Investment, S.L.U.	**52,447,136**	**–**	56,569,975	–
Holiday Club Resort OY	**1,115,590**	**–**	1,264,905	–
Holiday Club Sweden AB	**–**	**918,873,949**	–	921,114,048
Totals	**53,562,725**	**1,007,277,188**	57,834,880	952,208,356

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 518,142 Euros (35,886,515 Rupees) (see Note 15.3).

20. OTHER INFORMATION

20.1. 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:

Euros	2016/17	2015/16
ASSETS		
Non-current Assets	**9,402,096**	10,192,461
Current Assets	**17,566,237**	18,167,717
Total	**26,968,333**	28,360,178
EQUITY AND LIABILITIES		
Equity	**4,809,563**	6,607,897
Non-current Liabilities	**12,658,858**	12,687,560
Current Liabilities	**9,499,912**	9,064,721
Total	**26,968,333**	28,360,178
PROFIT & LOSS		
Turnover	**13,109,685**	7,708,321
Results (Profit/Loss)	**1,736,642**	90,300

Rupees	2016/17	2015/16
ASSETS		
Non-current Assets	**651,189,143**	705,929,849
Current Assets	**1,216,637,582**	1,258,296,079
Total	**1,867,826,726**	1,964,225,928
EQUITY AND LIABILITIES		
Equity	**333,110,329**	457,662,946
Non-current Liabilities	**876,752,506**	878,740,406
Current Liabilities	**657,963,891**	627,822,576
Total	**1,867,826,726**	1,964,225,928
PROFIT & LOSS		
Turnover	**907,976,766**	533,878,312
Results (Profit/Loss)	**120,279,802**	6,254,178

20.2. Number of Employees

The average number of persons employed by the Company during the financial periods 2016/17 and 2015/16, distributed by their professional categories, has been the following:

	Persons	
	2016/17	2015/16
Executives and Administrative Staff	**19.44**	22.72
Sales Managers	**–**	–
Sales and Collections Staff	**36.56**	44.46
Others	**25.31**	23.09
Totals	**81.31**	90.27

The distribution by gender at the end of the financial periods 2016/17 and 2015/16 is the following:

	2016/17		2015/16	
	Men	**Women**	Men	Women
Executives and Administrative Staff	**7**	**10**	11	12
Sales Managers	**–**	**–**	–	–
Sales and Collections Staff	**27**	**15**	31	18
Others	**16**	**15**	17	11
Totals	**50**	**40**	59	41

The average number of disabled people (more than 33% of disability) employed by the Company during the financial periods 2016/17, distributed by their professional categories, has been the following:

	2016/17
Executives and Administrative Staff.	**–**
Sales Managers.	**–**
Sales and Collections Staff.	**–**
Others	**1**
	1

20.3. Auditors' Fees

The fees for the audit of annual accounts amount to 11,000 Euros (761,860 Rupees) and 10,590 Euros (733,463 Rupees) for the Financial Periods 2016/17 and 2015/16 respectively.

21. SEGMENT REPORTING

The Company's business has been carried out entirely within the geographical area of the Canary Islands.

Euros	2016/17	2015/16
Sale of weeks and packs	**6,160,091**	4,313,469
Angry Birds Theme Park income	**1,133,045**	567,279
Other income	**520,431**	324,084
Totals	**7,813,566**	5,204,832

Rupees	2016/17	2015/16
Sale of weeks and packs	**426,647,878**	298,750,858
Angry Birds Theme Park income	**78,474,668**	39,289,744
Other income	**36,045,044**	22,446,058
Totals	**541,167,590**	360,486,659

22. 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:

	2016/17	2015/16
	Days	Days
Payment Ratio	**45**	45
Outstanding payment Ratio	**31**	30
Average period for payment to suppliers	**42**	43
	Euro/Rupees	Euro/Rupees
Total payments in the period	**3,018,625/209,069,968**	1,796,437/134,678,881
Total outstanding payments	**235,809/16,332,131**	194,128/14,553,776

In Mogán, on April 10, 2017

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, 2016 and ended on March 31, 2017.

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 earned revenue of Euro 5,296,119 (INR 366,809,176) and made profit Euro 320,068 (INR 22,167,878).

Dividends

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) Anne Oravainen

2) Holiday Club Resorts Oy, represented by Calvin Stuart Lucock

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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 S.L.U.

Anne Oravainen **Director**	**Holiday Club Resorts Oy** **Director represented by** **Calvin Stuart Lucock**

Place : Gran Canaria, Mogán
Dated : April 12, 2017

INDEPENDENT AUDITOR'S 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 RESORT MANAGEMENT, SLU:

Report on the Financial Statements

We have audited the accompanying financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU ("the Company"), which comprise the balance sheet as at 31 March 2017, and the income statement, statement of` cash flows and notes to the financial statements for the year then ended.

Director's Responsibility for the Financial Statements

The director is responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU in accordance with Financial Reporting Standards applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as the director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU as at 31 March 2017, and its results and its cash flows for the year then ended in accordance with Financial Reporting Standards as applicable to the Company in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying director's report for 2016-2017 contains the explanations which the Company's directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2016-2017. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU.

Javier ALVAREZ CABRERA (n° ROAC: 16.092)
RSM SPAIN AUDITORES, SLP (n° ROAC: S2158)

Place: In Las Palmas de Gran Canaria
Date: April 12, 2017

BALANCE AT MARCH 31, 2017

ASSETS	Notes	**(Euros) 2016/17**	**(Rupees) 2016/17**	(Euros) 2015/16	(Rupees) 2015/16
A) NON-CURRENT ASSETS					
I. Intangible Assets	**5**	**1,530,000**	**105,967,797**	1,700,000	117,742,000
4. Goodwill		**1,530,000**	**105,967,797**	1,700,000	117,742,000
II. Fixed Assets	**6**	**2,581,440**	**178,790,550**	2,605,522	180,458,477
1. Property and Buildings		**2,301,406**	**159,395,387**	2,346,015	162,484,984
2. Technical Facilities and other Fixed Assets		**269,004**	**18,631,225**	248,478	17,209,555
3. Advances and fixed assets in progress		**11,030**	**763,938**	11,030	763,938
III. Real Estate Investments	**7**	**759,653**	**52,613,578**	774,408	53,635,531
2. Construction/Buildings		**759,653**	**52,613,578**	774,408	53,635,531
VI. Deferred Tax Assets	**12**	**32,317**	**2,238,275**	49,392	3,420,911
TOTAL A		**4,903,410**	**339,610,200**	5,129,323	355,256,919
B) LIQUID ASSETS					
II. Inventories		**0**	**0**	4,343	300,784
6. Advance payments to suppliers		**0**	**0**	4,343	300,784
III. Commercial debtors and other accounts receivables		**874,922**	**60,597,087**	1,842,781	127,631,035
1. Trade receivables		**839,375**	**58,135,113**	1,803,711	124,925,018
a) Trade receivables/long term	**9**	***64,264***	***4,450,904***	139,947	9,692,738
b) Trade receivables/short term	**9**	***775,111***	***53,684,209***	1,663,764	115,232,281
3. Other debtors	**9**	**31,347**	**2,171,059**	39,053	2,704,811
4. Personnel	**9**	**4,183**	**289,710**	0	0
6. Other receivables from Public Administrations		**17**	**1,205**	17	1,205
IV. Short-term Investments in affiliated group and associated companies	**9-18**	**1,277,210**	**88,459,530**	513,745	35,582,004
2. Loans to companies		**1,277,210**	**88,459,530**	513,745	35,582,004
V. Short-term financial investments	**9**	**480**	**33,245**	0	0
5. Other financial assets		**480**	**33,245**	0	0
VI. Short term accruals		**63,522**	**4,399,557**	26,321	1,822,988
VII. Cash and other equivalent liquid assets	**9**	**1,479,034**	**102,437,897**	1,150,278	79,668,257
1. Liquid assets		**1,479,034**	**102,437,897**	1,150,278	79,668,257
TOTAL B		**3,695,168**	**255,927,316**	3,537,468	245,005,067
TOTAL ASSETS (A + B)		**8,598,578**	**595,537,516**	8,666,792	600,261,986

BALANCE AT MARCH 31, 2017

	NET WORTH AND LIABILITIES	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A)	**TOTAL EQUITY**					
	A-1) EQUITY		**3,073,754**	**212,888,233**	2,753,687	190,720,355
I.	**Capital**	**11**	**3,100**	**214,706**	3,100	214,706
	1. Shared Capital		**3,100**	**214,706**	3,100	214,706
III.	**Reserves**		**2,986,721**	**206,860,314**	2,713,123	187,910,925
	1. Legal and statutory		**620**	**42,941**	620	42,941
	2. Other reserves	**11**	**2,986,101**	**206,817,373**	2,712,503	187,867,983
V.	**Profit & Loss from previous Periods**		**(236,134)**	**(16,354,665)**	(236,134)	(16,354,665)
	2. (Losses from previous Periods)		**(236,134)**	**(16,354,665)**	(236,134)	(16,354,665)
VII.	**Profits for the Period**	**3**	**320,068**	**22,167,878**	273,598	18,949,390
	TOTAL A		**3,073,754**	**212,888,233**	2,753,687	190,720,355
B)	**NON CURRENT LIABILITIES**					
II.	**Long-term Debts**	**10**	**64,743**	**4,484,079**	302,332	20,939,525
	2. Debts to Loan Institutions		**42,810**	**2,965,054**	296,146	20,511,085
	3. Creditors due to financial leasing	**8**	**19,782**	**1,370,119**	0	0
	5. Other financial liabilities		**2,150**	**148,906**	6,186	428,440
V.	**Long-term accruals**		**10,970**	**759,759**	0	0
	TOTAL B		**75,712**	**5,243,838**	302,332	20,939,525
C)	**CURRENT LIABILITIES**					
II.	**Short-term provisions**	**15**	**68,443**	**4,740,361**	121,064	8,384,871
III.	**Short-term debts**	**10**	**288,410**	**19,975,257**	281,900	19,524,428
	2. Debts to Loan Institutions		**253,154**	**17,533,455**	249,312	17,267,383
	3. Creditors due to financial leasing	**8**	**16,256**	**1,125,861**	0	0
	5. Other financial liabilities		**19,000**	**1,315,940**	32,588	2,257,045
IV.	**Short-term Debts with Group and Associated Companies**	**10-18**	**808,466**	**55,994,322**	749,582	51,916,040
V.	**Trade Creditors and other Accounts payable**		**703,017**	**48,690,932**	832,617	57,667,084
	3. Sundry Creditors	**10-21**	**261,920**	**18,140,563**	368,833	25,545,349
	4. Staff (salaries pending payment)		**0**	**0**	13,866	960,392
	6. Other debts with Public Administrations		**441,097**	**30,550,369**	449,918	31,161,343
VI.	**Short-term accruals**		**3,580,776**	**248,004,573**	3,625,609	251,109,683
	TOTAL C		**5,449,111**	**377,405,444**	5,610,773	388,602,106
	TOTAL NET WORTH AND LIABILITIES (A + B + C)		**8,598,578**	**595,537,516**	8,666,792	600,261,986

PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2017

ITEMS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) CONTINUING OPERATIONS					
1. Turnover	**20**	**5,296,119**	**366,809,176**	2,503,489	173,391,629
b) Services rendered		**5,296,119**	**366,809,176**	2,503,489	173,391,629
4. Supplies	**14**	**(98,622)**	**(6,830,530)**	(52,729)	(3,652,011)
a) Consumption of merchandise		**(98,622)**	**(6,830,530)**	(52,729)	(3,652,011)
5. Other operations income	**7**	**104,836**	**7,260,946**	66,757	4,623,592
a) Accessory income and other current operations		**104,836**	**7,260,946**	66,757	4,623,592
6. Personnel expenses		**(2,301,193)**	**(159,380,647)**	(1,089,449)	(75,455,244)
a) Wages, salaries and similar		**(1,797,170)**	**(124,471,961)**	(870,036)	(60,258,666)
b) Social Security contributions	**14**	**(504,024)**	**(34,908,686)**	(219,413)	(15,196,578)
7. Other operating expenses		**(2,243,289)**	**(155,370,180)**	(994,663)	(68,890,338)
a) Outsourced services	**14**	**(1,610,122)**	**(111,517,020)**	(805,625)	(55,797,554)
b) Taxes		**(163,547)**	**(11,327,274)**	(80,153)	(5,551,397)
c) Losses, impairment and variation of supplies from trade op.	**14**	**(469,135)**	**(32,492,323)**	(109,124)	(7,557,933)
d) Other current operating expenses		**(485)**	**(33,564)**	239	16,546
8. Depreciation of fixed assets	**5-6-7**	**(326,671)**	**(22,625,219)**	(70,598)	(4,889,647)
13. Other incomes and expenses	**14**	**(11,153)**	**(772,449)**	(6,097)	(422,300)
A.1.) Operating Income (Profit)		**420,027**	**29,091,097**	356,709	24,705,681
14. Financial Income	**9**	**48,755**	**3,376,787**	28,323	1,961,618
b) Trade securities and other equity instruments		**48,755**	**3,376,787**	28,323	1,961,618
b 2) Third Parties		***48,755***	***3,376,787***	28,323	1,961,618
15. Financial expenses	**10**	**(8,975)**	**(621,581)**	(5,198)	(360,047)
b) Debts with Third Parties		**(8,975)**	**(621,581)**	(5,198)	(360,047)
17. Exchange differences	**13**	**(271)**	**(18,760)**	585	40,529
A.2) FINANCIAL PROFIT & LOSS (PROFIT)		**39,510**	**2,736,445**	23,709	1,642,100
A.3) PROFIT BEFORE TAXES (PROFIT)		**459,537**	**31,827,542**	380,418	26,347,780
19. Corporate Income Tax	**12**	**(139,470)**	**(9,659,664)**	(106,821)	(7,398,391)
A.5) PROFIT & LOSS IN THE PERIOD (PROFIT)		**320,068**	**22,167,878**	273,598	18,949,390

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2017

ITEMS	Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A) STATEMENT OF RECOGNISED PROFIT AND LOSS					
A) PROFIT AND LOSS ACCOUNT	**3**	**320,068**	**22,167,878**	273,598	18,949,390
TOTAL OF RECOGNISED PROFIT AND LOSS (A)		**320,068**	**22,167,878**	273,598	18,949,390

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2017 (euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2014/15	**3,100**	**2,174,246**	**(236,134)**	**538,878**	**2,480,090**
B. ADJUSTED BALANCE BEGINNING 2015/16	**3,100**	**2,174,246**	**(236,134)**	**538,878**	**2,480,090**
I. Total recognised Profit & Loss	0	0	0	273,598	**273,598**
III. Other variations to Equity	0	538,878	0	(538,878)	**0**
C. FINAL BALANCE 2015/16	**3,100**	**2,713,123**	**(236,134)**	**273,598**	**2,753,687**
D. ADJUSTED BALANCE, BEGINNING 2016/17	**3,100**	**2,713,123**	**(236,134)**	**273,598**	**2,753,687**
I. Total recognised incomes and expenses	0	0	0	320,068	**320,068**
III. Other changes to Equity	0	273,598	0	(273,598)	**0**
E. FINAL BALANCE 2016/17	**3,100**	**2,986,721**	**(236,134)**	**320,068**	**3,073,754**

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2017 (Rupees)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2014/15	**214,706**	**150,588,278**	**(16,354,642)**	**37,322,690**	**171,771,032**
B. ADJUSTED BALANCE BEGINNING 2015/16	**214,706**	**150,588,278**	**(16,354,642)**	**37,322,690**	**171,771,032**
I. Total recognised Profit & Loss	0	0	0	18,949,397	**18,949,397**
III. Other variations to Equity	0	37,322,690	0	(37,322,690)	**0**
C. FINAL BALANCE 2015/16	**214,706**	**187,910,925**	**(16,354,665)**	**18,949,390**	**190,720,355**
D. ADJUSTED BALANCE, BEGINNING 2016/17	**214,706**	**187,910,925**	**(16,354,665)**	**18,949,390**	**190,720,355**
I. Total recognised incomes and expenses	0	0	0	22,167,878	**22,167,878**
III. Other changes to Equity	0	18,949,390	0	(18,949,390)	**0**
E. FINAL BALANCE 2016/17	**214,706**	**206,860,314**	**(16,354,665)**	**22,167,878**	**212,888,233**

CASH FLOW STATEMENT AT MARCH 31, 2017

ITEMS		Notes	(Euros) 2016/17	(Rupees) 2016/17	(Euros) 2015/16	(Rupees) 2015/16
A)	**CASH FLOW FROM OPERATING ACTIVITIES**					
1.	**PROFIT & LOSS BEFORE TAXES**		**459,537**	**31,827,542**	380,418	26,347,780
2.	**ADJUSTMENTS TO PROFIT & LOSS**		**234,269**	**16,225,503**	76,852	5,322,700
	a) Depreciation of Fixed Assets	**5-6-7**	**326,671**	**22,625,219**	70,598	4,889,617
	c) Change to provisions	**15**	**(52,621)**	**(3,644,510)**	29,378	2,034,720
	g) Financial Incomes	**9**	**(48,755)**	**(3,376,787)**	(28,323)	(1,961,651)
	h) Financial Expenses	**10**	**8,975**	**621,581**	5,198	360,013
3.	**CHANGES IN WORKING CAPITAL**		**771,537**	**53,436,659**	2,288,006	158,467,226
	a) Inventories		**4,343**	**300,784**	5,757	398,730
	b) Trade and other accounts receivable		**967,859**	**67,033,948**	417,069	28,886,199
	c) Other current assets		**(37,201)**	**(2,576,570)**	386	26,734
	d) Creditors and other accounts payable		**(129,601)**	**(8,976,151)**	(572,667)	(39,662,916)
	e) Other current liabilities		**(33,863)**	**(2,345,352)**	2,437,460	168,818,480
4.	**OTHER CASH FLOW FROM OPERATING ACTIVITIES**		**39,781**	**2,755,206**	23,124	1,601,638
	a) Interest payments	**9**	**(8,975)**	**(621,581)**	(5,198)	(360,013)
	c) Interest receivable	**10**	**48,755**	**3,376,787**	28,323	1,961,651
5.	**CASH FLOW ON OPERATING ACTIVITIES**		**1,505,124**	**104,244,910**	2,768,400	191,739,345
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
6.	**PAYMENTS FOR INVESTMENTS**		**(881,777)**	**(61,071,849)**	(516,495)	(35,772,444)
	a) Group and Associated Companies		**(763,464)**	**(52,877,526)**	(426,956)	(29,570,973)
	c) Fixed Assets		**(117,832)**	**(8,161,078)**	(89,539)	(6,201,471)
	e) Other financial assets		**(480)**	**(33,245)**	0	0
8.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**		**(881,777)**	**(61,071,849)**	(516,495)	(35,772,444)
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**					
10.	**RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES**		**(294,591)**	**(20,403,364)**	(1,336,428)	(92,561,102)
	a) Issue		**50,393**	**3,490,209**	2,139	148,117
	2. Amounts owed to credit institutions		**50,393**	**3,490,209**	0	0
	4. Other debts		**0**	**0**	2,139	148,117
	b) Repayment and amortization		**(344,984)**	**(23,893,573)**	(1,338,567)	(92,709,220)
	2. Debts with credit institutions		**(263,849)**	**(18,274,188)**	(123,056)	(8,522,859)
	3. Debts with Group and Associated Companies		**(63,511)**	**(4,398,747)**	(1,215,512)	(84,186,361)
	4. Other debts		**(17,624)**	**(1,220,638)**	0	0
12.	**CASH FLOW FROM FINANCING ACTIVITIES**		**(294,592)**	**(20,403,421)**	(1,336,428)	(92,561,033)
E)	**NET INCREASE IN CASH OR CASH EQUIVALENTS**		**328,756**	**22,769,640**	915,476	63,405,868
	Cash or cash equivalents at the beginning of the year	**9**	**1,150,278**	**79,668,257**	234,802	16,262,387
	Cash or equivalents at the end of the year	**9**	**1,479,034**	**102,437,897**	1,150,278	79,668,254

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING MARCH 31, 2017

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. Valentín 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. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company and on July 22nd 2011 the financial year, between April 1st until March 31st 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.

1.3. 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, Jardín Amadores and Puerto Calma, as well as the lease of commercial premises.

1.4. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán in Gran Canaria.

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. 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. 69.26 = 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 31st March 2017

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

On February 1, 2016 General Meeting of the Company in which it was agreed to modify the start and end dates of the financial year in the bylaws, establishing April 1 to March 31 of each year. Exceptionally, with respect to this financial period beginning on October 1, 2015, it was agreed to finalize on March 31, 2016.

However, it is important to point out that the figures corresponding to the Financial Year ending on March 31, 2017 will not be comparable, since the Financial Period ending on March 31, 2016 only covered 6 months (October 2015 to March 2016) and the next period covered twelve months (April 2016 to March 2017). This is due to the fact that the shareholders passed a resolution in which they decided to modify the Financial Period, in order for it to start every April 1 of each year. This is why the Financial Period 2015/2016 only covered 6 months.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 69.26 = 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 31st March 2017.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31, 2017 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2016, is as follows:

Euros	**2016/17**	2015/16
Distribution Balance		
Financial Period Profits	**320,068**	273,598
Distribution		
Goodwill Reserves	**–**	42,500
Voluntary Reserves	**320,068**	231,098
Totals	**320,068**	273,598

Rupees	**2016/17**	2015/16
Distribution Balance		
Financial Period Profits	**22,167,878**	18,949,390
Distribution		
Goodwill Reserves	**–**	2,943,549
Voluntary Reserves	**22,167,878**	16,005,841
Totals	**22,167,878**	18,949,390

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 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 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 therefrom 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 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 occurring during the 2015/16 and 2016/17 periods were the following:

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Goodwill	1,700,000	–	–	1,700,000
Net Totals	1,700,000			1,700,000

	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Goodwill	1,700,000	–	–	**1,700,000**
Accumulated amortization	–	(170,000)	–	**(170,000)**
Net Totals	1,700,000			**1,530,000**

Rupees	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Goodwill	117,742,000	–	–	117,742,000
Net Totals	117,742,000			117,742,000

	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Goodwill	117,742,000	–	–	**117,742,000**
Accumulated amortization	–	(11,774,203)	–	**(11,774,203)**
Net Totals	117,742,000			**105,967,797**

5.2. There is no evidence of impairment through March 31, 2017 on any of the elements in the Intangible Fixed Assets.

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2015/16 and 2016/17 periods were the following:

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Gross Costs				
Buildings	2,521,287	26,837	–	2,548,123
Machinery	20,074	5,550	–	25,624
Other facilities	89,080	39,886	–	128,966
Furniture	15,434	1,036	–	16,470
IT Equipment	11,029	5,200	–	16,229
Other tangible fixed assets	374,100	–	–	374,100
Advances and fixed assets in progress	–	11,030	–	11,030
Totals	3,031,003	89,539	–	3,120,542
Accumulated amortization				
Buildings	180,006	22,103	–	202,109
Machinery	6,166	3,765	–	9,930
Other installations	2,630	6,910	–	9,540
Furniture	3,517	798	–	4,314
IT Equipment	8,215	1,606	–	9,821
Other tangible fixed assets	251,266	28,039	–	279,306
Totals	451,799	63,221	–	515,020
Net Totals	2,579,204			2,605,522

Euros	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Gross Costs				
Buildings	2,548,123	–	–	**2,548,123**
Machinery	25,624	6,043	–	**31,667**
Other facilities	128,966	7,975	–	**136,941**
Furniture	16,470	41,475	–	**57,945**
IT Equipment	16,229	–	–	**16,229**
Transportation elements	–	50,393	–	**50,393**
Other tangible fixed assets	374,100	11,947	–	**386,047**
Advances and fixed assets in progress	11,030	–	–	**11,030**
Totals	3,120,542	117,832	–	**3,238,375**
Accumulated amortization				
Buildings	202,109	44,609	–	**246,718**
Machinery	9,930	8,311	–	**18,241**
Other installations	9,540	15,500	–	**25,040**
Furniture	4,314	5,764	–	**10,078**
IT Equipment	9,821	2,942	–	**12,763**
Transportation elements	–	7,392	–	**7,392**
Other tangible fixed assets	279,306	57,399	–	**336,705**
Totals	515,020	141,917	–	**656,933**
Net Totals	2,605,522			**2,581,443**

Rupees	Balance 30.09.15	Acquisitions	Disposals	**Balance 31.03.16**
Gross Costs				
Buildings	174,624,338	1,858,731	–	**176,482,999**
Machinery	1,390,325	384,393	–	**1,774,718**
Other facilities	6,169,681	2,762,504	–	**8,932,185**
Furniture	1,068,959	71,753	–	**1,140,712**
IT Equipment	763,869	360,152	–	**1,124,021**
Other tangible fixed assets	25,910,166	–	–	**25,910,166**
Advances and fixed assets in progress	–	763,938	–	**763,938**
Totals	209,927,336	6,201,471	–	**216,128,739**
Accumulated amortization				
Buildings	12,467,216	1,530,854	–	**13,998,069**
Machinery	427,057	260,764	–	**687,752**
Other installations	182,154	478,587	–	**660,740**
Furniture	243,587	55,269	–	**298,788**
IT Equipment	568,971	111,232	–	**680,202**
Other tangible fixed assets	17,402,683	1,941,981	–	**19,344,710**
Totals	31,291,667	4,378,686	–	**35,670,262**
Net Totals	178,635,669			**180,458,477**

Rupees	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Gross Costs				
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**
Totals	216,128,739	8,161,078	–	**224,289,817**
Accumulated amortization				
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**
Totals	35,670,285	9,829,171	–	**45,499,269**
Net Totals	180,458,454			**178,790,550**

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 1,486,957 euros (102,986,642 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 2015/16 correspond mostly to refurbishments in the common areas of a hotel resort.

6.4. Fixed assets in progress correspond to refurbishment projects in two of the resorts.

6.5. There are fully depreciated assets in use in March 31, 2017 for the amount of 16,139 Euros (1,117,787 Rupees), 3,450 Euros (238,947 Rupees) in March 31, 2016.

6.6. There are no signs of impairment through March 31, 2017 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 2015/16 and 2016/17 periods were the following:

Euros	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Buildings	**848,003**	**–**	**–**	**848,003**
Accumulated amortisation	**(66,217)**	**(7,378)**	**–**	**(73,595)**
Net Totals	781,786			774,408

	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Buildings	**848,003**	**–**	**–**	**848,003**
Accumulated amortisation	**(73,596)**	**(14,754)**	**–**	**(88,350)**
Net Totals	774,407			**759,653**

Rupees	Balance 30.09.15	Acquisitions	Disposals	Balance 31.03.16
Buildings	**58,732,689**	**–**	**–**	**58,732,689**
Accumulated amortisation	**(4,586,189)**	**(511,000)**	**–**	**(5,097,158)**
Net Totals	54,146,500			53,635,531

	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Buildings	**58,732,689**	**–**	**–**	**58,732,689**
Accumulated amortisation	**(5,097,227)**	**(1,021,884)**	**–**	**(6,119,111)**
Net Totals	53,635,462			**52,613,578**

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 (24,667,711 Rupees) and 491,842 Euros (34,064,977 Rupees), respectively.

7.3. The Company's Real-estate investments for rental, have generated revenue for 66,757 Euros (4,623,590 Rupees) and 104,831 Euros (7,260,595 Rupees) during the financial periods 2015/16 y 2016/17 respectively and correspond to three restaurants, a pool-bar and a hairdressers' salon.

7.4. The main expenditures for these properties correspond to allocation for amortisation.

7.5. There are no signs of impairment through March 31, 2017 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 (3,490,219 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 2016/17 and 2015/16 financial years is the following (see note 10.6):

Euros	**2016/17**	2015/16
Total amount of minimum future payments at the end of the period	**37,519**	–
Financial expenses not accrued	**(1,481)**	–
Current value to the end of the period (note 10.6)	**36,038**	–

Rupees	**2016/17**	2015/16
Total amount of minimum future payments at the end of the period	**2,598,533**	–
Financial expenses not accrued	**(102,552)**	–
Current value to the end of the period (note 10.6)	**2,495,981**	–

8.3. The minimum lease payments and their current value, at the end of the financial years 2016/17 and 2015/16, by maturity are as follows:

Euros	2016/17	2015/16
Minimum payment		
Up to 1 year	**17,316**	–
From 1 to 5 years	**20,202**	–
Current value		
Up to 1 year	**16,256**	–
From 1 to 5 years	**19,782**	–

Rupees	2016/17	2015/16
Minimum payment		
Up to 1 year	**1,199,323**	–
From 1 to 5 years	**1,399,210**	–
Current value		
Up to 1 year	**1,125,861**	–
From 1 to 5 years	**1,370,119**	–

8.4. The value of the purchase option of the items liable to a financial lease is 1,443 Euros (99,942 Rupees)

8.5. The amount of the contingent fees recognized as expenses for the 2016/17 financial year is 1,518 Euros (105,137 Rupees)

9. FINANCIAL ASSETS

Information related to the Balance Sheet

9.1. 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 is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.17**	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Loans and Receivables	–	–	–	–	**64,264**	139,947
Totals	–	–	–	–	**64,264**	139,947
Short- term Financial Assets						
Loans and Receivables	–	–	–	–	**2,088,330**	2,216,562
Liquid Assets	–	–	–	–	**1,479,034**	1,150,278
Totals	–	–	–	–	**3,567,364**	3,366,840

Rupees	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.17**	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Loans and Receivables	–	–	–	–	**4,450,904**	9,692,738
Totals	–	–	–	–	**4,450,904**	9,692,738
Short- term Financial Assets						
Loans and Receivables	–	–	–	–	**144,637,752**	153,519,096
Liquid Assets	–	–	–	–	**102,437,897**	79,668,257
Totals	–	–	–	–	**247,075,649**	233,187,353

9.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

Euros

Financial Assets	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Investments in Group and Associated Companies	**1,277,210**	–	–	–	–	–	–
Loans to companies	**1,277,210**	–	–	–	–	–	–
Short-term financial investments	**480**	–	–	–	–	–	–
Other financial assets	**480**	–	–	–	–	–	–
Commercial Debts and other Receivables	**810,641**	64,264	–	–	–	–	64,264
Customer receivables for sales and services	**775,111**	64,264	–	–	–	–	64,264
Sundry Receivables	**31,347**	–	–	–	–	–	–
Personnel	**4,183**	–	–	–	–	–	–
Cash and other Liquid Assets	**1,479,034**	–	–	–	–	–	–
Liquid Assets	**1,479,034**	–	–	–	–	–	–
Totals	**3,567,364**	64,264	–	–	–	–	64,264

Rupees

Financial Assets	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Investments in Group and Associated Companies	**88,459,530**	–	–	–	–	–	–
Loans to companies	**88,459,530**	–	–	–	–	–	–
Short-term financial investments	**33,245**	–	–	–	–	–	–
Other financial assets	**33,245**	–	–	–	–	–	–
Commercial Debts and other Receivables	**56,144,978**	4,450,904	–	–	–	–	4,450,904
Customer receivables for sales and services	**53,684,209**	4,450,904	–	–	–	–	4,450,904
Sundry Receivables	**2,171,059**	–	–	–	–	–	–
Personal	**289,710**	–	–	–	–	–	–
Cash and other Liquid Assets	**102,437,897**	–	–	–	–	–	–
Liquid Assets	**102,437,897**	–	–	–	–	–	–
Totals	**247,075,649**	4,450,904	–	–	–	–	4,450,904

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 2015/16 and 2016/17.

9.4. Customer Receivables for Sales and Services Performed

During the financial period 2014/15, the hotel resort Vista Amadores was refurbished, for the amount of 1,7 million Euros (127,449,000 Rupees), for which purpose investment for the amount of 1,3 million Euros (97,461,000 Rupees) had been approved by the General Assembly of Owners at the end of 2014. The difference of 0,4 million Euros (29,988,000 Rupees) has been recorded as a Customer Receivable, as the exceeding amount was approved on December 2015 by the General Assembly.

Information relating to the Profit & Loss Account

9.5. Financial Income

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 28,323 Euros (1,961,651 Rupees) and 48,755 Euros (3,376,771 Rupees) for the financial periods 2015/16 and 2016/2017 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients,

Other Information

9.6. 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.

9.7. 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 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

	Debits with Credit Institutions		Bonds y Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31.03.17**	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Debits and Payables	**62,593**	296,146	**–**	–	**2,150**	6,186
Totals	**62,593**	296,146	**–**	–	**2,150**	6,186
Short-term Financial Liabilities						
Debits and Payables	**269,410**	249,312	**–**	–	**1,089,385**	1,164,869
Totals	**269,410**	249,312	**–**	–	**1,089,385**	1,164,869

Rupees

	Debits with Credit Institutions		Bonds y Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31.03.17**	31.03.16	**31.03.17**	31.03.16	**31.03.17**	31.03.16
Debits and Payables	**4,335,173**	20,511,085	**–**	–	**148,906**	428,440
Totals	**4,335,173**	20,511,085	**–**	–	**148,906**	428,440
Short-term Financial Liabilities						
Debits and Payables	**18,659,317**	17,267,383	**–**	–	**75,450,825**	80,678,826
Totals	**18,659,317**	17,267,383	**–**	–	**75,450,825**	1,164,869

10.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities, is as follows:

Euros

Financial Liabilities	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Debts	**288,410**	59,711	2,881	–	–	2,150	64,743
Debts with Credit Institutions	**253,154**	42,810	–	–	–	–	42,810
Creditors for financial leases	**16,256**	16,901	2,881				19,782
Other financial liabilities	**19,000**		–	–	–	2,150	2,150
Debts with Group and Associated Companies	**808,466**	–	–	–	–	–	–
Trade Creditors and other accounts payable	**261,920**	–	–	–	–	–	–
Sundry Creditors	**261,920**	–	–	–	–	–	–
Totals	**1,358,795**	59,711	2,881	–	–	2,150	64,743

Rupees

Financial Liabilities	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Debts	**19,975,257**	4,135,616	199,557	–	–	148,906	4,484,079
Debts with Credit Institutions	**17,533,455**	2,965,054	–	–	–	–	2,965,054
Creditors for financial leases	**1,125,861**	1,170,562	199,557				1,370,119
Other financial liabilities	**1,315,940**		–	–	–	148,906	148,906
Debts with Group and Associated Companies	**55,994,322**	–	–	–	–	–	–
Trade Creditors and other accounts payable	**18,140,563**	–	–	–	–	–	–
Sundry Creditors	**18,140,563**	–	–	–	–	–	–
Totals	**94,110,142**	4,135,616	199,557	–	–	148,906	4,484,079

Information related to the Profit & Loss Account

10.3. Financial Expenses

The heading of debts to third parties includes interest accrued with credit institutions, the amounts of which come to 8,975 Euros (621,609 Rupees) and 5,198 Euros (360,013 Rupees) for the financial periods 2016/17 and 2015/16, 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:

Euros	2016/17	2015/16
Personal secured loans	**295,965**	545,458
Leasing (note 8.2)	**36,038**	--
Totals	**332,003**	545,458

Rupees	2016/17	2015/16
Personal secured loans	**20,498,509**	37,778,468
Leasing (note 8.2)	**2,495,981**	--
Totals	**22,994,491**	37,778,468

b) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

11. SHAREHOLDERS´ EQUITY

11.1. 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.

11.2. The Canary Islands Investments Reserve Fund for the amount of 670,000 Euros (46,404,200 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:

Euros	2016/17	2015/16
Voluntary Reserves	**1,798,950**	1,567,852
Canary Islands Investment Reserves	**670,000**	670,000
Goodwill Reserves	**517,151**	474,651
Totals	**2,986,101**	2,712,503

Rupees	2016/17	2015/16
Voluntary Reserves	**124,595,271**	108,589,431
Canary Islands Investment Reserves	**46,404,200**	46,404,200
Goodwill Reserves	**35,817,903**	32,874,353
Totals	**206,817,373**	187,867,983

12. TAX POSITION

Profit Tax

12.1. Tax Consolidation Regime

The Company is taxed in the Consolidated Tax System in accordance with Chapter VII of Royal Legislative Decree 4/2004, of 5 March, 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:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**320,068**	**–**
Profit Tax	**139,470**	**–**
Current Tax	122,394	–
Deferred Tax	17,075	–
Goodwill Deduction	85,000	–
Non-deductible Expenses	11,899	–
Temporary Differences		
70% Limit Amortization	(7,210)	–
Provisions (Art. 14 LIS)	(59,649)	–
Tax Base (Tax Profit & Loss)	**489,577**	–

Rupees	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**22,167,878**	**–**
Profit Tax	**9,659,664**	**–**
Current Tax	8,477,036	–
Deferred Tax	1,182,628	–
Goodwill Deduction	5,887,100	–
Non-deductible Expenses	824,125	–
Temporary Differences		
70% Limit Amortization	(499,365)	–
Provisions (Art. 14 LIS)	(4,131,290)	–
Tax Base (Tax Profit & Loss)	**33,908,113**	**–**

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 489,577 Euros (33,908,103 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.

Euros	2016/17	2015/16
Previous Group Tax Base	**(375,337)**	116,247
Negative Group Tax base from previous financial years	**–**	(116,247)
Group Tax Base	**(375,337)**	–
Corporate income tax payable (25% x taxable base)	**–**	–
Group Gross Tax payable	**–**	–

Rupees	2016/17	2015/16
Previous Group Tax Base	**(25,995,841)**	8,051,267
Negative Group Tax base from previous financial years	**–**	(8,051,267)
Group Tax Base	**(25,995,841)**	–
Corporate income tax payable (25% x taxable base)	**–**	–
Group Gross Tax payable	**–**	–

12.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

Euros	2016/17	2015/16
1. Current Tax	**122,394**	113,084
2. Deferred tax	**17,075**	(6,263)
- deductible temporary differences that are activated in the period	**(13,932)**	(27,281)
- deductible temporary differences that are deducted in the period	**31,007**	21,018
3. Total expenditure on Income Tax	**139,470**	106,821

Rupees	**2016/17**	2015/16
1. Current Tax	**8,477,036**	7,832,198
2. Deferred tax	**1,182,628**	(433,807)
- deductible temporary differences that are activated in the period	**(964,916)**	(1,889,514)
- deductible temporary differences that are deducted in the period	**2,147,545**	1,455,707
3. Total expenditure on Income Tax	**9,659,664**	7,398,391

12.5. Deductions for Investments

During the financial period 2015/2016, no fixed asset investments located or received on the Canary Islands, have been made that have generated deductions nor are there, at March 31, any deductions pending application.

12.6. Deferred Tax Assets

Transactions during the financial periods 2015/16 and 2016/17 found in this heading have been the following:

Euros	Balance 30.09.15	Acquisitions	Applications	Balance 31.03.16
- Temporary differences for non-deductible provisions	21,500	27,281	(19,937)	28,844
- Temporary differences, 70% limit fiscal amortisation	21,629	–	(1,081)	20,548
Totals	43,129	27,281	(21,018)	49,392
	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**
Totals	49,392	13,932	(31,007)	**32,317**

Rupees	Balance 30.09.15	Acquisitions	Applications	Balance 31.03.16
- Temporary differences for non-deductible provisions	1,489,111	1,889,482	(1,380,837)	1,997,756
- Temporary differences, 70% limit fiscal amortisation	1,498,025	–	(74,870)	1,423,154
Totals	2,987,135	1,889,482	(1,455,707)	3,420,911
	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**
Totals	3,420,890	964,930	(2,147,545)	**2,238,275**

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 2016/2017, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	**2012/13**	**2013/14**
Provisions	245,000	425,000
Investments made		
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)
Investments pending		
Maturity 2016/17	–	–
Maturity 2017/18	–	264,993

Rupees

Item	**2012/13**	**2013/14**
Provisions	16,968,700	29,435,500
Investments made		
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)
Investments pending		
Maturity 2016/17	–	–
Maturity 2017/18	–	18,353,484

Specifically, investments made in the financial period 2013/2014 for which the Canary Island Investment Reserve was materialised, were the following:

Euros

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
	TOTAL MACHINERY		**14,961**	**14,961**
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
	TOTAL FURNITURE		**2,260**	**2.260**

Rupees

Account	**Item**	**Acquisition Date**	**Amount Materialised**	**Provision 2012/2013**
21301001	Machinery	01.03.2014	76,394	76,394
21301001	Machinery	13.03.2014	47,789	47,789
21301001	Machinery	13.08.2014	79,788	79,788
21301001	Machinery	15.09.2014	832,159	832,159
	TOTAL MACHINERY		**1,036,130**	**1,036,130**
201608002	Furniture	29.11.2013	145,238	145,238
201608002	Furniture	22.11.2013	11,289	11,289
	TOTAL FURNITURE		**1,192,657**	**1,192,657**

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:

Euros

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
	TOTAL CONSTRUCTION		**105,720**	**105.720**
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
	TOTAL MACHINERY		**5,074**	**5,074**
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
	TOTAL OTHER FACILITIES		**79,558**	**79.558**
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
	TOTAL FURNITURE		**1,091**	**1,091**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	278,425	278,425
21108022	Construction/Buildings	28.02.2015	468,128	468,128
21108022	Construction/Buildings	28.02.2015	27,150	27,150
21108022	Construction/Buildings	28.02.2015	22,787	22,787
21108022	Construction/Buildings	28.02.2015	1,053,583	1,053,583
21108022	Construction/Buildings	31.03.2015	151,195	151,195
21108022	Construction/Buildings	30.09.2015	5,320,900	5,320,900
	TOTAL CONSTRUCTION		**7,322,167**	**7,322,167**
21301001	Machinery	28.02.2015	76,394	76,394
21301001	Machinery	28.02.2015	76,394	76,394
21301001	Machinery	28.02.2015	76,394	76,394
21301001	Machinery	31.05.2015	38,924	38,924
21301001	Machinery	30.06.2015	41,625	41,625
21301001	Machinery	30.07.2015	41,625	41,625
	TOTAL MACHINERY		**351,356**	**351,356**
21508001	Other Facilities	31.05.2015	391,042	391,042
21508001	Other Facilities	17.06.2015	75,909	75,909
21508001	Other Facilities	17.06.2015	40,586	40,586
21508001	Other Facilities	29.09.2015	280,919	280,919
21508001	Other Facilities	30.09.2015	4,721,801	4,721,801
	TOTAL OTHER FACILITIES		**5,861,612**	**5,861,612**
201608001	Furniture	28.10.2014	30,267	30,267
201608001	Furniture	01.12.2014	45,296	45,296
	TOTAL FURNITURE		**10,980,480**	**10,980,480**

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:

Euros

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	–
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	–
	TOTAL CONSTRUCTIONS		**26,837**	**26,837**	**–**
21301001	Machinery	31.01.2016	1,036	–	1,036
21301001	Machinery	31.01.2016	4,514	–	4,514
	TOTAL MACHINERY		**5,550**	**–**	**5,550**
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	–
	TOTAL OTHER FACILITIES		**39,886**	**9,499**	**30,387**
21608001	Furniture	02.01.2016	1,036	–	1,036
	TOTAL FURNITURE		**1,036**	**–**	**1,036**
21708001	IT equipment	18.12.2015	5,024	–	5,024
21708001	IT equipment	18.12.2015	176	–	176
	TOTAL IT EQUIPMENT		**5,200**	**–**	**5,200**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	555,950	555,950	–
21108005	Constructions	20.11.2015	135,057	135,057	–
21108005	Constructions	24.12.2015	108,392	108,392	–
21108005	Constructions	24.12.2015	100,427	100,427	–
21108005	Constructions	24.12.2015	103,821	103,821	–
21108005	Constructions	24.12.2015	555,950	555,950	–
21108005	Constructions	31.01.2016	135,057	135,057	–
21108008	Constructions	31.01.2016	164,146	164,146	–
	TOTAL CONSTRUCTIONS		**1,858,800**	**1,858,800**	**–**
21301001	Machinery	31.01.2016	71,753	–	71,753
21301001	Machinery	31.01.2016	312,640	–	312,640
	TOTAL MACHINERY		**384,393**	**–**	**384,393**
21508001	Other facilities	30.11.2015	365,069	365,069	–
21508001	Other facilities	01.12.2015	2,126,767	22,163	2,104,604
21508001	Other facilities	31.12.2015	166,847	166,847	–
21508001	Other facilities	31.01.2016	103,821	103,821	–
	TOTAL OTHER FACILITIES		**2,762,504**	**657,901**	**2,104,604**
21608001	Furniture	02.01.2016	71,753	–	71,753
	TOTAL FURNITURE		**71,753**	**–**	**71,753**
21708001	IT equipment	18.12.2015	347,962	–	347,962
21708001	IT equipment	18.12.2015	12,190	–	12,190
	TOTAL IT EQUIPMENT		**360,152**	**–**	**360,152**

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:

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
	TOTAL OTHER TANGIBLE FIXED ASSETS		**11,947**	**11,947**
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
		TOTAL MACHINERY	**6,043**	**6,043**
21408001	Other facilities	28.02.2017	7,975	7,975
		TOTAL OTHER FACILITIES	**7,975**	**7,975**
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
		TOTAL FURNITURE	**41,476**	**41,476**
21801001	Vehicles	24.05.2016	50,393	50,393
		TOTAL VEHICLES	**50,393**	**50,393**

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
	TOTAL OTHER TANGIBLE FIXED ASSETS		**827,449**	**827,449**
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
		TOTAL MACHINERY	**418,400**	**418,400**
21408001	Other facilities	28.02.2017	552,349	552,349
		TOTAL OTHER FACILITIES	**552,349**	**552,349**
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
		TOTAL FURNITURE	**2,872,628**	**2,872,628**
21801001	Vehicles	24.05.2016	3,490,219	3,490,219
		TOTAL VEHICLES	**3,490,219**	**3,490,219**

The Company has not carried out investments prior to the provision 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 in the financial periods 2015/16 and 2016/17 in the Profit and Loss Account, for creditors' amounts of 585 Euros (40,517 Rupees) and 271 Euros (18,769 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 52,729 Euros (3,652,011 Rupees) and 98,622 Euros (6,830,560 Rupees) during the financial periods 2015/16 and 2016/17, 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 219,413 Euros (15,196,544 Rupees) and 504,024 Euros (34,908,702 Rupees) for the financial periods 2015/16 and 2016/17, respectively.

7.a) External Services:

Euros	**2016/17**	2015/16
Leases and Charges	**1,648**	824
Repair and Maintenance	**494,230**	239,627
Independent Professional Services	**361,362**	175,585
Transport	**25,569**	14,660
Insurance	**29,212**	10,079
Bank Services and Similar	**12,559**	12,191
Publicity, Advertising and Public Relations	**2,325**	3,736
Supplies	**567,011**	288,135
Other Services	**116,206**	60,788
Totals	**1,610,122**	805,625

Rupees	**2016/17**	2015/16
Leases and Charges	**114,129**	57,065
Repair and Maintenance	**34,230,402**	16,596,556
Independent Professional Services	**25,027,917**	12,160,996
Transport	**1,770,908**	1,015,374
Insurance	**2,023,210**	698,060
Bank Services and Similar	**869,817**	844,349
Publicity, Advertising and Public Relations	**161,016**	258,778
Supplies	**39,271,206**	19,956,202
Other Services	**8,048,415**	4,210,173
Totals	**111,517,020**	55,797,554

7.c) Losses on impairment of and change in trade transactions:

Euros	**2016/17**	2015/16
Losses from bad debts	**267,882**	–
Provisions Other Trade Transactions (Note 14).	**201,254**	109,124
Totals	**469,135**	109,124

Rupees	**2016/17**	2015/16
Losses from bad debts	**18,553,500**	–
Provisions Other Trade Transactions (Note 14).	**13,938,823**	7,557,933
Totals	**32,492,323**	7,557,933

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. During the financial period 2015/16, a provision was allocated for 109,124 Euros (7,557,928 Rupees) (see note 14) and a provision was applied to investments carried out for the amount of 79,746 Euros (5,523,208 Rupees).In consequence, the Balance of short-term provisions on March 31, 2016 comes to 121,064 Euros (8,384,893 Rupees). During the financial period 2016/17, a provision was allocated for 201,254 Euros (13,938,852 Rupees) and a provision was applied to investments carried out for the amount of 253,875 Euros (17,583,383 Rupees). In consequence, the Balance of short-term provisions on March 31, 2017 comes to 68,443 Euros (4,740,362 Rupees).

15.2. The Company is guaranteeing another Company in the Group for a loan obtained from a Finance Company for the amount of 518,142 Euros (35,886,515 Rupees) (see Note 18.3).

15.3. 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 750,000 Euros (51,945,000 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 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.
- Mrs. Claudia Esplá Marín, 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 96,600 Euros (6,690,516 Rupees) in the financial period 2015/17.

On the Balance Sheet there is a current account with partners and administrators at March 31, 2017, that amounts 0 Euros (0 Rupees), and at March 31, 2016 an amount of 3,588 euros (248,505 Rupees).

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	**2016/2017**		2015/2016	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**170,264**	**2,490,190**	87,563	2,144,102
Holiday Club Resort OY	**–**	**3,999**	(30,600)	(1,142)
Holiday Club Canarias Invesment, SL	**–**	**–**	–	–
Holiday Club Sweden AB	**–**	**–**	–	–
Totals	**170,264**	**2,494,189**	56,963	2,142,960

Rupees	**2016/2017**		2015/2016	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**11,792,500**	**172,470,535**	6,064,613	148,500,505
Holiday Club Resort OY	**–**	**276,969**	(2,119,356)	(79,095)
Holiday Club Canarias Invesment, SL	**–**	**–**	–	–
Holiday Club Sweden AB	**–**	**–**	–	–
Totals	**11,792,500**	**172,747,503**	3,945,257	148,421,410

Transactions carried out between Group Companies have been performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2016/17 and 2015/16, both short-term and long-term, at the close of the Financial Periods are:

Euros	**2016/2017**		2015/2016	
Company	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	**1,276,694**	**–**	449,253	–
Holiday Club Canarias Invesment, SL	**516**	**808,466**	64,020	749,582
Holiday Club Resorts OY	**–**	**–**	472	–
Holiday Club Sweden AB	**–**	**–**	–	–
Totals	**1,277,210**	**808,466**	513,745	749,582

Rupees	2016/2017		2015/2016	
Company	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	**88,423,811**	**–**	31,115,263	–
Holiday Club Canarias Invesment, SL	**35,737**	**55,994,322**	4,434,025	51,916,049
Holiday Club Resorts OY	**–**	**–**	32,691	–
Holiday Club Sweden AB	**–**	**–**	–	–
Totals	**88,459,548**	**55,994,322**	35,581,979	51,916,049

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 518,142 Euros (35,886,515 Rupees). There is also a guarantee provided by the parent Group Company Holiday Club Canarias Investment, SLU to respond to a loan granted by a financial institution, amounting 750,000 Euros (51,945,000 Rupees) (see Notes 15.2 and 15.3).

19. OTHER INFORMATION

19.1. Number of Employees

The average number of persons employed by the Company during the 2016/17 and 2015/16 Financial Periods, distributed by professional categories, has been the following:

	Persons	
	2016/17	2015/16
Senior Managers	**1.50**	1.50
Administration and Middle Managers	**9.29**	9.00
Receptionists and Technical Staff	**30.21**	29.49
Housekeeping and others	**43.63**	40.05
Totals	**84.63**	80.04

The distribution by gender at the end of the financial period 2016/17 is the following:

	2016/17		2015/16	
	Men	**Women**	Men	Women
Senior Managers	**2.00**	**–**	2.00	–
Administration and Middle Managers	**3.00**	**6.00**	3.00	6.00
Receptionists and Technical Staff	**27.00**	**4.00**	24.00	7.00
Housekeeping and others	**12.00**	**40.00**	15.00	28.00
Totals	**44.00**	**50.00**	44.00	41.00

The distribution by disabled employees at the end of the financial period 2016/17 is the following:

	2016/17
Senior Managers	**–**
Administration and Middle Managers	**–**
Receptionists and Technical Staff	**–**
Housekeeping and others	**2.00**
Totals	**2.00**

19.2. Auditor's Fees

The fees for the audit of Annual Accounts for the Financial Periods 2016/17 and 2015/16 are as follows:

Euros	2016/17	2015/16
Fees charged for Account Auditing	**9,500**	9,300
Fees for other Services performed	**4,500**	4,500
Totals	**14,000**	13,800

Rupees	2016/17	2015/16
Fees charged for Account Auditing	**657,970**	644,118
Fees for other Services performed	**311,670**	311,670
Totals	**969,640**	955,788

20. SEGMENT INFORMATION

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	2016/17	2015/16
Maintenance Fee	**5,009,291**	2,355,627
Other incomes	**286,828**	147,861
Totals	**5,296,119**	2,503,489

Rupees	2016/17	2015/16
Maintenance Fee	**346,943,480**	163,150,756
Other incomes	**19,865,696**	10,240,873
Totals	**366,809,176**	173,391,629

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:

	2016/17	**2015/16**
	Days	**Days**
Payment Ratio	45	45
Outstanding payment Ratio	30	30
Average period for payment to suppliers	43	42
	Euro/Rupees	**Euro/Rupees**
Total payments in the period	1,815,656/125,752,335	1,679,807/125,935,131
Total outstanding payments	261,920/18,140,579	368,833/27,651,410

In Mogán, on April 10, 2017

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made profit of Euro 6,965.47 (RS 482,428.45).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company's ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Property management expenses				
Administration	**(818.98)**	**(56,722.55)**	(793.22)	(54,938.42)
Property tax	**(1,410.71)**	**(97,705.77)**	(1,509.73)	(104,563.90)
Total	**(2,229.69)**	**(154,428.33)**	(2,302.95)	(159,502.32)
Profit(loss)	**(2,229.69)**	**(154,428.33)**	(2,302.95)	(159,502.32)
Financial income and expenses				
Interest income	**10,959.08**	**759,025.88**	18,041.31	1,249,541.13
Total financial income and expenses	**10,959.08**	**759,025.88**	18,041.31	1,249,541.13
Profit before appropriations and taxes	**8,729.39**	**604,597.55**	15,738.36	1,090,038.81
Income taxes	**(1,763.92)**	**(122,169.10)**	(2,787.76)	(193,080.26)
Profit/loss for the financial year	**6,965.47**	**482,428.45**	12,950.60	896,958.56

BALANCE SHEET

	appendix	Eur 31/3/2017	Rs. 31/3/2017	Eur 31/3/2016	Rs. 31/3/2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**527,069.84**	**36,504,857.12**	527,069.84	36,504,857.12
Total tangible assets		**527,069.84**	**36,504,857.12**	527,069.84	36,504,857.12
TOTAL NON-CURRENT ASSETS		**527,069.84**	**36,504,857.12**	527,069.84	36,504,857.12
CURRENT ASSETS					
Short-term receivables	2				
Loan receivables from group companies		**541,625.35**	**37,512,971.74**	535,714.27	37,103,570.34
Total short-term receivables		**541,625.35**	**37,512,971.74**	535,714.27	37,103,570.34
Cash and cash equivalents					
Cash at bank		**733.79**	**50,822.30**	285.75	19,791.05
Total cash and cash equivalents		**733.79**	**50,822.30**	285.75	19,791.05
TOTAL CURRENT ASSETS		**542,359.14**	**37,563,794.04**	536,000.02	37,123,361.39
TOTAL ASSETS		**1,069,428.98**	**74,068,651.15**	1,063,069.86	73,628,218.50
LIABILITIES					
EQUITY	3				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**1,040,077.00**	**72,035,733.02**	1,040,077.00	72,035,733.02
Profit(loss) from previous years		**18,793.37**	**1,301,628.81**	5,842.77	404,670.25
Profit(loss) for the financial year		**6,965.47**	**482,428.45**	12,950.60	896,958.56
TOTAL EQUITY		**1,068,335.84**	**73,992,940.28**	1,061,370.37	73,510,511.83
BORROWED CAPITAL					
Short-term borrowed capital	4				
Accruals and deferred income		**1,093.14**	**75,710.88**	1,699.49	117,706.68
Total short-term borrowed capital		**1,093.14**	**75,710.88**	1,699.49	117,706.68
TOTAL LIABILITIES		**1,069,428.98**	**74,068,651.15**	1,063,069.86	73,628,218.50

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2015 - 31.3.2016 financial period, i.e. a eighteenth-month period.

This shall be taken into account when comparing financial years.

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. 69.26 = 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.	527,069.84	36,504,857.12
Acquisition cost 31.3.	527,069.84	36,504,857.12
Book value 31.3.	**527,069.84**	**36,504,857.12**

CURRENT ASSETS

RECEIVABLES

2. Short-term receivables

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Loan receivables from group companies	**541,625.35**	**37,512,971.74**	535,714.27	37,103,570.34
Total	**541,625.35**	**37,512,971.74**	535,714.27	37,103,570.34

3. LIABILITIES

EQUITY	**Eur 2017**	**Rs. 2017**	Eur 2016	Rs. 2016
Share capital in the beginning of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**1,040,077.00**	**72,035,733.02**	1,040,077.00	72,035,733.02
Building fund in the end of the year	**1,040,077.00**	**72,035,733.02**	1,040,077.00	72,035,733.02
Profit/loss from prev. financial period	**18,793.37**	**1,301,628.81**	5,842.77	404,670.25
Profit/loss for the financial year	**6,965.47**	**482,428.45**	12,950.60	896,958.56
Total equity	**1,068,335.84**	**73,992,940.28**	1,061,370.37	73,510,511.83

BREAKDOWN OF SHARE CAPITAL

Eur	**2017 No.**	**Eur**	2016 No.	Eur
1 vote/share	**50.00**	**2,500.00**	50.00	2,500.00
TOTAL	**50.00**	**2,500.00**	50.00	2,500.00

BREAKDOWN OF SHARE CAPITAL

Rs.	**2017 No**	**Rs.**	2016 No	Rs.
1 vote/share	**50.00**	**173,150.00**	50.00	173,150.00
Total	**50.00**	**173,150.00**	50.00	173,150.00

4. SHORT-TERM BORROWED CAPITAL

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Accruals and deferred income	**350.76**	**24,293.64**	353.28	24,468.17
Tax liabilities	**742.38**	**51,417.24**	1,346.21	93,238.50
Total	**1,093.14**	**75,710.88**	1,699.49	117,706.68

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 6,965.47 (Rs. 482,428.45). 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 24, 2017

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.

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 January 1st, 2016 and ended on 31st of December, 2016.

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 Rs. 13,686 thousand (RUB 11,877 thousand) and made net profit of Rs. 14,012 thousand (RUB 12,160 thousand).

RUB amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 1,1523 = 1 RUB which is the Bloomberg rate as on 31st, March 2017.

DIVIDENDS

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, 2016.

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 is continued to be 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, 2016.

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

Irina Kuznetsova
General Director

Place: St-Petersburg, Russia
Dated: 11.04.2017

AUDIT REPORT

To members, users of the accounting statements of «Holiday Club Resorts Rus» Limited Liability Company

Entity Subject to- Audit:

«Holiday Club Resorts Rus» Limited Liability Company

- main registration number 506784705230 I
- location: 191186, Saint-Petersburg, Bolshaya Konyushennaya, 4-6-8

Audit Organization:

- Audit Company SPS, LLC
- main registration number 1 147847428684
- location: 19710I., St. Petersburg, Mira, 3, of. 310
- member of the self-regulated auditors' organization NP Russian Collegium of Auditors
- number in the register of auditors and audit organisations (ORNZ): 1 1603076412

We have audited the enclosed accounting statements of «Holiday Club Resorts Rus» Limited Liability Company consisting of the Balance Sheet and Profit and Loss Account, Statement of changes in equity, Statement of cash flows as of December 31, 2016.

Responsibility of the Entity Subject to Audit for the Accounting Statements

The management of the entity subject to audit is responsible for the drawing-up and accuracy of the mentioned accounting statements in accordance with the established accounting rules and procedures, and for the internal control system necessary for the drawing up of accounts free of material misstatements as a result of negligent act or error.

Responsibility of the Auditor

Our responsibility is to express an opinion, based on our audit, on the reliability of the financial statements. We conducted our audit in accordance with the federal standards for the audit activity. The said federal standards require adherence to established ethic rules, and planning the audit in such a way to obtain reasonable assurance about whether the financial (accounting) statements are free of material misstatement.

The audit included audit procedures aimed at audit findings supporting the numerical data in the accounting statements and disclosure of its information. The choice of audit procedures is a subject of our judgment based on the assessment of the risk of material misstatements made as a result of negligent act or error. While assessing the said risk, we examined the internal control system (securing the drawing-up and accuracy of the accounting statements) with the purpose of choosing the appropriate audit procedures and not expressing an opinion on efficiency of the internal control system.

Also the audit included assessment of appropriateness of the applied accounting policy and the reasonableness of the estimated figures obtained by the management of the entity subject to audit, as well as assessment of the accounting reporting overall.

We believe that the audit findings obtained in the course of audit provide sufficient basis for expressing an opinion on the reliability of the accounting statements.

The Opinion

In our opinion, the accounting statements of «Holiday Club Resorts Rus Limited Liability Company» reflect fairly, in all material respects, the financial situation of the company as of December 31 , 2016 and the results of its financial and economic activity in accordance with established rules for accounting statements.

Director General of
Audit Company SPS, LLC I. Y. Kochinskaya

March 20, 2017

BALANCE SHEET AS OF DECEMBER 31, 2016

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ ownership of a foreign entity**	
Location (address) **191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8**	

Notes	Item	Code	As of December 31, 2016 thousand RUB	As of December 31, 2016 thousand Rs	As of December 31, 2015 thousand RUB	As of December 31, 2015 thousand Rs
	ASSETS					
	I. NON-CURRENT ASEETS					
	Intangible assets	1110	–	–	–	–
	Results of research and development	1120	–	–	–	–
	Intangible development assets	1130	–	–	–	–
	Tangible development assets	1140	–	–	–	–
	Fixed assets	1150	–	–	–	–
	Income-bearing investments in tangible assets	1160	–	–	–	–
	Financial investments	1170	–	–	–	–
	Deferred tax assets	1180	**18,796**	**21,659**	22,066	25,427
	Other non-current assets	1190	–	–	–	–
	Total section I	1100	**18,796**	**21,659**	22,066	25,427
	II. CURRENT ASSETS					
	Inventories	1210	–	–	–	–
	Value-added tax on acquired assets	1220	**3**	**3**	6	7
	Receivables	1230	**4,333**	**4,993**	237	273
	Financial investments (except for monetary equivalents)	1240	–	–	–	–
	Cash and cash equivalents	1250	**4,821**	**5,555**	19,126	22,039
	Other current assets	1260	**51**	**59**	65	75
	Total section II	1200	**9,208**	**10,610**	19,434	22,394
	BALANCE	1600	**28,004**	**32,269**	41,500	47,821

Notes Item	Code	**As of December 31, 2016 thousand RUB**	**As of December 31, 2016 thousand Rs**	As of December 31, 2015 thousand RUB	As of December 31, 2015 thousand Rs
LIABILITIES					
III. EQUITY AND RESERVES					
Authorized capital	1310	**300**	**346**	300	346
Treasury stock	1320	**–**	**–**	–	–
Non-current asset revaluation	1340	**–**	**–**	–	–
Capital surplus (without revaluation)	1350	**–**	**–**	–	–
Reserve capital	1360	**–**	**–**	–	–
Retained earnings	1370	**(67,029)**	**(77,238)**	(79,189)	(91,249)
Total section III	1300	**(66,729)**	**(76,892)**	(78,889)	(90,903)
IV. LONG-TERM LIABILITIES					
Loans	1410	**–**	**–**	–	–
Deferred tax liabilities	1420	**–**	**–**	–	–
Estimated liabilities	1430	**–**	**–**	–	–
Other liabilities	1450	**–**	**–**	–	–
Total section IV	1400	**–**	**–**	–	–
V. SHORT-TERM LIABILITIES					
Loans	1510	**–**	**–**	–	–
Payables	1520	**94,000**	**108,316**	119,856	138,110
Prepaid income	1530	**–**	**–**	–	–
Estimated liabilities	1540	**733**	**845**	533	614
Other liabilities	1550	**–**	**–**	–	–
Total section V	1500	**94,733**	**109,161**	120,389	138,724
BALANCE	1700	**28,004**	**32,269**	41,500	47,821

RUB amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.15 = 1 RUB which is the Bloomberg rate as on 31st March 2017

Director ______________________ **Kuznetsova Irina Sergeyevna**

(signature) (name)

April 11, 2017

FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2016

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ownership of a foreign entity**	

Notes Item	Code	**January - December 2016 thousand RUB**	**January - December 2016 thousand Rs**	January - December 2015 thousand RUB	January - December 2015 thousand Rs
Revenue	2110	**11,877**	**13,686**	9,279	10,692
Cost of sales	2120	**–**	**–**	–	–
Gross profit (loss)	2100	**11,877**	**13,686**	9,279	10,692
Commercial expenses	2210	**–**	**–**	–	–
Administrative expenses	2220	**(18,813)**	**(21,678)**	(20,787)	(23,953)
Sales profit (loss)	2200	**(6,936)**	**(7,992)**	(11,508)	(13,261)
Income from participation in other organizations	2310	**–**	**–**	–	–
Interest receivable	2320	**571**	**658**	168	194
Interest payable	2330	**–**	**–**	–	–
Other income	2340	**38,334**	**44,172**	37,974	43,757
Other expenses	2350	**(16,538)**	**(19,057)**	(57,694)	(66,481)
Profit (loss) before taxation	2300	**15,431**	**17,781**	(31,060)	(35,790)
Current profit tax	2410	**–**	**–**	–	–
including permanent tax liabilities (assets)	2421	**(185)**	**(213)**	(303)	(349)
Change in deferred tax liabilities	2430	**–**	**–**	–	–
Change in deferred tax assets	2450	**(3,271)**	**(3,769)**	5,909	6,809
Other	2460	**–**	**–**	–	–
Net profit (loss)	2400	**12,160**	**14,012**	(25,151)	(28,981)
FOR REFERENCE					
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	12,160	14,012	(25,151)	(28,981)
Basic earnings (loss) per common share	2900	–	–	–	–
Diluted earnings (loss) per common share	2910	–	–	–	–

RUB amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.15 = 1 RUB which is the Bloomberg rate as on 31st March 2017

Director **Kuznetsova Irina Sergeyevna**

(signature) (name)

April 11, 2017

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, 2017.

Operations/State of the Company's Affairs

The Company is primarily engaged in real estate agencies business.

The Company's Resort Property is 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 0 and Rs. 0 and made loss of Euro 906.08 (Rs. 62,755.10).

Dividends

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, 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 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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : April 24th, 2017

AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa–Aikakiinteistöt Oy LKV

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **Suomen Vapaa-Aikakiinteistöt Oy LKV** (business identity code 2306829-4) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Nokkalankulma 7 B
02230 Espoo
FINLAND

Eero Suomela
Authorised Public Accountant, KHT

Place : Helsinki
Dated : 9 May 2017

ACCOUNTING PRINCIPLES

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. 69.26 = 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

	appendix	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs. 1.10.2014- 31.3.2016
TURNOVER		0.00	0.00	0.00	0.00
Other operating expenses	1	1,108.30	76,760.86	1,085.83	75,204.59
Profit(loss)		**(1,108.30)**	**(76,760.86)**	**(1,085.83)**	**(75,204.59)**
Financial income and expenses	2				
Interest income		12.37	856.75	335.60	23,243.66
Interest income from companies in the same Group		189.85	13,149.01		
Total financial income and expenses		**202.22**	**14,005.76**	**335.60**	**23,243.66**
Profit before appropriations and taxes		**(906.08)**	**(62,755.10)**	**(750.23)**	**(51,960.93)**
Profit/loss for the financial year		**(906.08)**	**(62,755.10)**	**(750.23)**	**(51,960.93)**

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
CURRENT ASSETS					
Short-term receivables					
Short-term receivables	3	10,067.01	697,241.11	13,780.76	954,455.44
Total short-term receivables		10,067.01	697,241.11	13,780.76	954,455.44
Cash and cash equivalents					
Cash at bank		9,253.74	640,914.03	6,446.07	446,454.81
Total cash and cash equivalents		9,253.74	640,914.03	6,446.07	446,454.81
TOTAL CURRENT ASSETS		**19,320.75**	**1,338,155.15**	**20,226.83**	**1,400,910.25**
TOTAL ASSETS		**19,320.75**	**1,338,155.15**	**20,226.83**	**1,400,910.25**
LIABILITIES					
EQUITY	4				
Share capital		2,500.00	173,150.00	2,500.00	173,150.00
Profit(loss) from previous years		17,726.83	1,227,760.25	18,477.06	1,279,721.18
Profit(loss) for the financial year		(906.08)	(62,755.10)	(750.23)	(51,960.93)
TOTAL EQUITY		**19,320.75**	**1,338,155.15**	**20,226.83**	**1,400,910.25**
TOTAL LIABILITIES		**19,320.75**	**1,338,155.15**	**20,226.83**	**1,400,910.25**

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

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteen-month period.

This shall be taken into account when comparing financial years.

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 906.08 (Rs. 62,755.10) 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 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017	Eur 1.10.2014-31.3.2016	Rs. 1.10.2014-31.3.2016
Other business expenses	1,108.30	76,760.86	1,085.83	75,204.59
Total	**1,108.30**	**76,760.86**	**1,085.83**	**75,204.59**

2. FINANCIAL INCOME AND EXPENSES

	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017	Eur 1.10.2014-31.3.2016	Rs. 1.10.2014-31.3.2016
Interest income from companies in the same Group	189.85	13,149.01	312.53	21,645.83
Other interest income	12.37	856.75	23.07	1,597.83
Total	**202.22**	**14,005.76**	**335.60**	**23,243.66**
Total financial income and expenses	**202.22**	**14,005.76**	**335.60**	**23,243.66**

NOTES TO THE BALANCE SHEET

ASSETS

CURRENT ASSETS RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
Receivables from companies in the same Group	9,675.60	670,132.06	9,485.21	656,945.64
Accrued income	391.95	27,146.46	4,295.55	297,509.79
Total	**10,067.55**	**697,278.51**	**13,780.76**	**954,455.44**

LIABILITIES

4. EQUITY

	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
Share capital 1.1	2,500.00	173,150.00	2,500.00	173,150.00
Share capital 31.3.	2,500.00	173,150.00	2,500.00	173,150.00
Profit/loss from prev. financial period	17,726.83	1,227,760.25	18,477.06	1,279,721.18
Profit/loss for the financial year	(906.08)	(62,755.10)	(750.23)	(51,960.93)
Total equity	**19,320.75**	**1,338,155.15**	**20,226.83**	**1,400,910.25**

NOTES TO THE FINANCIAL STATEMENTS

	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
CALCULATION OF DISTRIBUTABLE FUNDS				
Profit/loss from the previous financial year	**17,726.83**	**1,227,760.25**	**18,477.06**	**1,279,721.18**
Profit/loss for the financial year	**(906.08)**	**(62,755.10)**	**(750.23)**	**(51,960.93)**
Total	**16,820.75**	**1,165,005.15**	**17,726.83**	**1,227,760.25**

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, April 24th, 2017

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.

Eero Suomela
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, 2016 and ended on March 31, 2017.

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 19,264.01 (RS 1,334,225.33) and made profit of Euro 13,800.10 (RS 955,794.93).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated: 24.04.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himoksen Tähti 2

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Himoksen Tähti 2 (business identity code 2419604-4) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company's ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9th May, 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period. This shall be taken into account when comparing financial years.

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 69.26 = 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.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	**1.10.2014-31.3.2016**	**1.10.2014-31.3.2016**
TURNOVER				
Land lease income	19,264.01	1,334,225.33	0.00	0.00
Total	**19,264.01**	**1,334,225.33**	**0.00**	**0.00**
Other property income	70.00	4,848.20	0.00	0.00
Property management expenses				
Administration	(1,211.05)	(83,877.32)	(829.81)	(57,472.64)
Property tax	(4,322.86)	(299,401.28)	(7,564.98)	(523,950.51)
Total	**(5,533.91)**	**(383,278.61)**	**(8,394.79)**	**(581,423.16)**
Profit(loss)	**13,800.10**	**955,794.93**	**(8,394.79)**	**(581,423.16)**
Financial income and expenses				
Interest income	0.00	0.00	0.41	28.40
Interest charges	0.00	0.00	(31.84)	(2,205.24)
Total financial income and expenses	**0.00**	**0.00**	**(31.43)**	**(2,176.84)**
Profit before appropriations and taxes	**13,800.10**	**955,794.93**	**(8,426.22)**	**(583,600.00)**
Profit/loss for the financial year	**13,800.10**	**955,794.93**	**(8,426.22)**	**(583,600.00)**

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		662,628.72	45,893,665.15	662,628.72	45,893,665.15
Total tangible assets		**662,628.72**	**45,893,665.15**	**662,628.72**	**45,893,665.15**
TOTAL NON-CURRENT ASSETS		**662,628.72**	**45,893,665.15**	**662,628.72**	**45,893,665.15**
CURRENT ASSETS					
Short-term receivables					
Accrued income	2	551.43	38,192.04	0.00	0.00
Total short-term receivables		551.43	38,192.04	0.00	0.00
Cash and cash equivalents					
Cash at bank		21,376.58	1,480,541.93	8,127.91	562,939.05
Total cash and cash equivalents		21,376.58	1,480,541.93	8,127.91	562,939.05
TOTAL CURRENT ASSETS		**21,928.01**	**1,518,733.97**	**8,127.91**	**562,939.05**
TOTAL ASSETS		**684,556.73**	**47,412,399.12**	**670,756.63**	**46,456,604.19**
LIABILITIES					
EQUITY	3				
Share capital		2,500.00	173,150.00	2,500.00	173,150.00
Invested unrestricted equity fund		720,181.45	49,879,767.23	720,181.45	49,879,767.23
Profit(loss) from previous years		(53,005.51)	(3,671,161.62)	(44,579.29)	(3,087,561.63)
Profit(loss) for the financial year		13,800.10	955,794.93	(8,426.22)	(583,600.00)
TOTAL EQUITY		**683,476.04**	**47,337,550.53**	**669,675.94**	**46,381,755.60**
BORROWED CAPITAL					
Short-term borrowed capital	4				
Accruals and deferred income		1,080.69	74,848.59	1,080.69	74,848.59
Total short-term borrowed capital		1,080.69	74,848.59	1,080.69	74,848.59
TOTAL LIABILITIES		**684,556.73**	**47,412,399.12**	**670,756.63**	**46,456,604.19**

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	45,893,665.15
Acquisition cost 31.3.	662,628.72	45,893,665.15
Book value 31.3.	**662,628.72**	**45,893,665.15**

2 Short-term receivables

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
Accrued income	551.43	38,192.04	0.00	0.00
Total Short-term receivables	**551.43**	**38,192.04**	**0.00**	**0.00**

LIABILITIES

3 Equity

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
Share capital in the beginning of the year	2,500.00	173,150.00	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	**2,500.00**	**173,150.00**
Invested unrestricted equity fund in the beginning of the year	720,181.45	49,879,767.23	710,691.21	49,222,473.20
Additions	0.00	0.00	9,490.24	657,294.02
Invested unrestricted equity fund in the end of the year	**720,181.45**	**49,879,767.23**	**720,181.45**	**49,879,767.23**
Profit/loss from prev. financial period	(53,005.51)	(3,671,161.62)	(44,579.29)	(3,087,561.63)
Profit/loss for the financial year	13,800.10	955,794.93	(8,426.22)	(583,600.00)
Total equity	**683,476.04**	**47,337,550.53**	**669,675.94**	**46,381,755.60**

4 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
Accruals and deferred income	1,080.69	74,848.59	1,080.69	74,848.59
Total short-term borrowed capital	**1,080.69**	**74,848.59**	**1,080.69**	**74,848.59**

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	25	2,500.00	25	2,500.00
Total	**25**	**2,500.00**	**25**	**2,500.00**

	2017		2016	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	25	173,150.00	25	173,150.00
Total	**25**	**173,150.00**	**25**	**173,150.00**

NOTES TO THE FINANCIAL STATEMENTS

OTHER COMMITMENTS

The property owned by the company (property identifier 182-40-4242-3) is encumbered by 8 mortgages of EUR 110,000.00 (Rs 7,618,600.00) each, totalling EUR 880,000.00 (Rs 60,948,800.00). The mortgage deeds are held by the City of Jämsä.

The Jämsä City Council is entitled to, upon application, to release from the lien a single building plot within the property after the final construction inspection of the building in question has been conducted. "Building plot" refers to individual holiday residences.

The company is hereby obligated to build on lot 182-40-4243-3 holiday residences, which are in compliance with the local detailed plan, municipal building ordinance and approved drawings, to such a degree of completion that the building inspection authority may conduct a final inspection in accordance with the Land Use and Building Act by 15 June 2016.

If the company fails to meet the completion commitments within the specified period of time, the parent company of said company shall be obligated to pay the City of Jämsä a contractual penalty of EUR 127,408.60 (Rs 8,824,319.64).

An extension for this was sought and one was granted by the City of Jämsä, the project must now be completed by 31 May 2018.

OTHER EASEMENTS

Easement agreement 1.

Plots included in the easement agreement

Servient plot 182-40-4242-2

Dominant plot 182-40-4242-3

Kiinteistö Oy Himoksen Tähti 2 and Kiinteistö Oy Koso

Road access on an area covered by a detailed plan.

Easement agreement 2.

Plots included in the easement agreement

Servient plot 182-40-4242-4

Dominant plot 182-40-4242-3

Kiinteistö Oy Himoksen Tähti 2 and The City of Jämsä

Road access on an area covered by a detailed plan.

Land lease agreements

Three land lease agreement encumber the plot no. 182-40-4242-3. The land lease agreements are made with three separate real estate companies. Kiinteistö Oy HC Villas Himos I and Kiinteistö Oy HC Villas Himos II have registered their land lease rights.

The land lease agreement with Kiinteistö Oy HC Villas Himos III has not been registered.

The land lease agreement with Kiinteistö Oy HC Villas Himos I is signed on 27 October 2015 and lease term is 50 years.

The land lease agreement with Kiinteistö Oy HC Villas Himos II is signed on 27 September 2016 and lease term is 50 years.

The land lease agreement with Kiinteistö Oy HC Vills Himos III is signed on 27 October 2015 and 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 13,800.10 (Rs 955,794.93). 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 24th 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 1,897.21 (RS 131,400.76).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Vanha Ykköstii

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Vanha Ykköstii (business identity code 2425177-9) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Eero Suomela
Authorised Public Accountant, KHT

Place : Helsinki
Dated : 9th of May 2017

Nokkalankulma 7 B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period. This shall be taken into account when comparing financial years.

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 69.26 = 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.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Property management expenses				
Administration	(1,236.59)	(85,646.22)	(814.69)	(56,425.43)
Property tax	(636.64)	(44,093.69)	(1,114.11)	(77,163.26)
Total	**(1,873.23)**	**(129,739.91)**	(1,928.80)	(133,588.69)
Profit(loss)	**(1,873.23)**	**(129,739.91)**	(1,928.80)	(133,588.69)
Financial income and expenses				
Interest income	0.00	0.00	0.04	2.77
Interest charges	(23.98)	(1,660.85)	(3.00)	(207.78)
Total financial income and expenses	**(23.98)**	**(1,660.85)**	(2.96)	(205.01)
Profit before appropriations and taxes	**(1,897.21)**	**(131,400.76)**	(1,931.76)	(133,793.70)
Profit/loss for the financial year	**(1,897.21)**	**(131,400.76)**	(1,931.76)	(133,793.70)

BALANCE SHEET

	appendix	Eur 31-03-2017	Rs. 31-03-2017	Eur 31-03-2016	Rs. 31-03-2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		52,142.00	3,611,354.92	52,142.00	3,611,354.92
Total tangible assets		**52,142.00**	**3,611,354.92**	**52,142.00**	**3,611,354.92**
TOTAL NON-CURRENT ASSETS		**52,142.00**	**3,611,354.92**	**52,142.00**	**3,611,354.92**
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		1,929.59	133,643.40	307.82	21,319.61
Total cash and cash equivalents		1,929.59	133,643.40	307.82	21,319.61
TOTAL CURRENT ASSETS		**1,929.59**	**133,643.40**	**307.82**	**21,319.61**
TOTAL ASSETS		**54,071.59**	**3,744,998.32**	**52,449.82**	**3,632,674.53**
LIABILITIES					
EQUITY	2				
Invested unrestricted equity fund		59,962.15	4,152,978.51	56,443.17	3,909,253.95
Profit(loss) from previous years		(6,652.50)	(460,752.15)	(4,720.74)	(326,958.45)
Profit(loss) for the financial year		(1,897.21)	(131,400.76)	(1,931.76)	(133,793.70)
TOTAL EQUITY		**53,912.44**	**3,733,975.59**	**52,290.67**	**3,621,651.80**
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		159.15	11,022.73	159.15	11,022.73
Total short-term borrowed capital		159.15	11,022.73	159.15	11,022.73
TOTAL LIABILITIES		**54,071.59**	**3,744,998.32**	**52,449.82**	**3,632,674.53**

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	3,611,354.92
Acquisition cost 31.3.	52,142.00	3,611,354.92
Book value 31.3.	**52,142.00**	**3,611,354.92**

2 LIABILITIES

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
EQUITY				
Share capital in the beginning of the year	2,500.00	173,150.00	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	**2,500.00**	**173,150.00**
Invested unrestricted equity fund in the beginning of the year	56,443.17	3,909,253.95	56,443.17	3,909,253.95
Additions	3,518.98	243,724.55	0.00	0.00
Invested unrestricted equity fund in the end of the year	**59,962.15**	**4,152,978.51**	**56,443.17**	**3,909,253.95**
Profit/loss from prev. financial period	(6,652.50)	(460,752.15)	(4,720.74)	(326,958.45)
Profit/loss for the financial year	(1,897.21)	(131,400.76)	(1,931.76)	(133,793.70)
Total equity	**53,912.44**	**3,733,975.59**	**52,290.67**	**3,621,651.80**

3 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
Accruals and deferred income	159.15	11,022.73	159.15	11,022.73
Total short-term borrowed capital	**159.15**	**11,022.73**	159.15	11,022.73

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	25.00	2,500.00	25.00	2,500.00
Total	**25.00**	**2,500.00**	**25.00**	**2,500.00**

	2017		2016	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	25.00	173,150.00	25.00	173,150.00
Total	**25.00**	**173,150.00**	**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 1,897.21 (Rs 131,400.76). 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 24th 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 1,207.95 (RS 83,662.62).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

EeroSuomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period.

This shall be taken into account when comparing financial years.

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 69.26 = 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.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Property management expenses				
Administration	**(1,141.72)**	**(79,075.53)**	(877.56)	(60,779.81)
Property tax	**(66.23)**	**(4,587.09)**	(42.20)	(2,922.77)
Total	**(1,207.95)**	**(83,662.62)**	(919.76)	(63,702.58)
Profit(loss)	**(1,207.95)**	**(83,662.62)**	(919.76)	(63,702.58)
Financial income and expenses				
Interest charges	**0.00**	**0.00**	(3.00)	(207.78)
Total financial income and expenses	**0.00**	**0.00**	(3.00)	(207.78)
Profit before appropriations and taxes	**(1,207.95)**	**(83,662.62)**	(922.76)	(63,910.36)
Profit/loss for the financial year	**(1,207.95)**	**(83,662.62)**	(922.76)	(63,910.36)

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**307,229.00**	**21,278,680.54**	307,958.00	21,329,171.08
Total tangible assets		**307,229.00**	**21,278,680.54**	307,958.00	21,329,171.08
TOTAL NON-CURRENT ASSETS		**307,229.00**	**21,278,680.54**	307,958.00	21,329,171.08
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,466.92**	**101,598.88**	1,421.84	98,476.64
Total cash and cash equivalents		**1,466.92**	**101,598.88**	1,421.84	98,476.64
TOTAL CURRENT ASSETS		**1,466.92**	**101,598.88**	1,421.84	98,476.64
TOTAL ASSETS		**308,695.92**	**21,380,279.42**	309,379.84	21,427,647.72
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**316,541.01**	**21,923,630.35**	316,041.01	21,889,000.35
Profit(loss) from previous years		**(9,161.17)**	**(634,502.63)**	(8,238.41)	(570,592.28)
Profit(loss) for the financial year		**(1,207.95)**	**(83,662.62)**	(922.76)	(63,910.36)
TOTAL EQUITY		**308,671.89**	**21,378,615.10**	309,379.84	21,427,647.72
Short-term borrowed capital					
Other current liabilities	3	**24.03**	**1,664.32**	0.00	0.00
Total short-term borrowed capital		**24.03**	**1,664.32**	0.00	0.00
TOTAL LIABILITIES		**308,695.92**	**21,380,279.42**	309,379.84	21,427,647.72

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 1.10.2014	307,958.00	21,329,171.08
Deduction	1,000.00	69,260.00
Additions	271.00	18,769.46
Acquisition cost 31.3.2016	307,229.00	21,278,680.54
Book value 31.3.2016	307,229.00	21,278,680.54

2 LIABILITIES

	Eur	**Rs.**	Eur	Rs.
	2017	**2017**	2016	2016
EQUITY				
Share capital in the beginning of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**316,041.01**	**21,889,000.35**	316,041.01	21,889,000.35
Additions	**500.00**	**34,630.00**	0.00	0.00
Invested unrestricted equity fund in the end of the year	**316,541.01**	**21,923,630.35**	316,041.01	21,889,000.35
Profit/loss from prev. financial period 1.10.	**(9,161.17)**	**(634,502.63)**	(8,238.41)	(570,592.28)
Profit/loss for the financial year	**(1,207.95)**	**(83,662.62)**	(922.76)	(63,910.36)
Total equity	**308,671.89**	**21,378,615.10**	309,379.84	21,427,647.72

3 **Borrowed capital**

	2017	2016
Accruals and deferred income	**24.03**	135.00
Total borrowed capital	**24.03**	135.00

BREAKDOWN OF SHARE CAPITAL

	2017		**2016**	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2017		**2016**	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	**25.00**	**173,150.00**	25.00	173,150.00
Total	**25.00**	**173,150.00**	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 1,207.95 (Rs. 83,662.62). 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 24th 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 1,261.45 (RS 87,368.03).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated: 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May, 2017

Eero Suomela
Authorised Public Accountant , KHT

Nokkalankulma 7 B
02230 Espoo
Finland

PROFIT AND LOSS STATEMENT

	Eur 1.4.2016-31.3.2017	**Rs. 1.4.2016-31.3.2017**	Eur 1.10.2014-31.3.2016	Rs. 1.10.2014-31.3.2016
Property management expenses				
Administration	(1,128.77)	(78,178.61)	(782.74)	(54,212.57)
Property tax	(124.51)	(8,623.56)	(155.62)	(10,778.24)
Total	**(1,253.28)**	**(86,802.17)**	**(938.36)**	**(64,990.81)**
Profit(loss)	**(1,253.28)**	**(86,802.17)**	**(938.36)**	**(64,990.81)**
Financial income and expenses				
Interest income	0.00	0.00	0.00	0.00
Interest charges	(8.17)	(565.85)	(3.00)	(207.78)
Total financial income and expenses	**(8.17)**	**(565.85)**	**(3.00)**	**(207.78)**
Profit before appropriations and taxes	**(1,261.45)**	**(87,368.03)**	**(941.36)**	**(65,198.59)**
Profit/loss for the financial year	**(1,261.45)**	**(87,368.03)**	**(941.36)**	**(65,198.59)**

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		108,666.66	7,526,252.87	108,666.66	7,526,252.87
Total tangible assets		**108,666.66**	**7,526,252.87**	**108,666.66**	**7,526,252.87**
TOTAL NON-CURRENT ASSETS		**108,666.66**	**7,526,252.87**	**108,666.66**	**7,526,252.87**
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		1,479.64	102,479.87	1,002.92	69,462.24
Total cash and cash equivalents		1,479.64	102,479.87	1,002.92	69,462.24
TOTAL CURRENT ASSETS		**1,479.64**	**102,479.87**	**1,002.92**	**69,462.24**
TOTAL ASSETS		**110,146.30**	**7,628,732.74**	**109,669.58**	**7,595,715.11**
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	**2,500.00**	173,150.00
Invested unrestricted equity fund		**115,412.28**	**7,993,454.51**	**113,674.11**	7,873,068.86
Profit(loss) from previous years		**(6,535.64)**	**(452,658.43)**	**(5,594.28)**	(387,459.83)
Profit(loss) for the financial year		**(1,261.45)**	**(87,368.03)**	**(941.36)**	(65,198.59)
TOTAL EQUITY		**110,115.19**	**7,626,578.06**	**109,638.47**	**7,593,560.43**
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		31.11	2,154.68	31.11	2,154.68
Total short-term borrowed capital		31.11	2,154.68	31.11	2,154.68
TOTAL LIABILITIES		**110,146.30**	**7,628,732.74**	**109,669.58**	**7,595,715.11**

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 – 31.3.2016 financial period, i.e. a eighteenth-month period. This shall be taken into account when comparing financial years.

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. 69.26 = 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	7,526,252.87
Acquisition cost 31.3.	108,666.66	7,526,252.87
Book value 31.3.	**108,666.66**	**7,526,252.87**

2. Liabilities

	Eur	Rs.	Eur	Rs.
	2017	**2017**	**2016**	**2016**
EQUITY				
Share capital in the beginning of the year.........	2,500.00	173,150.00	2,500.00	173,150.00
Share capital in the end of the year...........................	**2,500.00**	**173,150.00**	**2,500.00**	**173,150.00**
Invested unrestricted equity fund in the beginning of the year.................................	113,674.11	7,873,068.86	113,674.11	7,873,068.86
Additions	1,738.17	120,385.65	0.00	0.00
Invested unrestricted equity fund in the end of the year...........................	**115,412.28**	**7,993,454.51**	**113,674.11**	**7,873,068.86**
Profit/loss from prev. financial period 1.10.	(6,535.64)	(452,658.43)	(5,594.28)	(387,459.83)
Profit/loss for the financial year.................................	(1,261.45)	(87,368.03)	(941.36)	(65,198.59)
Total equity	**110,115.19**	**7,626,578.06**	**109,638.47**	**7,593,560.43**

3. Short-term borrowed capital

	2017	2017	2016	2016
	Eur	**Rs.**	**Eur**	**Rs.**
Accruals and deferred income...........................	31.11	2,154.68	31.11	2,154.68
Total short-term borrowed capital..........	**31.11**	**2,154.68**	**31.11**	**2,154.68**

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share..................	25.00	2,500.00	25.00	2,500.00
Total	**25.00**	**2,500.00**	**25.00**	**2,500.00**

	2017		2016	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share..................	25.00	173,150.00	25.00	173,150.00
Total	**25.00**	**173,150.00**	**25.00**	**173,150.00**

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 1,261.45 (Rs. 87,368.03). The Board of Directors proposes to the Annual Genera l Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 24, 2017

Riku Rauhala	**Tapio Anttila**
Chair of the Board of Director	Board Member
Anne Oravainen	**Ilpo Antikainen**
Board Member	CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

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, 2016 and ended on March 31, 2017.

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 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 3,802.63 (RS 263,370.15) and made profit of Euro 1,751.13 (RS 121,283.26).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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 Mällösniemi

Tapio Anttila
Chair of the Board of Directors

Place : Tampere
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemi

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

Place : Helsinki
Dated : 9 May 2017

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.

Comparability of the previous financial year data

The reference figures used are from the 1.1.2015 - 31.3.2016 financial period, i.e. a fifteen-month period.

This shall be taken into account when comparing financial years.

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 69.26 = 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

	appendix	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.1.2015- 31.3.2016	Rs. 1.1.2015- 31.3.2016
TURNOVER					
Considerations		**3,802.63**	**263,370.15**	8,316.00	575,966.16
Total		**3,802.63**	**263,370.15**	8,316.00	575,966.16
Depreciation	1				
Machines and equipment		**0.00**	**0.00**	0.00	0.00
Impairments from non-current assets		**0.00**	**0.00**	(522,805.78)	(36,209,528.32)
Total		**0.00**	**0.00**	(522,805.78)	(36,209,528.32)
Property management expenses					
Administration		**(2,180.00)**	**(150,986.80)**	(1,250.74)	(86,626.25)
Operation and maintenance		**0.00**	**0.00**	(114.10)	(7,902.57)
Cleaning		**0.00**	**0.00**	(651.27)	(45,106.96)
Water and sewage		**0.00**	**0.00**	206.06	14,271.72
Electricity		**0.00**	**0.00**	(5,290.23)	(366,401.33)
Waste management		**0.00**	**0.00**	(111.34)	(7,711.41)
Indemnity insurance		**(248.91)**	**(17,239.51)**	(651.76)	(45,140.90)
Rents		**(833.38)**	**(57,719.90)**	(10,638.65)	(736,832.90)
Property tax		**(216.50)**	**(14,994.79)**	(2,594.16)	(179,671.52)
Repairs		**(573.87)**	**(39,746.24)**	(5,993.18)	(415,087.65)
Other expenses		**0.00**	**0.00**	(1,814.12)	(125,645.95)
Total		**(4,052.66)**	**(280,687.23)**	(28,903.49)	(2,001,855.72)
Profit(loss)		**(250.03)**	**(17,317.08)**	(543,393.27)	(37,635,417.88)
Financial income and expenses					
Interest income		**2,004.16**	**138,808.12**	1,301.74	90,158.51
Interest charges		**(3.00)**	**(207.78)**	(61.68)	(4,271.96)
Total financial income and expenses		**2,001.16**	**138,600.34**	1,240.06	85,886.56
Profit/loss before extraordinary items		**1,751.13**	**121,283.26**	(542,153.21)	(37,549,531.32)
Profit before appropriations and taxes		**1,751.13**	**121,283.26**	(542,153.21)	(37,549,531.32)
Profit/loss for the financial year		**1,751.13**	**121,283.26**	(542,153.21)	(37,549,531.32)

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	2				
Buildings and structures		**200,000.00**	**13,852,000.00**	200,000.00	13,852,000.00
Machines and equipment		**5,000.00**	**346,300.00**	5,000.00	346,300.00
Total tangible assets		**205,000.00**	**14,198,300.00**	205,000.00	14,198,300.00
TOTAL NON-CURRENT ASSETS		**205,000.00**	**14,198,300.00**	205,000.00	14,198,300.00
CURRENT ASSETS					
Short-term receivables	3				
Accounts receivable		**3,802.63**	**263,370.15**	0.00	0.00
Receivables from companies in the same Group		**94,543.59**	**6,548,089.04**	95,548.16	6,617,665.56
Accrued income		**749.97**	**51,942.92**	0.00	0.00
Total short-term receivables		**99,096.19**	**6,863,402.12**	95,548.16	6,617,665.56
Cash and cash equivalents					
Cash at bank		**35,795.25**	**2,479,179.02**	27.62	1,912.96
Total cash and cash equivalents		**35,795.25**	**2,479,179.02**	27.62	1,912.96
TOTAL CURRENT ASSETS		**134,891.44**	**9,342,581.13**	95,575.78	6,619,578.52
TOTAL ASSETS		**339,891.44**	**23,540,881.13**	300,575.78	20,817,878.52
LIABILITIES					
EQUITY	4				
Share capital		**9,000.00**	**623,340.00**	9,000.00	623,340.00
Building fund		**836,372.70**	**57,927,173.20**	836,372.70	57,927,173.20
Profit(loss) from previous years		**(545,732.39)**	**(37,797,425.33)**	(3,579.18)	(247,894.01)
Profit(loss) for the financial year		**1,751.13**	**121,283.26**	(542,153.21)	(37,549,531.32)
TOTAL EQUITY		**301,391.44**	**20,874,371.13**	299,640.31	20,753,087.87
BORROWED CAPITAL					
Short-term borrowed capital	5				
Trade payables		**1,000.00**	**69,260.00**	0.00	0.00
Accruals and deferred income		**37,500.00**	**2,597,250.00**	935.47	64,790.65
Total short-term borrowed capital		**38,500.00**	**2,666,510.00**	935.47	64,790.65
TOTAL LIABILITIES		**339,891.44**	**23,540,881.13**	300,575.78	20,817,878.52

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE PROFIT AND LOSS STATEMENT

1. DEPRECIATION AND IMPAIRMENTS

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Machines and equipment	**0.00**	**0.00**	0.00	0.00
Impairments from non-current assets	**0.00**	**0.00**	522,805.78	36,209,528.32
TOTAL	**0.00**	**0.00**	522,805.78	36,209,528.32

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2. 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
Acquisition cost 31.3.	200,000.00	5,000.00	205,000.00
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
Book value 31.3.	**200,000.00**	**5,000.00**	**205,000.00**

Rs.	**Buildings and structures**	**Machines and equipment**	**Total**
Acquisition cost 1.4.	13,852,000.00	346,300.00	14,198,300.00
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	13,852,000.00	346,300.00	14,198,300.00
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
Book value 31.3.	**13,852,000.00**	**346,300.00**	**14,198,300.00**

CURRENT ASSETS

RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Accounts receivable	**3,802.63**	**263,370.15**	0.00	0.00
Receivables from companies in the same Group	**94,543.59**	**6,548,089.04**	95,548.16	6,617,665.56
Other accrued income	**749.97**	**51,942.92**	0.00	0.00
TOTAL	**99,096.19**	**6,863,402.12**	95,548.16	6,617,665.56

NOTES TO THE FINANCIAL STATEMENTS

4. LIABILITIES

	Eur	**Rs.**	Eur	Rs.
EQUITY	**2017**	**2017**	2016	2016
Share capital in the beginning of the year	**9,000.00**	**623,340.00**	9,000.00	623,340.00
Share capital in the end of the year	**9,000.00**	**623,340.00**	9,000.00	623,340.00
Building fund in the beginning of the year	**836,372.70**	**57,927,173.20**	836,372.70	57,927,173.20
Building fund in the end of the year	**836,372.70**	**57,927,173.20**	836,372.70	57,927,173.20
Profit/loss from prev. financial period	**(545,732.39)**	**(37,797,425.33)**	(3,579.18)	(247,894.01)
Profit/loss for the financial year	**1,751.13**	**121,283.26**	(542,153.21)	(37,549,531.32)
Total equity	**301,391.44**	**20,874,371.13**	299,640.31	20,753,087.87

The company has no distributable assets

5. SHORT-TERM BORROWED CAPITAL

	Eur	**Rs.**	Eur	Rs.
	2017	**2017**	2016	2016
Trade payables	**1,000.00**	**69,260.00**	0.00	0.00
Accruals and deferred income	**37,500.00**	**2,597,250.00**	935.47	64,790.65
Total borrowed capital	**38,500.00**	**2,666,510.00**	935.47	64,790.65

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**45.00**	**9,000.00**	45.00	9,000.00
Total	**45.00**	**9,000.00**	45.00	9,000.00

	2017		2016	
Rs.	**No.**	**Rs.**	No.	Rs.
1 vote/share	**45.00**	**623,340.00**	45.00	623,340.00
Total	**45.00**	**623,340.00**	45.00	623,340.00

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

Profit for the financial year EUR 1,751.13 (Rs. 121,283.26). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

Helsinki, April 24th, 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 1,606.32 (RS 111,253.72).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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 1

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteisto Oy Rauhan Ranta 1

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteisto Oy Rauhan Ranta 1 (business identity code 2145035-0) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company's ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period.
This shall be taken into account when comparing financial years.

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 69.26 = 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 1.4.2016-31.3.2017	**Rs. 1.4.2016-31.3.2017**	Eur 1.10.2014-31.3.2016	Rs. 1.10.2014-31.3.2016
Property management expenses				
Administration	**(1,274.80)**	**(88,292.65)**	(988.35)	(68,453.12)
Outdoor area management	**0.00**	**0.00**	(2,976.00)	(206,117.76)
Property tax	**(291.69)**	**(20,202.45)**	0.00	0.00
Total	**(1,566.49)**	**(108,495.10)**	(3,964.35)	(274,570.88)
Profit(loss)	**(1,566.49)**	**(108,495.10)**	(3,964.35)	(274,570.88)
Financial income and expenses				
Interest income	**0.00**	**0.00**	0.31	21.47
Interest charges	**(39.83)**	**(2,758.63)**	0.00	0.00
Total financial income and expenses	**(39.83)**	**(2,758.63)**	0.31	21.47
Profit before appropriations and taxes	**(1,606.32)**	**(111253.72)**	(3,964.04)	(274,549.41)
Profit/loss for the financial year	**(1,606.32)**	**(111,253.72)**	(3,964.04)	(274,549.41)

BALANCE SHEET

		Eur	Rs	Eur	Rs
		31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
Total tangible assets		**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
TOTAL NON-CURRENT ASSETS		**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**3,112.27**	**215,555.82**	1,289.48	89,309.38
Total cash and cash equivalents		**3,112.27**	**215,555.82**	1,289.48	89,309.38
TOTAL CURRENT ASSETS		**3,112.27**	**215,555.82**	1,289.48	89,309.38
TOTAL ASSETS		**127,912.27**	**8,859,203.82**	126,089.48	8,732,957.38
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
Invested unrestricted equity fund		**12,636.76**	**875,222.00**	7,777.97	538,702.20
Profit(loss) from previous years		**(10,476.49)**	**(725,601.70)**	(6,512.45)	(451,052.29)
Profit(loss) for the financial year		**(1,606.32)**	**(111,253.72)**	(3,964.04)	(274,549.41)
TOTAL EQUITY		**127,853.95**	**8,855,164.58**	124,601.48	8,629,898.50
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	3	**58.32**	**4,039.24**	1,488.00	103,058.88
Total short-term borrowed capital		**58.32**	**4,039.24**	1,488.00	103,058.88
TOTAL LIABILITIES		**127,912.27**	**8,859,203.82**	126,089.48	8,732,957.38

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas	Rs Land areas
Acquisition cost 1.4.	124,800.00	8,643,648.00
Acquisition cost 31.3.	124,800.00	8,643,648.00
Book value 31.3.	**124,800.00**	**8,643,648.00**

2 LIABILITIES

EQUITY	**Eur 2017**	**Rs 2017**	Eur 2016	Rs 2016
Share capital in the beginnig of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
Building fund in the end of the year	**124,800.00**	**8,643,648.00**	124,800.00	8,643,648.00
Invested unrestricted equity fund in the beginning of the year	**7,777.97**	**538,702.20**	7777.97	538702.20
Additions	**4,858.79**	**336,519.80**	0.00	0.00
Invested unrestricted equity fund in the end of the year	**126,36.76**	**875,222.00**	7,777.97	538,702.20
Profit/loss from prev. financial period	**(10,476.49)**	**(725,601.70)**	(6,512.45)	(451,052.29)
Profit/loss for the financial year	**(1,606.32)**	**(111,253.72)**	(3,964.04)	(274,549.41)
Total equity	**127,853.95**	**8,855,164.58**	124,601.48	8,629,898.50

BREAKDOWN OF SHARE CAPITAL

Eur	**2017 No.**	**Eur**	2016 No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

Rs	**2017 No.**	**Rs**	2016 No.	Rs
1 vote/share	**25.00**	**173,150.00**	25.00	173,150.00
Total	**25.00**	**173,150.00**	25.00	173,150.00

3 Short-term borrowed capital

	Eur 31.3.2017	**Rs 31.3.2017**	Eur 31.3.2016	Rs 31.3.2016
Accruals and deferred income	**58.32**	**4,039.24**	1,488.00	103,058.88
Total short-term borrowed capital	**58.32**	**4,039.24**	1,488.00	103,058.88

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 1,606.32 (Rs 111,253.72). 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 24th, 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 1,671.37 (RS 115,759.09).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR’S REPORT

To the Annual General Meeting of Kiinteisto Oy Rauhan Ranta 2

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteisto Oy Rauhan Ranta 2 (business identity code 2145034-2) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company’s ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

PROFIT AND LOSS STATEMENT

	Eur 1.4.2016-31.3.2017	**Rs 1.4.2016-31.3.2017**	Eur 1.10.2014-31.3.2016	Rs 1.10.2014-31.3.2016
Property management expenses				
Administration	**(1286.75)**	**(89120.31)**	(1030.55)	(71375.89)
Outdoor area management	**0.00**	**0.00**	(4438.20)	(307389.73)
Property tax	**(381.62)**	**(26431.00)**	(667.83)	(46253.91)
Total	**(1668.37)**	**(115551.31)**	(6136.58)	(425019.53)
Profit(loss)	**(1668.37)**	**(115551.31)**	(6136.58)	(425019.53)
Financial income and expenses				
Interest income	**0.00**	**0.00**	0.01	0.69
Interest charges	**(3.00)**	**(207.78)**	(7.29)	(504.91)
Total financial income and expenses	**(3.00)**	**(207.78)**	(7.28)	(504.21)
Profit before appropriations and taxes	**(1671.37)**	**(115759.09)**	(6143.86)	(425523.74)
Profit/loss for the financial year	**(1671.37)**	**(115759.09)**	(6143.86)	(425523.74)

BALANCE SHEET

	Notes	Eur 31.03.2017	Rs 31.03.2017	Eur 31.03.2016	Rs 31.03.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
Total tangible assets		**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
TOTAL NON-CURRENT ASSETS		**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
CURRENT ASSETS					
Cash and cash equivalents					
Cash at bank		**3,859.71**	**267,323.51**	6,250.18	432,887.47
Total cash and cash equivalents		**3,859.71**	**267,323.51**	6,250.18	432,887.47
TOTAL CURRENT ASSETS		**3,859.71**	**267,323.51**	6,250.18	432,887.47
TOTAL ASSETS		**206,659.71**	**14,313,251.51**	209,050.18	14,478,815.47
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
Invested unrestricted equity fund		**29,855.11**	**2,067,764.92**	28,355.11	1,963,874.92
Profit(loss) from previous years		**(26,919.43)**	**(1,864,439.72)**	(20,775.57)	(1,438,915.98)
Profit(loss) for the financial year		**(1,671.37)**	**(115,759.09)**	(6,143.86)	(425,523.74)
TOTAL EQUITY		**206,564.31**	**14,306,644.11**	206,735.68	14,318,513.20
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	3	**95.40**	**6,607.40**	2,314.50	160,302.27
Total short-term borrowed capital		**95.40**	**6,607.40**	2,314.50	160,302.27
TOTAL LIABILITIES		**206,659.71**	**14,313,251.51**	209,050.18	14,478,815.47

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period.
This shall be taken into account when comparing financial years.

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 69.26 = 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	14,045,928.00
Acquisition cost 31.3.	202,800.00	14,045,928.00
Book value 31.3.	**202,800.00**	**14,045,928.00**

2 LIABILITIES

	Eur	**Rs**	Eur	Rs
EQUITY	**2017**	**2017**	2016	2016
Share capital in the beginning of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end on the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund in the beginning on the year	**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
Building fund in the end of the year	**202,800.00**	**14,045,928.00**	202,800.00	14,045,928.00
Invested unrestricted equity fund in the beginning of the year	**28,355.11**	**1,963,874.92**	21,788.34	1,509,060.43
Additions	**1,500.00**	**103,890.00**	6,566.77	454,814.49
Invested unrestricted equity fund in the end of the year	**29,855.11**	**2,067,764.92**	28,355.11	1,963,874.92
Profit/loss from prev. financial period	**(26,919.43)**	**(1,864,439.72)**	(20,775.57)	(1,438,915.98)
Profit/loss for the financial year	**(1,671.37)**	**(115,759.09)**	(6,143.86)	(425,523.74)
Total equity	**206,564.31**	**14,306,644.11**	206,735.68	14,318,513.20

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2017		2016	
Rs.	**No.**	**Rs**	No.	Rs
1 vote/share	**25.00**	**173,150.00**	25.00	173,150.00
Total	**25.00**	**173,150.00**	25.00	173,150.00

3 Short-term borrowed capital

	Eur	**Rs**	Eur	Rs
	31.03.2017	**31.03.2017**	31.03.2016	31.03.2016
Accruals and deferred income	**95.40**	**6,607.40**	2,314.50	160,302.27
Total short-term borrowed capital	**95.40**	**6,607.40**	2,314.50	160,302.27

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 1,671.37 (Rs 115,759.09). 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 24th 2017

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.

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, 2016 and ended on March 31, 2017.

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 0 (RS 0) and made loss of Euro 3,479.39 (RS 240,982.55).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

Auditor’s Report

To the Annual General Meeting of Kiinteisto Oy Tiurunniemi

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteisto Oy Tiurunniemi (business identity code 2452737-6) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of Financial Statements* section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company’s ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

PROFIT AND LOSS STATEMENT

	appendix	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs. 1.10.2014- 31.3.2016
Depreciation					
Impairments land and water areas	1	**0.00**	**0.00**	(577,229.00)	(39,978,880.54)
Total		**0.00**	**0.00**	(577,229.00)	(39,978,880.54)
Property management expenses					
Administration		**(1,140.85)**	**(79,015.27)**	(805.48)	(55,787.54)
Property tax		**(2,335.54)**	**(61,759.50)**	(3,922.58)	(27,1677.89)
Reparations		**0.00**	**0.00**	(2,202.24)	(152,527.14)
Total		**(3,476.39)**	**(240,774.77)**	(6,930.30)	(479,992.58)
Profit(loss)		**(3,476.39)**	**(240,774.77)**	(584,159.30)	(40,458,873.12)
Financial income and expenses					
Interest charges		**(3.00)**	**(207.78)**	(28.14)	(1948.98)
Total financial income and expenses		**(3.00)**	**(207.78)**	(28.14)	(1948.98)
Profit before appropriations and taxes		**(3,479.39)**	**(240,982.55)**	(584,187.44)	(40,460,822.09)
Profit/loss for the financial year		**(3,479.39)**	**(240,982.55)**	(584,187.44)	(40,460,822.09)

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	2	**360,000.00**	**24,933,600.00**	360,000.00	24,933,600.00
Total tangible assets		**360,000.00**	**24,933,600.00**	360,000.00	24,933,600.00
TOTAL NON-CURRENT ASSETS		**360,000.00**	**24,933,600.00**	360,000.00	24,933,600.00
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**3,099.61**	**214,678.99**	4,488.84	310,897.06
Total cash and cash equivalents		**3,099.61**	**214,678.99**	4,488.84	310,897.06
TOTAL CURRENT ASSETS		**3,099.61**	**214,678.99**	4,488.84	310,897.06
TOTAL ASSETS		**363,099.61**	**25,148,278.99**	364,488.84	25,244,497.06
LIABILITIES					
EQUITY	3				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**975,188.63**	**67,541,564.51**	973,088.63	67,396,118.51
Profit(loss) from previous years		**(611,686.11)**	**(42,365,379.98)**	(27,498.67)	(1,904,557.88)
Profit(loss) for the financial year		**(3,479.39)**	**(240,982.55)**	(584,187.44)	(40,460,822.09)
TOTAL EQUITY		**362,523.13**	**25,108,351.98**	363,902.52	25,203,888.54
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	4	**576.48**	**39,927.00**	586.32	40,608.52
Total short-term borrowed capital		**576.48**	**39,927.00**	586.32	40,608.52
TOTAL LIABILITIES		**363,099.61**	**25,148,278.99**	364,488.84	25,244,497.06

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2016 financial period, i.e. a eighteenth-month period.

This shall be taken into account when comparing financial years.

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. 69.26 = 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 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Impairments land and water areas	**0.00**	**0.00**	577,229.00	39,978,880.54
Total depreciation and impairments	**0.00**	**0.00**	577,229.00	39,978,880.54

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2 Tangible assets

	Eur Land areas	**Rs. Land areas**
Acquisition cost 1.10.	937,229.00	64,912,480.54
Accrued deductions.......................................	(577,229.00)	(39,978,880.54)
Acquisition cost 31.3.	**360,000.00**	**24,933,600.00**
Book value 31.3.	**360,000.00**	**24,933,600.00**

LIABILITIES

3 Equity

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Share capital in the beginning of the year......	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year......	**973,088.63**	**67,396,118.51**	966,564.25	66,944,239.96
Additions	**2,100.00**	**145,446.00**	6,524.38	451878.56
Invested unrestricted equity fund in the end of the year	**975,188.63**	**67,541,564.51**	973,088.63	67,396,118.51
Profit/loss from prev. financial period................	**(611686.11)**	**(42,365,379.98)**	(27,498.67)	(1904,557.88)
Profit/loss for the financial year	**(3,479.39)**	**(240,982.55)**	(584,187.44)	(40,460,822.09)
Total equity	**362,523.13**	**25,108,351.98**	363,902.52	25,203,888.54

4 Short-term borrowed capital

	Eur 2017	**Rs. 2017**	Eur 2016	Rs. 2016
Accruals and deferred income........................	**576.48**	**39,927.00**	586.32	40,608.52
Total short-term borrowed capital	**576.48**	**39,927.00**	586.32	40,608.52

BREAKDOWN OF SHARE CAPITAL

Eur	**2017 No.**	**Eur**	2016 No	Eur
1 vote/share	**2,500.00**	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	**2,500.00**	2,500.00	2,500.00

Rs.	**2017 No.**	**Rs.**	2016 No	Rs.
1 vote/share	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Total	**2,500.00**	**173,150.00**	2,500.00	173,150.00

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 3,479.39 (Rs. 240,982.55). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

Helsinki, 24 April 2017

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.

Eero Suomela
Authorized 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, 2017.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other real estate.

The Company's Resort Property is 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 680,528.07 and Rs. 47,133,374.13 and made loss of Euro 271,052.08 (Rs. 18,773,067.06).

Dividends

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

During the period under review, Riku Rauhala is resigned and Marko Hiltunen was appointed as Director of the Company with effect from October 3rd 2016.

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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

Name of Director: Iiro Rossi
Chair of the Board of Directors

Place : Tampere
Dated : April 24, 2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan liikekiinteistöt 1.

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Rauhan liikekiinteistöt 1 (business identity code 2384842-6) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

ACCOUNTING PRINCIPLES

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 69.26 = 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

	appendix	Eur 1.4.2016 -31.3.2017	Rs 1.4.2017 -31.3.2017	Eur 1.10.2014 -31.3.2016	Rs 1.10.2014 -31.3.2016
TURNOVER	1	**680,528.07**	**47,133,374.13**	1,311,697.59	90,848,175.08
Other operating income		**0.00**	**0.00**	0.00	0.00
Depreciation and impairments	2	**389,134.64**	**26,951,465.17**	583,701.96	40,427,197.75
Other operating expenses	3	**352,836.07**	**24,437,426.21**	588,138.00	40,734,437.88
Total		**741,970.71**	**51,388,891.37**	139,857.63	9,686,539.45
Profit(loss)		**(61,442.64)**	**(4,255,517.25)**	139,857.63	9,686,539.45
Financial income and expenses	4				
Interest income		**0.13**	**9.00**	33.25	2,302.90
Interest charges		**(206,858.85)**	**(14,327,043.95)**	(359,723.75)	(24,914,466.93)
Total financial income and expenses		**(206,858.72)**	**(14,327,034.95)**	(359,690.50)	(24,912,164.03)
		(268,301.36)	**(18,582,552.19)**	(219,832.87)	(15,225,624.58)
Profit before appropriations and taxes		**(268,301.36)**	**(18,582,552.19)**	(219,832.87)	(15,225,624.58)
Change in depreciation difference	5	**2,750.72**	**190,514.87**	22,807.15	1,579,623.21
Profit/loss for the financial year		**(271,052.08)**	**(18,773,067.06)**	(242,640.02)	(16,805,247.79)

BALANCE SHEET

	appendix	Eur 1.4.2016- 31.3.2017	Rs 1.4.2016- 31.3.2017	Eur 1.10.2014- 31.3.2016	Rs 1.10.2014- 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	6	**9,672,155.09**	**669,893,461.53**	10,061,289.73	696,844,926.70
Investments					
Other receivables	7	**93,603.26**	**6,482,961.79**	93,603.26	6,482,961.79
Total tangible assets		**9,765,758.35**	**676,376,423.32**	10,154,892.99	703,327,888.49
TOTAL NON-CURRENT ASSETS		**9,765,758.35**	**676,376,423.32**	10,154,892.99	703,327,888.49
CURRENT ASSETS					
Short-term receivables					
Short-term receivables	8	**16,472.41**	**1,140,879.12**	55,168.26	3,820,953.69
Total short-term receivables		**16,472.41**	**1,140,879.12**	55,168.26	3,820,953.69
Cash and cash equivalents					
Cash at bank		**113,140.14**	**7,836,086.10**	61,091.06	4,231,166.82
Total cash and cash equivalents		**129,612.55**	**8,976,965.21**	61,091.06	4,231,166.82
TOTAL CURRENT ASSETS		**129,612.55**	**8,976,965.21**	116,259.32	8,052,120.50
TOTAL ASSETS		**9,895,370.90**	**685,353,388.53**	10,271,152.31	711,380,008.99
LIABILITIES					
EQUITY	9				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**4,873,919.95**	**337,567,695.74**	4,873,919.95	337,567,695.74
Profit(loss) from previous years		**(2,923,081.41)**	**(202,452,618.46)**	(2,680,441.39)	(185,647,370.67)
Profit(loss) for the financial year		**(271,052.08)**	**(18,773,067.06)**	(242,640.02)	(16,805,247.79)
TOTAL EQUITY		**1,682,286.46**	**116,515,160.22**	1,953,338.54	135,288,227.28
ACCUMULATED APPROPRIATIONS					
Accumulated depreciation difference	10	**28,307.87**	**1,960,603.08**	25,557.15	1,770,088.21
BORROWED CAPITAL					
Long-term borrowed capital	11	**5,150,818.40**	**356,745,682.38**	5,473,431.96	379,089,897.55
Short-term borrowed capital	12	**3,033,958.17**	**210,131,942.85**	2,818,824.66	195,231,795.95
TOTAL BORROWED CAPITAL		**8,184,776.57**	**566,877,625.24**	8,292,256.62	574,321,693.50
TOTAL LIABILITIES		**9,895,370.90**	**685,353,388.53**	10,271,152.31	711,380,008.99

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

Comparability of the previous financial year data

The reference figures used are from the 1.10.2014 - 31.3.2017 financial period, i.e. a eighteen-month period.

This shall be taken into account when comparing financial years.

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 271,052.08 (Rs 18,773,067.06) 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**	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Rent revenues	**662,270.97**	**45,868,887.38**	1,222,607.92	84,677,824.54
Service revenues	**18,257.10**	**1,264,486.75**	43,339.67	3,001,705.54
Other revenues	**0.00**	**0.00**	45,750.00	3,168,645.00
TOTAL	**680,528.07**	**47,133,374.13**	1,311,697.59	90,848,175.08

2 DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	**Rs**	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Store and warehouse buildings	**314,372.01**	**21,773,405.41**	471,558.01	32,660,107.77
Building elements	**43,535.52**	**3,015,270.12**	65,303.29	4,522,905.87
Machines and equipment	**21,627.11**	**1,497,893.64**	32,440.66	2,246,840.11
Other tangible assets	**5,500.00**	**380,930.00**	8,250.00	571,395.00
Civil defence shelters	**4,100.00**	**283,966.00**	6,150.00	425,949.00
Total	**389,134.64**	**26,951,465.17**	583,701.96	40,427,197.75

3 OTHER OPERATING EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Marketing expenses	**0.00**	**0.00**	20,067.70	1,389,888.90
Operating and maintenance expenses	**18,945.78**	**1,312,184.72**	39,006.35	2,701,579.80
Property management expenses	**250,566.07**	**17,354,206.01**	419,682.05	29,067,178.78
Other business expenses	**83,324.22**	**5,771,035.48**	109,381.90	7,575,790.39
Total	**352,836.07**	**24,437,426.21**	588,138.00	40,734,437.88

4 FINANCIAL INCOME AND EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Other interest income	**0.13**	**9.00**	33.25	2,302.90
Total	**0.13**	**9.00**	33.25	2,302.90
Interest expenses to companies in the same Group	**63,021.37**	**4,364,860.09**	98,512.60	6,822,982.68
Other interest expenses	**143,837.48**	**9,962,183.86**	261,211.15	18,091,484.25
Total interest expenses	**206,858.85**	**14,327,043.95**	359,723.75	24,914,466.93
Total financial income and expenses	**(206,858.72)**	**(14,327,034.95)**	(359,690.50)	(24,912,164.03)

5 APPROPRIATIONS

	Eur	**Rs**	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.10.2014-31.3.2016	1.10.2014-31.3.2016
Retail and warehouse buildings	**2,391.90**	**165,662.99**	23,972.64	1,660,345.05
Building elements	**15,325.65**	**1,061,454.52**	24,531.69	1,699,064.85
Machines and equipment	**(14,966.83)**	**(1,036,602.65)**	(22,275.64)	(1,542,810.83)
Other tangible assets	**0.00**	**0.00**	(2,750.00)	(190,465.00)
Civil defence shelters	**0.00**	**0.00**	(671.54)	(46,510.8604)
Total	**2,750.72**	**190,514.87**	22,807.15	1,579,623.209

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

6 TANGIBLE ASSETS

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.10.2014	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
Acquisition cost 31.3.	**329,375.58**	**13,031,876.36**	**111,741.31**	**165,000.00**	**13,637,993.25**
Accumulated depreciation and impairments	**0.00**	(3,503,824.63)	(57,753.89)	(15,125.00)	(3,576,703.52)
Depreciation for the financial year	**0.00**	(362,007.53)	(21,627.11)	(5,500.00)	(389,134.64)
Accumulated depreciation	**0.00**	**(3,865,832.16)**	**(79,381.00)**	**(20,625.00)**	**(3,965,838.16)**
31.3.2017					
Book value 31.3.2017	**329,375.58**	**9,166,044.20**	**32,360.31**	**144,375.00**	**9,672,155.09**

Rs	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.10.2014	22,812,552.67	902,587,756.69	7,739,203.13	11,427,900.00	944,567,412.50
Acquisition cost 31.3.	**22,812,552.67**	**902,587,756.69**	**7,739,203.13**	**11,427,900.00**	**944,567,412.50**
Accumulated depreciation and impairments	**0.00**	(242,674,893.87)	(4,000,034.42)	(1,047,557.50)	(247,722,485.80)
Depreciation for the financial year	**0.00**	(25,072,641.53)	(1,497,893.64)	(380,930.00)	(26,951,465.17)
Accumulated depreciation	**0.00**	**(267,747,535.40)**	**(5,497,928.06)**	**(1,428,487.50)**	**(274,673,950.96)**
31.3.2016					
Book value 31.3.2016	**22,812,552.67**	**634,840,221.29**	**2,241,275.07**	**9,999,412.50**	**669,893,461.53**

7 OTHER RECEIVABLES

	Eur	**Rs**	Eur	Rs
	Other receivables	**Other receivables**	Other receivables	Other receivables
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Acquisition cost 1.10.2014	**93,603.26**	**6,482,961.78**	93,603.26	6,482,961.78
Acquisition cost 31.3.2016	**93,603.26**	**6,482,961.78**	93,603.26	6,482,961.78
Book value 31.3.2016	**93,603.26**	**6,482,961.78**	93,603.26	6,482,961.78

8 SHORT-TERM RECEIVABLES

	Eur	**Rs**	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Receivables from companies in the same Group	**222.39**	**15,402.73**	1,043.56	72,276.97
Accounts receivable	**30.09**	**2,084.03**	38,516.94	2,667,683.26
Accrued income	**16,219.93**	**1,123,392.35**	15,607.76	1,080,993.46
Total	**16,472.41**	**1,140,879.12**	55,168.26	3,820,953.69

LIABILITIES

9. EQUITY

	Eur	**Rs**	Eur	Rs
	2017	**2017**	2016	2016
Share capital 1.1.	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital 31.3.	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund 1.4	**4,873,919.95**	**337,567,695.74**	4,873,919.95	337,567,695.74
Building fund 31.3.	**4,873,919.95**	**337,567,695.74**	4,873,919.95	337,567,695.74
Profit/loss from prev. financial period 1.10.	**(2,923,081.41)**	**(202,452,618.46)**	(2,680,441.39)	(185,647,370.67)
Profit/loss for the financial year	**(271,052.08)**	**(18,773,067.06)**	(242,640.02)	(16,805,247.79)
Total equity	**1,682,286.46**	**116,515,160.22**	1,953,338.54	135,288,227.28

CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	**Rs**	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Profit/loss from prev. financial period 1.1.	**(2,923,081.41)**	**(202,452,618.46)**	(2,680,441.39)	(185,647,370.67)
Profit/loss from prev. financial period 1.1.	**(2,923,081.41)**	**(202,452,618.46)**	(2,680,441.39)	(185,647,370.67)
Profit/loss for the financial year	**(271,052.08)**	**(18,773,067.06)**	(242,640.02)	(16,805,247.79)
Total	**(3,194,133.49)**	**(221,225,685.52)**	(2,923,081.41)	(202,452,618.46)

10. ACCUMULATED APPROPRIATIONS

	Eur	**Rs**	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Depreciation difference retail and warehouse buildings	**26,364.54**	**1,826,008.04**	23,972.64	1,660,345.05
Depreciation difference on building elements	**56,729.54**	**3,929,087.94**	41,403.89	2,867,633.42
Depreciation difference on machines and equipment	**(54,786.21)**	**(3,794,492.90)**	(39,819.38)	(2,757,890.26)
Total accumulated depreciation difference	**28,307.87**	**1,960,603.08**	25,557.15	1,770,088.21

11. LONG-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Loans from financial institutions	**5,150,000.00**	**356,689,000.00**	5,450,000.00	377,467,000.00
Security deposits received	**818.40**	**56,682.38**	23,431.96	1,622,897.55
Total long-term borrowed capital	**5,150,818.40**	**356,745,682.38**	5,473,431.96	379,089,897.55

LIABILITIES MATURING IN MORE THAN FIVE YEARS

	Eur	Rs	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Loans from financial institutions	**3,950,000.00**	**273,577,000.00**	4,000,000.00	277,040,000.00
Total long-term borrowed capital	**3,950,000.00**	**273,577,000.00**	4,000,000.00	277,040,000.00

12. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2017	**31.3.2017**	30.9.2014	30.9.2014
Loans from financial institutions	**300,000.00**	**20,778,000.00**	300,000.00	20,778,000.00
Trade payables	**13,750.63**	**952,368.63**	281.48	19,495.30
Liabilities for companies in the same Group	**2,660,785.73**	**184,286,019.66**	2,456,443.74	170,133,293.43
Other liabilities	**6,805.31**	**471,335.77**	6,701.35	464,135.50
Accruals and deferred income	**52,616.50**	**3,644,218.79**	55,398.09	3,836,871.71
Total short-term borrowed capital	**3,033,958.17**	**210,131,942.85**	2,818,824.66	195,231,795.95

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Rs
Accrued interest expense	**33,836.05**	**2,343,484.82**
Reserve for missing purchase invoices	**18,780.45**	**1,300,733.97**
Total	**52,616.50**	**3,644,218.79**

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur	Rs	Eur	Rs
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Loans from financial institutions	**5,450,000.00**	**377,467,000.00**	5,750,000.00	398,245,000.00
Total	**5,450,000.00**	**377,467,000.00**	5,750,000.00	398,245,000.00
Mortgages	**10,000,000.00**	**692,600,000.00**	10,000,000.00	692,600,000.00
Total	**10,000,000.00**	**692,600,000.00**	10,000,000.00	692,600,000.00

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 2,070,465.17 (Rs 143,400,417.67) as of 31 March 2017.

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 271,052.08 (Rs 18,773,067.06). 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 24th 2017

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.

Eero Suomela

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, 2017.

Operations/State of the Company's Affairs

The Company is primarily engaged in retail sale in self-service stores.

The Company's Resort Property is 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 398,621.96 and Rs. 27,608,556.95 and made profit of Eur 2.42 (Rs. 167.61).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : April 24th, 2017

AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company's ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountants, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

ACCOUNTING PRINCIPLES

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:

- machines and equipment	3-5 yrs
- other tangible assets	5 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 69.26 = 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

	appendix	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017	Eur 1.1.2015-31.3.2016	Rs. 1.1.2015-31.3.2016
TURNOVER		**398,621.96**	**27,608,556.95**	565,901.07	39,194,308.11
Other operating income		**3,934.90**	**272,531.17**	168,658.38	11,681,279.40
Materials and services					
Purchases during the financial year.....		**(292,869.96)**	**(20,284,173.43)**	(382,430.74)	(26,487,153.05)
Change in inventory		**(1,852.10)**	**(128,276.45)**	(61,777.75)	(4,278,726.97)
External services	1	**(33,723.27)**	**(2,335,673.68)**	(11,537.34)	(799,076.17)
		(328,445.33)	**(22,748,123.56)**	(455,745.83)	(31,564,956.19)
Personnel expenses					
Salaries and fees	2	**(51,666.77)**	**(3,578,440.49)**	(119,769.95)	(8,295,266.74)
Social security costs					
Pension expenses		**(9,077.52)**	**(628,709.04)**	(22,698.62)	(1,572,106.42)
Other social security costs...................		**(3,553.18)**	**(246,093.25)**	(4,269.77)	(295,724.27)
		(64,297.47)	**(4,453,242.77)**	(146,738.34)	(10,163,097.43)
Depreciation and impairments.................					
Planned depreciation	3	**(43,217.84)**	**(2,993,267.60)**	(67,050.13)	(4,643,892.00)
Other operating expenses					
Other operating expenses	4	**(75,227.36)**	**(5,210,246.95)**	(119,816.03)	(8,298,458.24)
		(118,445.20)	**(8,203,514.55)**	(186,866.16)	(12,942,350.24)
Profit(loss)		**(108,631.14)**	**(7,523,792.76)**	(54,790.88)	(3,794,816.35)
Financial income and expenses	5				
Interest income....................................		**6.78**	**469.58**	7.93	549.23
Interest charges...................................					
for companies in the same Group		**(725.97)**	**(50,280.68)**	(16,127.49)	(1,116,989.96)
for others		**(129.25)**	**(8,951.86)**	(7,966.24)	(551,741.78)
Total financial income and expenses.......		**(848.44)**	**(58,762.95)**	(24,085.80)	(1,668,182.51)
Profit before appropriations and taxes....		**(109,479.58)**	**(7,582,555.71)**	(78,876.68)	(5,462,998.86)
Change in depreciation difference		**(109,482.00)**	**(7,582,723.32)**	0.00	0.00
Profit/loss for the financial year		**(218,961.58)**	**(15,165,279.03)**	(78,876.68)	(5,462,998.86)

BALANCE SHEET

	appendix	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017	Eur 1.1.2015-31.3.2016	Rs. 1.1.2015-31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	6				
Other capitalised long-term expenditures		**9,249.09**	**640,591.97**	13,230.56	916,348.59
Tangible assets	7				
Machines and equipment		**49,239.98**	**3,410,361.01**	88,266.35	6,113,327.40
Other tangible assets		**595.00**	**41,209.70**	805.00	55,754.30
Investments					
Shares and participations		**1,000.00**	**69,260.00**	1,000.00	69,260.00
Total tangible assets		**50,834.98**	**3,520,830.71**	90,071.35	6,238,341.70
TOTAL NON-CURRENT ASSETS		**50,834.98**	**3,520,830.71**	90,071.35	6,238,341.70
CURRENT ASSETS		**60,084.07**	**4,161,422.69**	103,301.91	7,154,690.29
Current assets					
Materials and supplies		**13,511.54**	**935,809.26**	15,363.64	1,064,085.71
Short-term receivables	8				
Accounts receivable		**1,305.50**	**90,418.93**	2,739.81	189,759.24
Receivables from companies in the same Group		**44,776.84**	**3,101,243.94**	257.87	17,860.08
Other receivables		**2,050.24**	**141,999.62**	1,643.47	113,826.73
Accrued income		**15,869.60**	**1,099,128.50**	17,153.21	1,188,031.32
Total short-term receivables		**64,002.18**	**4,432,790.99**	21,794.36	1,509,477.37
Cash and cash equivalents					
Cash at bank		**9,657.43**	**668,873.60**	16,798.34	1,163,453.03
Total cash and cash equivalents		**9,657.43**	**668,873.60**	16,798.34	1,163,453.03
TOTAL CURRENT ASSETS		**87,171.15**	**6,037,473.85**	53,956.34	3,737,016.11
TOTAL ASSETS		**147,255.22**	**10,198,896.54**	157,258.25	10,891,706.40

	appendix	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017	Eur 1.1.2015- 31.3.2016	Rs. 1.1.2015- 31.3.2016
LIABILITIES					
EQUITY	9				
Share capital		**100,000.00**	**6,926,000.00**	100,000.00	6,926,000.00
Invested unrestricted equity fund		**1,023,860.96**	**70,912,610.09**	1,023,860.96	70,912,610.09
Profit(loss) from previous years		**(1,007,107.75)**	**(69,752,282.77)**	(928,231.07)	(64,289,283.91)
Profit(loss) for the financial year		**2.42**	**167.61**	(78,876.68)	(5,462,998.86)
TOTAL EQUITY		**116,755.63**	**8,086,494.93**	116,753.21	8,086,327.32
BORROWED CAPITAL					
Short-term borrowed capital	10				
Trade payables		**3,809.73**	**263,861.90**	16,334.84	1,131,351.02
Liabilities for companies in the same Group		**7,548.62**	**522,817.42**	78.39	5,429.29
Other liabilities		**1,426.72**	**98,814.63**	3,248.89	225,018.12
Accruals and deferred income	11	**17,714.52**	**1,226,907.66**	20,842.92	1,443,580.64
		30,499.59	**2,112,401.60**	40,505.04	2,805,379.07
TOTAL BORROWED CAPITAL		**30,499.59**	**2,112,401.60**	40,505.04	2,805,379.07
TOTAL LIABILITIES		**147,255.22**	**10,198,896.54**	157,258.25	10,891,706.40

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

Comparability of the previous financial year data

The reference figures used are from the 1.1.2015 - 31.3.2016 financial period, i.e. a fifteen-month period.

This shall be taken into account when comparing financial years.

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 2.42 (Rs. 167.61) 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.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Outsourced services....	**33,723.27**	**2,335,673.68**	11,537.34	799,076.17
Other personnel expenses				
TOTAL..........................	**33,723.27**	**2,335,673.68**	11,537.34	799,076.17

2. PERSONNEL

Average number

	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Officers...	1	1
Employees...	1	1
TOTAL	2	2

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	Rs.	Eur	Rs.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Other capitalised long-term expenditures	**(3,981.47)**	**(275,756.61)**	(6,463.87)	(447,687.64)
Machines and equipment...	**(39,026.37)**	**(2,702,966.39)**	(59,772.70)	(4,139,857.20)
Other tangible assets	**(210.00)**	**(14,544.60)**	(813.56)	(56,347.17)
TOTAL	**(43,217.84)**	**(2,993,267.60)**	(67,050.13)	(4,643,892.00)

4. OTHER OPERATING EXPENSES

	Eur	Rs.	Eur	Rs.
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Marketing expenses	**(6,193.90)**	**(428,989.51)**	(12,797.25)	(886,337.54)
Operating and maintenance expenses	**(3,846.76)**	**(266,426.60)**	(7,266.79)	(503,297.88)
Rents................................	**(32,513.16)**	**(2,251,861.46)**	(51,077.22)	(3,537,608.26)
Other expenses..................	**(32,673.54)**	**(2,262,969.38)**	(48,674.77)	(3,371,214.57)
TOTAL	**(75,227.36)**	**(5,210,246.95)**	(119,816.03)	(8,298,458.24)

5. FINANCIAL INCOME AND EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Other interest income........	**6.78**	**469.5828**	7.93	549.2318
TOTAL	**6.78**	**469.5828**	7.93	549.2318
Interest expenses to companies in the same Group	**(725.97)**	**(50,280.68)**	(16,127.49)	(1,116,989.96)
Other interest expenses......	**(129.25)**	**(8,951.86)**	(7,966.24)	(551,741.78)
Total interest expenses.....	**(855.22)**	**(59,232.54)**	(24,093.73)	(1,668,731.74)
Total financial income and expenses..........................	**(848.44)**	**(58,762.95)**	(24,085.80)	(1,668,182.51)

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

6. INTANGIBLE ASSETS

	Other capitalised long-term expenditures	Total
Eur		
Acquisition cost at the start of the financial year..	**19,694.43**	**19,694.43**
Acquisition cost 31.3.............................	**19,694.43**	**19,694.43**
Accumulated planned depreciation at the start of the financial year.........................	**(6,463.87)**	**(6,463.87)**
Depreciation for the financial year...........	**(3,981.47)**	**(3,981.47)**
Accumulated planned depreciation at the start of the financial year.........................	**(10,445.34)**	**(10,445.34)**
Book value 31.3.2017............................	**9,249.09**	**9,249.09**

	Other capitalised long-term expenditures	Total
Rs		
Acquisition cost at the start of the financial year..	1,364,036.22	1,364,036.22
Acquisition cost 31.3.	1,364,036.22	1,364,036.22
Accumulated planned depreciation at the start of the financial year.........................	(447,687.64)	(447,687.64)
Depreciation for the financial year...........	(275,756.61)	(275,756.61)
Accumulated planned depreciation at the start of the financial year.........................	(723,444.25)	(723,444.25)
Book value 31.3.2016............................	640,591.97	640,591.97

7. TANGIBLE ASSETS

	Machines and equipment	Other tangible assets	Total
Eur			**31.3.2016**
Acquisition cost at the start of the financial year	**204,809.76**	**1,618.56**	**206,428.32**
Acquisition cost 31.3.	**204,809.76**	**1,618.56**	**206,428.32**
Accumulated planned depreciation at the start of the financial year	**(116,543.41)**	**(813.56)**	**(117,356.97)**
Depreciation for the financial year	**(39,026.37)**	**(210.00)**	**(39,236.37)**
Accumulated planned depreciation at the start of the financial year	**(155,569.78)**	**(1,023.56)**	**(156,593.34)**
Book value 31.3.2017	**49,239.98**	**595.00**	**49,834.98**

	Machines and equipment	Other tangible assets	Total
Rs.			
Acquisition cost at the start of the financial year	**14,185,123.98**	**112,101.47**	**14,297,225.44**
Acquisition cost 31.3.	**14,185,123.98**	**112,101.47**	**14,297,225.44**
Accumulated planned depreciation at the start of the financial year 2016	**(8,071,796.58)**	**(56,347.17)**	**(8,128,143.74)**
Depreciation for the financial year	**(2,702,966.39)**	**(14,544.60)**	**(2,717,510.99)**
Accumulated planned depreciation at the start of the financial year	**(10,774,762.96)**	**(70,891.77)**	**(10,845,654.73)**
Book value 31.3.2017	**3,410,361.01**	**41,209.70**	**3,451,570.71**

8. SHORT-TERM RECEIVABLES

	Eur	**Rs.**	Eur	Rs.
Short-term receivables	**31.3.2017**	**31.3.2017**	31.3.2016	31.3.2016
Receivables from companies in the same Group	**44,776.84**	**3,101,243.94**	0.00	0.00
Accounts receivable	**1,305.50**	**90,418.93**	2,997.68	207,619.32
Other receivables	**2,050.24**	**141,999.62**	1,643.47	113,826.73
Accrued income	**15,869.60**	**1,099,128.50**	17,153.21	1,188,031.32
TOTAL	**64,002.18**	**4,432,790.99**	21,794.36	1,509,477.37

LIABILITIES

9. EQUITY	**Eur**	**Rs.**	Eur	Rs.
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Share capital 1.1.	**100,000.00**	**6,926,000.00**	100,000.00	6,926,000.00
Share capital 31.3.	**100,000.00**	**6,926,000.00**	100,000.00	6,926,000.00
Invested unrestricted equity fund 1.1.2015	**1,023,860.96**	**70,912,610.09**	400,000.00	27,704,000.00
Additions	**0.00**			
Invested unrestricted equity fund 31.3.	**1,023,860.96**	**70,912,610.09**	1,023,860.96	70,912,610.09
Profit/loss from prev. financial period 1.10.	**(1,007,107.75)**	**(69,752,282.77)**	(928,231.07)	(64,289,283.91)
Profit/loss for the financial year	**2.42**	**167.61**	(78,876.68)	(5,462,998.86)
Total equity	**116,755.63**	**8,086,494.93**	116,753.21	8,086,327.32

The company has no distributable assets

10 SHORT-TERM BORROWED CAPITAL

	Eur	**Rs.**	Eur	Rs.
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Liabilities for companies in the same Group				
Trade payables	**7548.62**	**522,817.42**	78.39	5,429.29
Total short-term borrowed capital	**7548.62**	**522,817.42**	78.39	5,429.29

	Eur	**Rs.**	Eur	Rs.
Liabilities for others	**31.3.2017**	**31.3.2017**	31.3.2016	31.3.2016
Trade payables	**3,809.73**	**263,861.90**	16334.84	1,131,351.02
Other liabilities	**1,426.72**	**98,814.63**	3248.89	225,018.12
Accruals and deferred income	**17,714.52**	**1,226,907.66**	20842.92	1,443,580.64
Total short-term borrowed capital	**22,950.97**	**1,589,584.18**	40426.65	2,799,949.78

11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur	**Rs.**	Eur	Rs.
	31.3.2017	**31.3.2017**	31.3.2016	31.3.2016
Salaries and holiday pay	**10,237.59**	**709,055.48**	18,663.87	1,292,659.64
employer pension contribution	**3,156.93**	**218,648.97**	0	0.00
Other	**4,320**	**299,203.20**	2,179.05	150,921.00
Total	**17,714.52**	**1,226,907.66**	20,842.92	1,443,580.64

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 2.42 (Rs. 167.61). 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 24th 2017

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.

Eero Suomela
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, 2016 and ended on March 31, 2017.

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 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 1,619.19 (RS 112,145.10).

Dividends

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
2) Riku Rauhala
3) Anne Oravainen

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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

Iiro Rossi
Chair of the Board of Directors

Place: Tampere
Dated: 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpyläntorni 1

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Kylpyläntorni 1 (business identity code 2498932-7) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 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 are responsible for assessing the company's ability to continue as a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

PROFIT AND LOSS STATEMENT

	appendix	**Eur** 1.4.2016-31.3.2017	**Rs.** 1.4.2016-31.3.2017	Eur 1.1.2015-31.3.2016	Rs. 1.1.2015-31.3.2016
Other operating income		**0.00**	**0.00**	3,119.00	216,021.94
Property management expenses					
Administration		**(1,432.78)**	**(99,234.34)**	(1,887.50)	(130,728.25)
Property tax		**(178.22)**	**(12,343.52)**	(235.96)	(16,342.59)
Total		**(1,611.00)**	**(111,577.86)**	(2,123.46)	(147,070.84)
Profit(loss)		**(1,611.00)**	**(111,577.86)**	995.54	68,951.10
Financial income and expenses					
Interest charges		**(8.19)**	**(567.24)**	(1.51)	(104.58)
Total financial income and expenses		**(8.19)**	**(567.24)**	(1.51)	(104.58)
Profit before appropriations and taxes		**(1,619.19)**	**(112,145.10)**	994.03	68,846.52
Profit/loss for the financial year		**(1,619.19)**	**(112,145.10)**	994.03	68,846.52

BALANCE SHEET

	Note	Eur 31.3.2017	Rs. 31.3.2017	Eur 31.3.2016	Rs. 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**250,566.00**	**17,354,201.16**	250,566.00	17,354,201.16
Total tangible assets		**250,566.00**	**17,354,201.16**	250,566.00	17,354,201.16
TOTAL NON-CURRENT ASSETS		**250,566.00**	**17,354,201.16**	250,566.00	17,354,201.16
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,865.92**	**129,233.62**	1,014.05	70,233.10
Total cash and cash equivalents		**1,865.92**	**129,233.62**	1,014.05	70,233.10
TOTAL CURRENT ASSETS		**1,865.92**	**129,233.62**	1,014.05	70,233.10
TOTAL ASSETS		**252,431.92**	**17,483,434.78**	251,580.05	17,424,434.26
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**256,105.79**	**17,737,887.02**	253,632.60	17,566,593.88
Profit(loss) from previous years		**(4,599.74)**	**(318,577.99)**	(5,593.77)	(387,424.51)
Profit(loss) for the financial year		**(1,619.19)**	**(112,145.10)**	994.03	68,846.52
TOTAL EQUITY		**252,386.86**	**17,480,313.92**	251,532.86	17,421,165.88
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**45.06**	**3,120.86**	47.19	3,268.38
Total short-term borrowed capital		**45.06**	**3,120.86**	47.19	3,268.38
TOTAL LIABILITIES		**252,431.92**	**17,483,434.78**	251,580.05	17,424,434.26

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.

Comparability of the previous financial year data

The reference figures used are from the 1.1.2015 - 31.3.2016 financial period, i.e. a fifteen-month period. This shall be taken into account when comparing financial years.

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. 69.26 = 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 Land areas	Rs. Land areas
Acquisition cost 1.4.	250,566.00	17,354,201.16
Acquisition cost 31.3.	250,566.00	17,354,201.16
Book value 31.3.	**250,566.00**	**17,354,201.16**

2. LIABILITIES

EQUITY	Eur 2017	Rs. 2017	Eur 2016	Rs. 2016
Share capital in the beginning of the year	2,500.00	173,150.00	2,500.00	173,150.00
Share capital in the end of the year	2,500.00	173,150.00	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	253,632.60	17,566,593.88	253,632.60	17,566,593.88
Lisäykset	2,473.19	171,293.14	0.00	0.00
Invested unrestricted equity fund in the end of the year	256,105.79	17,737,887.02	253,632.60	17,566,593.88
Profit/loss from prev. financial period	(4,599.74)	(318,577.99)	(5,593.77)	(387,424.51)
Profit/loss for the financial year	(1,619.19)	(112,145.10)	994.03	68,846.52
TOTAL EQUITY	**252,386.86**	**17,480,313.92**	**251,532.86**	**17,421,165.88**

3. BORROWED CAPITAL

	Eur 2017	Rs. 2017	Eur 2016	Rs. 2016
Accruals and deferred income	45.06	3,120.86	47.19	3,268.38
Total borrowed capital	**45.06**	**3,120.86**	**47.19**	**3,268.38**

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	100.00	2,500.00	100.00	2,500.00
TOTAL	**100.00**	**2,500.00**	**100.00**	**2,500.00**

	2017		2016	
Rs	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	100.00	173,150.00	100.00	173,150.00
TOTAL	**100.00**	**173,150.00**	**100.00**	**173,150.00**

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.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 24 April 2017

Iiro Rossi
Chair of the Board of Director

Riku Rauhala
Board Member

Anne Oravainen
Board Member

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 1,619.19 (Rs 112,145.10). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

AUDITOR'S NOTE

A report of the audit has been submitted today.

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, 2016 and ended on March 31, 2017.

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 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 1,268.96 (RS 87,888.17).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteisto Oy Spa Lofts 2

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteisto Oy Spa Lofts 2 (business identity code 2428891 -8) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.1.2015 - 31.3.2016 financial period, i.e. a fifteen-month period.

This shall be taken into account when comparing financial years.

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 69.26 = 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
	1.4.2016 -31.3.2017	**1.4.2016 -31.3.2017**	1.1.2015 -31.3.2016	1.1.2015 -31.3.2016
Property management expenses				
Administration	**(1,132.76)**	**(78,454.96)**	(601.70)	(41,673.74)
Outdoor area management	**0.00**	**0.00**	(2,430.40)	(168,329.50)
Property tax	**(136.20)**	**(9,433.21)**	(170.25)	(11,791.52)
Total	**(1,268.96)**	**(87,888.17)**	(3,202.35)	(221,794.76)
Profit(loss)	**(1,268.96)**	**(87,888.17)**	(3,202.35)	(221,794.76)
Financial income and expenses				
Interest charges	**0.00**	**0.00**	(56.10)	(3,885.49)
Total financial income and expenses	**0.00**	**0.00**	(56.10)	(3,885.49)
Profit before appropriations and taxes	**(1,268.96)**	**(87,888.17)**	(3,258.45)	(225,680.25)
Profit/loss for the financial year	**(1,268.96)**	**(87,888.17)**	(3,258.45)	(225,680.25)

BALANCE SHEET

		Eur	Rs	Eur	Rs
	appendix	**31.3.2017**	**31.3.2017**	31.3.2016	31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**142,350.28**	**9,859,180.39**	142,350.28	9,859,180.39
Total tangible assets		**142,350.28**	**9,859,180.39**	142,350.28	9,859,180.39
TOTAL NON-CURRENT ASSETS		**142,350.28**	**9,859,180.39**	142,350.28	9,859,180.39
CURRENT ASSETS					
Cash and cash equivalents					
Cash at bank		**2,677.93**	**185,473.43**	3,562.09	246,710.35
Total cash and cash equivalents		**2,677.93**	**185,473.43**	3,562.09	246,710.35
TOTAL CURRENT ASSETS		**2,677.93**	**185,473.43**	3,562.09	246,710.35
TOTAL ASSETS		**145,028.21**	**10,044,653.82**	145,912.37	10,105,890.75
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**139,130.28**	**9,636,163.19**	139,130.28	9,636,163.19
Invested unrestricted equity fund		**7,891.29**	**546,550.75**	6,291.29	435,734.75
Profit(loss) from previous years		**(3,258.45)**	**(225,680.25)**	0.00	0.00
Profit(loss) for the financial year		**(1,268.96)**	**(87,888.17)**	(3,258.45)	(225,680.25)
TOTAL EQUITY		**144,994.16**	**10,042,295.52**	144,663.12	10,019,367.69
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**34.05**	**2,358.30**	1,249.25	86,523.06
Total short-term borrowed capital		**34.05**	**2,358.30**	1,249.25	86,523.06
TOTAL LIABILITIES		**145,028.21**	**10,044,653.82**	145,912.37	10,105,890.75

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	9,859,180.39
Acquisition cost 31.3.	142,350.28	9,859,180.39
Book value 31.3.	**142,350.28**	**9,859,180.39**

2 LIABILITIES

	Eur	**Rs**	Eur	Rs
EQUITY	**2017**	**2017**	2016	2016
Share capital in the beginning of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**139,130.28**	**9,636,163.19**	139,130.28	9,636,163.19
Building fund in the end of the year	**139,130.28**	**9,636,163.19**	139,130.28	9,636,163.19
Invested unrestricted equity fund in the beginning of the year	**6,291.29**	**435,734.75**	0.00	0.00
Additions	**1,600.00**	**110,816.00**	6,291.29	435,734.75
Invested unrestricted equity fund in the end of the year	**7,891.29**	**546,550.75**	6,291.29	435,734.75
Profit/loss from prev. financial period	**(3,258.45)**	**(225,680.25)**	0.00	0.00
Profit/loss for the financial year	**(1,268.96)**	**(87,888.17)**	(3,258.45)	(225,680.25)
Total equity	**144,994.16**	**10,042,295.52**	144,663.12	10,019,367.69

3 SHORT-TERM BORROWED CAPITAL

	Eur	**Rs**	Eur	Rs
	2017	**2017**	2016	2016
Accruals and deferred income	**34.05**	**2,358.30**	1,249.25	86,523.06
Total short-term borrowed capital	**34.05**	**2,358.30**	1,249.25	86,523.06

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

	2017		2016	
Rs	**No.**	**Rs**	No.	Rs
1 vote/share	**100.00**	**173,150.00**	100.00	173,150.00
Total	**100.00**	**173,150.00**	100.00	173,150.00

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 1,268.96 (Rs 87,888.17). 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 24th, 2017

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.

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, 2016 and ended on March 31, 2017.

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 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 1,549.40 (RS 107,311.44).

Dividends

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

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.

Comparability of the previous financial year data

The reference figures used are from the 1.1.2015 - 31.3.2016 financial period, i.e. a fifteen-month period.

This shall be taken into account when comparing financial years.

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 69.26 = 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
	1.4.2016-31.3.2017	**1.4.2016-31.3.2017**	1.1.2015-31.3.2016	1.1.2015-31.3.2016
Property management expenses				
Administration	**(1,180.92)**	**(81,790.52)**	(602.82)	(41,751.31)
Outdoor area management	**0.00**	**0.00**	(2,430.40)	(168,329.50)
Property tax	**(365.48)**	**(25,313.14)**	(456.83)	(31,640.05)
Total	**(1,546.40)**	**(107,103.66)**	(3,490.05)	(241,720.86)
Profit(loss)	**(1,546.40)**	**(107,103.66)**	(3,490.05)	(241,720.86)
Financial income and expenses				
Interest charges	**(3.00)**	**(207.78)**	(46.70)	(3,234.44)
Total financial income and expenses	**(3.00)**	**(207.78)**	(46.70)	(3,234.44)
Profit before appropriations and taxes	**(1,549.40)**	**(107,311.44)**	(3,536.75)	(244,955.31)
Profit/loss for the financial year	**(1,549.40)**	**(107,311.44)**	(3,536.75)	(244,955.31)

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs 31.3.2017	Eur 31.3.2016	Rs 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**140,090.60**	**9,702,674.96**	140,090.60	9,702,674.96
Total tangible assets		**140,090.60**	**9,702,674.96**	140,090.60	9,702,674.96
TOTAL NON-CURRENT ASSETS		**140,090.60**	**9,702,674.96**	140,090.60	9,702,674.96
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**2,867.09**	**198,574.65**	3,531.69	244,604.85
Total cash and cash equivalents		**2,867.09**	**198,574.65**	3,531.69	244,604.85
TOTAL CURRENT ASSETS		**2,867.09**	**198,574.65**	3,531.69	244,604.85
TOTAL ASSETS		**142,957.69**	**9,901,249.61**	143,622.29	9,947,279.81
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund		**137,110.60**	**9,496,280.16**	137,110.60	9,496,280.16
Invested unrestricted equity fund		**8,341.89**	**577,759.30**	6,241.89	432,313.30
Profit(loss) from previous years		**(3,536.75)**	**(244,955.31)**	0.00	0.00
Profit(loss) for the financial year		**(1,549.40)**	**(107,311.44)**	(3,536.75)	(244,955.31)
TOTAL EQUITY		**142,866.34**	**9,894,922.71**	142,315.74	9,856,788.15
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**91.35**	**6,326.90**	1,306.55	90,491.65
Total short-term borrowed capital		**91.35**	**6,326.90**	1,306.55	90,491.65
TOTAL LIABILITIES		**142,957.69**	**9,901,249.61**	143,622.29	9,947,279.81

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 TANGIBLE ASSETS

	Eur Land areas	Rs Land areas
Acquisition cost 1.4.	140,090.60	9,702,674.96
Acquisition cost 31.3.	140,090.60	9,702,674.96
Book value 31.3.	**140,090.60**	**97,02,674.96**

2 LIABILITIES

EQUITY	Eur 2017	Rs 2017	Eur 2016	Rs 2016
Share capital in the beginning of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**173,150.00**	2,500.00	173,150.00
Building fund in the beginnig of the year	**137,110.60**	**9,496,280.16**	137,110.60	9,496,280.16
Building fund in the end of the year	**137,110.60**	**9,496,280.16**	137,110.60	9,496,280.16
Invested unrestricted equity fund in the beginning of the year	**6,241.89**	**432,313.30**	0.00	0.00
Additions	**2,100.00**	**145,446.00**	6,241.89	432,313.30
Invested unrestricted equity fund in the end of the year	**8,341.89**	**577,759.30**	6,241.89	432,313.30
Profit/loss from prev. financial period	**(3,536.75)**	**(244,955.31)**	0.00	0.00
Profit/loss for the financial year	**(1,549.40)**	**(107,311.44)**	(3,536.75)	(244,955.31)
Total equity	**142,866.34**	**9,894,922.71**	142,315.74	9,856,788.15

3 SHORT-TERM BORROWED CAPITAL

	Eur 2017	Rs 2017	Eur 2016	Rs 2016
Accruals and deferred income	**91.35**	**6,326.90**	1,306.55	90,491.65
Total borrowed capital	**91.35**	**6,326.90**	1,306.55	90,491.65

BREAKDOWN OF SHARE CAPITAL

Eur	2017 No.	Eur	2016 No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

Rs	2017 No.	Rs.	2016 No.	Rs.
1 vote/share	**100.00**	**173,150.00**	100.00	173,150.00
TOTAL	**100.00**	**173,150.00**	100.00	173,150.00

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. 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 1,549.40 (Rs 107,311.44). 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 24th 2017

Riku Rauhala
Chair of the Board of Director

Tapio Anttila
Board Member

Anne Oravainen
Board Member

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

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, 2016 and ended on March 31, 2017.

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 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 12,528.00 (RS 867,689.28) and made profit of Euro 1,423.47 (RS 98,589.53).

Dividends

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, Henri Nuora resigned and Tapio Anttila appointed as Director of the Company with effect from June 20, 2016

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, 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 issue shares during the financial period under review.

Holding Company

The Company is continued to be 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, 2017.

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 Pulkkajärvi 1

Tapio Anttila
Chair of the Board of Directors

Place : Tampere
Dated : 24.4.2017

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Kiinteistö Oy Kuusamon Pulkkajärvi 1 (business identity code 0780839-5) for the period ended 31 March 2017. The financial statements comprise the balance sheet, income statement and notes.

In my 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

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 a 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Helsinki, 9 May 2017

Eero Suomela
Authorised Public Accountant, KHT

Nokkalankulma 7 B
02230 Espoo
FINLAND

PROFIT AND LOSS STATEMENT

	appendix	Eur 1.4.2016 -31.3.2017	Rs 1.4.2016 -31.3.2017	Eur 1.10.2014 -31.3.2016	Rs 1.10.2014 -31.3.2016
TURNOVER					
Rent income		**12,528.00**	**867,689.28**	22,842.00	1,582,036.92
Total		**12,528.00**	**867,689.28**	22,842.00	1,582,036.92
Depreciation	1				
Buildings and structures		**(4,142.29)**	**(286,895.01)**	(6,472.26)	(448,268.73)
Total		**(4,142.29)**	**(286,895.01)**	(6,472.26)	(448,268.73)
Property management expenses					
Administration		**(1,208.87)**	**(83,726.34)**	(1,128.48)	(78,158.52)
Outdoor area management		**(357.00)**	**(24,725.82)**	0.00	0.00
Water and sewage		**13.88**	**961.33**	(71.33)	(4,940.32)
Electricity		**(1,064.89)**	**(73,754.28)**	(2,324.26)	(160,978.25)
Property tax		**(284.38)**	**(19,696.16)**	(516.50)	(35,772.79)
Repairs		**(936.95)**	**(64,893.16)**	0.00	0.00
Other expenses		**0.00**	**0.00**	0.00	0.00
Total		**(3,838.21)**	**(265,834.42)**	(4,040.57)	(279,849.88)
Profit(loss)		**4,547.50**	**314,959.85**	12,329.17	853,918.31
Financial income and expenses					
Interest charges		**(2,222.34)**	**(153,919.27)**	(3,946.24)	(273,316.58)
Total financial income and expenses		**(2,222.34)**	**(153,919.27)**	(3,946.24)	(273,316.58)
Profit before appropriations and taxes		**2,325.16**	**161,040.58**	8,382.93	580,601.73
Other direct taxes					
Direct taxes		**(901.69)**	**(62,451.05)**	(1,680.21)	(116,371.34)
Total		**(901.69)**	**(62,451.05)**	(1,680.21)	(116,371.34)
Profit/loss for the financial year		**1,423.47**	**98,589.53**	6,702.72	464,230.39

BALANCE SHEET

	appendix	Eur 31.3.2017	Rs 31.3.2017	Eur 31.3.2016	Rs 31.3.2016
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	2				
Land areas		**248,581.74**	**17,216,771.31**	248,581.74	17,216,771.31
Buildings and structures		**97,257.52**	**6,736,055.84**	101,399.81	7,022,950.84
Total tangible assets		**345,839.26**	**23,952,827.15**	349,981.55	24,239,722.15
TOTAL NON-CURRENT ASSETS		**345,839.26**	**23,952,827.15**	349,981.55	24,239,722.15
CURRENT ASSETS					
Short-term receivables	3				
Accrued income		**0.00**	**0.00**	44.36	3,072.37
Total short-term receivables		**0.00**	**0.00**	44.36	3,072.37
Cash and cash equivalents					
Cash at bank		**13,047.04**	**903,637.99**	13,681.31	947,567.53
Total cash and cash equivalents		**13,047.04**	**903,637.99**	13,681.31	947,567.53
TOTAL CURRENT ASSETS		**13,047.04**	**903,637.99**	13,725.67	950,639.90
TOTAL ASSETS		**358,886.30**	**24,856,465.14**	363,707.22	25,190,362.06
LIABILITIES					
EQUITY	4				
Share capital		**2,522.81**	**174,729.82**	2,522.81	174,729.82
Building fund		**82,860.58**	**5,738,923.77**	82,860.58	5,738,923.77
Other equity		**170,766.78**	**11,827,307.18**	170,766.78	11,827,307.18
Profit(loss) from previous years		**17,274.42**	**1,196,426.33**	10,571.70	732,195.94
Profit(loss) for the financial year		**1,423.47**	**98,589.53**	6,702.72	464,230.39
TOTAL EQUITY		**274,848.06**	**19,035,976.64**	273,424.59	18,937,387.10
BORROWED CAPITAL					
Short-term borrowed capital	5				
Other loans group companies		**83,933.04**	**5,813,202.35**	89,711.08	6,213,389.40
Accruals and deferred income		**105.20**	**7,286.15**	571.55	39,585.55
Total short-term borrowed capital		**84,038.24**	**5,820,488.50**	90,282.63	6,252,974.95
TOTAL LIABILITIES		**358,886.30**	**24,856,465.14**	363,707.22	25,190,362.06

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.

Comparability of the previous financial year data

The reference figures used are from the 1.10.2015-31.3.2016 financial period, i.e. a eighteenth-month period.

This shall be taken into account when comparing financial years.

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 69.26 = 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 2017	**Rs 2017**	Eur 2016	Rs 2016
Buildings and structures	**4,142.29**	**286,895.01**	6,472.26	448,268.73
Total	**4,142.29**	**286,895.01**	6,472.26	448,268.73

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
Acquisition cost 31.3.	248,581.74	121,796.28	370,378.02
Accumulated depreciation 1.4.	0.00	20,396.47	20,396.47
Depreciation for the financial year	0.00	4,142.29	4,142.29
Book value 31.3.	**248,581.74**	**97,257.52**	**345,839.26**

Rs	**Land areas**	**Buildings and structures**	**Total**
Acquisition cost 1.4.	17,216,771.31	8,435,610.35	25,652,381.67
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	17,216,771.31	8,435,610.35	25,652,381.67
Accumulated depreciation 1.4.	0.00	1,412,659.51	1,412,659.51
Depreciation for the financial year	0.00	286,895.01	286,895.01
Book value 31.3.	**17,216,771.31**	**6,736,055.84**	**23,952,827.15**

CURRENT ASSETS

RECEIVABLES

3 Short-term receivables

	Eur 2017	**Rs 2017**	Eur 2016	Rs 2016
Other accrued income	**0.00**	**0.00**	44.36	3,072.37
Total	**0.00**	**0.00**	44.36	3,072.37

LIABILITIES

4 Equity

	Eur 2017	**Rs 2017**	Eur 2016	Rs 2016
Share capital in the beginning of the year	**2,522.81**	**174,729.82**	2,522.81	174,729.82
Share capital in the end of the year	**2,522.81**	**174,729.82**	2,522.81	174,729.82
Building fund in the beginning of the year	**82,860.58**	**5,738,923.77**	82,860.58	5,738,923.77
Building fund in the end of the year	**82,860.58**	**5,738,923.77**	82,860.58	5,738,923.77
Other restricted equity in the beginning of the year	**170,766.78**	**11,827,307.18**	170,766.78	11,827,307.18
Other restricted equity in the end of the year	**170,766.78**	**11,827,307.18**	170,766.78	11,827,307.18
Profit/loss from prev. financial period	**17,274.42**	**1,196,426.33**	10,571.70	732,195.94
Profit/loss for the financial year	**1,423.47**	**98,589.53**	6,702.72	464,230.39
Total equity	**274,848.06**	**19,035,976.64**	273,424.59	18,937,387.10

5 Short-term borrowed capital

	Eur 2017	**Rs 2017**	Eur 2016	Rs 2016
Other loans group companies	**83,933.04**	**5,813,202.35**	89,711.08	6,213,389.40
Accruals and deferred income	**69.66**	**4,824.65**	571.55	39,585.55
Tax liabilities	**35.54**	**2,461.50**	0.00	0.00
Total borrowed capital	**84,038.24**	**5,820,488.50**	90,282.63	6,252,974.95

BREAKDOWN OF SHARE CAPITAL

	2017		2016	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**30.00**	**2,522.81**	30.00	2,522.81
Total	**30.00**	**2,522.81**	30.00	2,522.81

	2017		2016	
Rs	**No.**	**Rs**	No.	Rs
1 vote/share	**30.00**	**174,729.82**	30.00	174,729.82
Total	**30.00**	**174,729.82**	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 1.423,47 (Rs 98,589.53). 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 24th 2017

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.

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, 2016 and ended on March 31, 2017.

Operations/State of The Company's Affairs

The Company is primarily engaged in hotel operating business with associated spa, indoor pools and restaurants.

The Company's Resort property located at Åre, was fully operational.

The Company was taking over Hotel operation on December 1, 2015.

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 116,002,436 (INR 842,177,685) and made loss of SEK -8,559,026 (INR -62,138,529).

Dividends

No dividend was proposed for the financial year ended March 31, 2017.

Directors

The Directors shown below have held office during the financial period under review:

1) Mats Svensson

2) Marko Hiltunen

3) 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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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

Mats Svensson	Marko Hiltunen	Iiro Rossi
Director	Director	Director

Place : Åre
Dated : April 30, 2017

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity number 559032-5733

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the year 2016-04-01-2017-03-31.

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 2017 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.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 opinions. 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 the company's internal control relevant to our 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 Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 year 2016-04-01-2017-03-31 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 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.

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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Sundsvall april 2017
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

ADMINISTRATION REPORT

Operations

Information regarding the operations

The Company conducts hotel operations with associated spa, indoor pools and restaurants.

Operations in the company started on 1 December 2015 through the takeover of its hotel operations from IN - Invest i Norrland AB, 556843-0754.

The company has its registered office in the municipality of Åre.

	Share of voting rights	Participating interest
Holiday Club Sweden AB	51%	51%
Aktive Travel Management i Åre AB	41.5%	41.5%
Pernilla Margaretha Gravenfors	7.5%	7.5%

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.26 = FC 1 which is the Bloomberg rate as on 31st March 2017

Significant events during and after the end of the financial year

During the fiscal year, the company invested and completed:
* New kitchen in Olearys
* New gym with a franschise agreement with SATS
* New restaurant with a new food concept
* Renovation of the lobby
* New store

The company has also worked on a new concept based on movement, food pleasure and “time together” for the guests. The maintarget are families with children up to 13 years and groups and companies.

The company has recruited new key personnel like;
* Food and Beverage
* Operation Manager
* Marketing Director
* Three new sellers

The new concept has been well received by the guests and the company will keep on developing the concept and the organization. A new CFO will begin in the company in April and will build a separate finance department for the hotel. Previously, this service has been outsourced.

Multi-year review

	2016/17 kSEK	**2016/17 kINR**	2015/16 kSEK	2015/16 kINR
Net sales	**109,961**	**798,317**	54,774	397,657
Profit/loss after financial items	**(11,715)**	**(85,051)**	5,408	39,262
Equity/assets ratio	**10.7%**	**10.7%**	35.6%	35.6%

Changes in equity

	Share capital	Share premium reserve	Retained earnings	Net profit/loss for the year	Total
Amount at beginning of year according to adopted balance sheet	1.000 kSEK 7.260 kINR	12.000 kSEK 87.120 kINR		1.753 kSEK 12.729 kINR	14.753 kSEK 107.109 kINR
Appropriation of profits as resolved by the AGM			1.753 kSEK 12.729 kINR	(1.753) kSEK (12.729) kINR	
Net profit/loss for the year				(8.559) kSEK (62.138) kINR	(8.559) kSEK (62.138) kINR
Balance at year-end	1.000 kSEK 7.260 kINR	12.000 kSEK 87.120 kINR	1.753 kSEK 12.729 kINR	(8.559) kSEK (62.138) kINR	6.194 kSEK 44.970kINR

Proposed appropriation of profits

	SEK	**INR**
The following profits are at the disposal of the Annual General Meeting:		
Share premium reserve	12,000,000	87,120,000
Profit/loss brought forward	1,753,318	12,729,089
Profit/Loss for the year	(8,559,026)	(62,138,529)
Total	5,194,292	37,710,560
The Board of Directors proposes that the available profits be appropriated as follows:		
Dividend to shareholders	5,194,292	37,710,560
Total	5,194,292	37,710,560

INCOME STATEMENT

	Note	**01 April 2016 – 31 Mar 2017 SEK**	**01 April 2016 – 31 Mar 2017 INR**	29 Oct 2015 – 31 Mar 2016 SEK	29 Oct 2015 – 31 Mar 2016 INR
Operating income, changes in inventory, etc.					
Net sales		**109,961,454**	**798,320,156**	54,773,674	397,656,873
Other operating income		**6,040,982**	**43,857,529**	792,495	5,753,514
Total operating income, changes in inventory, etc.		**116,002,436**	**842,177,685**	55,566,169	403,410,387
Operating expenses					
Raw materials and consumables		**(13,846,112)**	**(100,522,773)**	(6,464,239)	(46,930,375)
Other external expenses		**(77,233,974)**	**(560,718,651)**	(30,087,756)	(218,437,109)
Personnel costs		**(32,478,194)**	**(235,791,688)**	(12,329,292)	(89,510,660)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(3,775,450)**	**(27,409,767)**	(1,159,869)	(8,420,649)
Total operating expenses		**(127,333,730)**	**(924,442,880)**	(50,041,156)	(363,298,793)
Operating profit/loss		**(11,331,294)**	**(82,265,194)**	5,525,013	40,111,594
Financial items					
Share of profits from interests in associates		**(14,302)**	**(103,833)**	–	–
Other interest income and similar profit/loss items		**(4,988)**	**(36,213)**	335	2,432
Interest and similar expenses		**(364,006)**	**(2,642,684)**	(117,295)	(851,562)
Total financial items		**(383,296)**	**(2,782,729)**	(116,960)	(849,130)
Profit/Loss after financial items		**(11,714,590)**	**(85,047,923)**	5,408,053	39,262,465
Appropriations					
Changes in tax allocation reserves		**3,155,564**	**22,909,395**	(3,155,564)	(22,909,395)
Total appropriations		**3,155,564**	**22,909,395**	(3,155,564)	(22,909,395)
Profit/Loss before tax		**(8,559,026)**	**(62,138,529)**	2,252,489	16,353,070
Taxes					
Tax on profit for the year		**0**	**0**	(499,171)	(3,623,981)
Profit/Loss for the year		**(8,559,026)**	**(62,138,529)**	1,753,318	12,729,089

BALANCE SHEET

	Note	31 Mar 2017 SEK	31 Mar 2017 INR	31 Mar 2016 SEK	31 Mar 2016 INR
Assets					
Non-current assets					
Intangible fixed assets					
Goodwill	2	**4,604,778**	**33,430,688**	5,860,627	42,548,152
Computer program		**148,159**	**1,075,634**	–	–
Total intangible assets		**4,752,937**	**34,506,323**	5,860,627	42,548,152
Property, plant and equipment					
Leasehold improvement cost	3	**2,333,333**	**16,939,998**	2,458,333	17,847,498
Equipment, tools, fixtures and fittings	4	**15,057,039**	**109,314,103**	16,470,825	119,578,190
Work in progress	5	**24,732,793**	**179,560,077**	–	–
Total property, plant and equipment		**42,123,165**	**305,814,178**	18,929,158	137,425,687
Total non-current assets		**46,876,102**	**340,320,501**	24,789,785	179,973,839
Current assets					
Inventories etc.					
Raw materials and consumables		**805,935**	**5,851,088**	883,182	6,411,901
Finished goods and goods for resale		**288,719**	**2,096,100**	228,372	1,657,981
Total inventories		**1,094,654**	**7,947,188**	1,111,554	8,069,882
Current receivables					
Trade receivables		**5,340,129**	**38,769,337**	4,325,037	31,399,769
Receivables from Group companies		**12,400**	**90,024**	239,406	1,738,088
Other receivables		**475,624**	**3,453,030**	414,265	3,007,564
Prepaid expenses and accrued income		**3,447,269**	**25,027,173**	3,619,047	26,274,281
Total current receivables		**9,275,422**	**67,339,564**	8,597,755	62,419,701
Cash and bank balances					
Cash and bank balances		**456,101**	**3,311,293**	14,376,653	104,374,501
Total cash and bank balances		**456,101**	**3,311,293**	14,376,653	104,374,501
Total current assets		**10,826,177**	**78,598,045**	24,085,962	174,864,084
Total assets		**57,702,279**	**418,918,546**	48,875,747	354,837,923

BALANCE SHEET

	Note	31 Mar 2017 SEK	31 Mar 2017 INR	31 Mar 2016 SEK	31 Mar 2016 INR
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 1000,000 shares		**1,000,000**	**7,260,000**	1,000,000	7,260,000
Total restricted equity		**1,000,000**	**7,260,000**	1,000,000	7,260,000
Non-restricted equity					
Share premium reserve		**12,000,000**	**87,120,000**	12,000,000	87,120,000
Profit/loss brought forward		**1,753,318**	**12,729,089**	–	–
Profit/Loss for the year		**(8,559,026)**	**(62,138,529)**	1,753,318	12,729,089
Total non-restricted equity		**5,194,292**	**37,710,560**	13,753,318	99,849,089
Total equity		**6,194,292**	**44,970,560**	14,753,318	107,109,089
Untaxed reserves					
Tax allocation reserve		**–**	**–**	3,155,564	22,909,395
Total untaxed reserves		**0**	**0**	3,155,564	22,909,395
Non-current liabilities	6				
Check account		**2,384,374**	**17,310,555**		
Other liabilities to credit institutions		**12,188,000**	**88,484,880**	9,000,000	65,340,000
Total non-current liabilities		**14,572,374**	**105,795,435**	9,000,000	65,340,000
Current liabilities					
Other liabilities to credit institutions		**4,008,000**	**29,098,080**	2,400,000	17,424,000
Trade creditors		**16,310,398**	**118,413,489**	8,017,610	58,207,849
Liabilities to Group companies		**1,985,954**	**14,418,026**	1,232,928	8,951,057
Tax liabilities		**155,296**	**1,127,449**	407,470	2,958,232
Other liabilities		**4,138,738**	**30,047,238**	1,537,944	11,165,473
Accrued expenses and deferred income		**10,337,227**	**75,048,268**	8,370,913	60,772,828
Total current liabilities		**36,935,613**	**268,152,550**	21,966,865	159,479,440
Total equity and liabilities		**57,702,279**	**418,918,546**	48,875,747	354,837,923

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.

Service assignments and contract work

The Company's income from assignments undertaken on a fixed price basis is recognised according to the alternative rule.

Amortisation

Applied depreciable lives:

Goodwill	5 years
Equipment, tools, fixtures and fittings	5 years
Buildings	5-10 years
Leasehold improvement costs	20 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 Balance Sheet

Note 2 Goodwill

	SEK	**INR**	SEK	INR
Opening cost of acquisition	**6,279,243**	**45,587,304**	6,279,243	45,587,304
Closing cost of acquisition	**6,279,243**	**45,587,304**	6,279,243	45,587,304
Opening depreciation	**(418,616)**	**(3,039,152)**	0	
– Depreciation for the year	**(1,255,849)**	**(9,117,464)**	(418,616)	(3,039,152)
Closing depreciation	**(1,674,465)**	**(12,156,616)**	(418,616)	(3,039,152)
Carrying amount	**4,604,778**	**33,430,688**	5,860,627	42,548,152

Note 3 Leasehold improvement costs

	SEK	**INR**	SEK	INR
Opening cost of acquisition	**2,500,000**	**18,150,000**	2,500,000	18,150,000
Closing cost of acquisition	**2,500,000**	**18,150,000**	2,500,000	18,150,000
Opening depreciation	**(41,667)**	**(302,502)**		
– Depreciation for the year	**(125,000)**	**(907,500)**	(41,667)	(302,502)
Closing depreciation	**(166,667)**	**(1,210,002)**	(41,667)	(302,502)
Carrying amount	**2,333,333**	**16,939,998**	2,458,333	17,847,498

Note 4 Equipment, tools, fixtures and fittings

	SEK	**INR**	SEK	INR
Opening cost of acquisition	**17,170,413**	**124,657,198**	17,170,413	124,657,198
Purchase	**1,117,642**	**8,114,081**		
Sales/Reebookings	**(214,735)**	**(1,558,976)**		
Closing cost of acquisition	**18,073,320**	**131,212,303**	17,170,413	124,657,198
Opening depreciation	**(699,588)**	**(5,079,009)**		
Returned depreciations on sales/reebookings	**214,735**	**1,558,976**		
– Depreciation for the year	**(2,531,428)**	**(18,378,167)**	(699,588)	(5,079,009)
Closing depreciation	**(3,016,281)**	**(21,898,200)**	0	0
Carrying amount	**15,057,039**	**109,314,103**	17,170,413	124,657,198

Note 5 Work in progress

	2017-03-31	**2017-03-31**	2016-03-31	2016-03-31
Purchase	**24,732,793**	**179,560,077**	0	0
Closing cost of acquisition	**24,732,793**	**179,560,077**	0	0
– Depreciation for the year	**0**	**0**		
Closing depreciation	**0**	**0**	0	0
Carrying amount	**24,732,793**	**179,560,077**	0	0

Note 6 Non-current liabilities

	2017-03-31	2016-03-31
	SEK	INR
Non-current liabilities maturing more than five years after the balance sheet date:		
Other liabilities to credit institutions	**0**	0
Total	**0**	0

Note 7 Pledged assets and contingent liabilities

	SEK	**INR**	SEK	INR
	01 April 2016 – 31 Mar 2017	**01 April 2016 – 31 Mar 2017**	29 Oct 2015 – 31 Mar 2016	29 Oct 2015 – 31 Mar 2016
Pledges and comparable collateral posted for own liabilities and provisions				
Floating charges	**15,000,000**	**108,900,000**	15,000,000	108,900,000
Total pledged assets	**15,000,000**	**108,900,000**	15,000,000	108,900,000

Note 8: 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 2017-04-30.

Åre 2017-04-30

Mats Svensson
Board Member

Marko Hiltunen
Board Member

Iiro Rossi
Board Member

Our auditor's report has been submitted on 2017-05-03.
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, 2016 and ended on March 31, 2017.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property 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 (INR 0) and made profit of SEK 0 (INR 0).

No dividend was proposed for the financial year ended March 31, 2017.

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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
Dated : April 24, 2017

AUDITOR'S REPORT

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 year 2016-04-01-2017-03-31.

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 2017 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.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 opinions. 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 the company's internal control relevant to our 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 Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 year 2016-04-01-2017-03-31 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Sundsvall, April 2017

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 7.26 = FC 1 which is the Bloomberg rate as on 31st March 2017.

Multi-year review

	2016/17	**2016/17**	2014/16	2014/16
	kSEK	**kINR**	kSEK	kINR
Net sales	**0**	**0**	12,426	90,213
Profit/loss after financial items	**0**	**0**	1,159	8,418
Equity/assets ratio	**22.6 %**	**22.6 %**	99.2 %	99.2 %

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
Total	0	0

Changes in equity

	Share capital	Profit/ loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50000 SEK 363000 INR	577000 SEK 4189020 INR	1159475 SEK 8417789 INR	1786475 SEK 12969808 INR
Appropriation of profits as resolved by the AGM				
Dividends		(1736475 SEK) (12606808 INR)		(1736475 SEK) (12606808 INR)
To be carried forward		1159475 SEK 8417789 INR	(1159475 SEK) (8417789 INR)	
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	50000 SEK 363000 INR	0	0	50000 SEK 363000 INR

INCOME STATEMENT

	Note	**1 April 2016 – 31 Mar 2017 SEK**	**1 April 2016 – 31 Mar 2017 INR**	1 Oct 2014 – 31 Mar 2016 SEK	1 Oct 2014 – 31 Mar 2016 INR
Operating income, changes in inventory, etc.	2				
Net sales		**0**	**0**	12,426,000	90,212,760
Total operating income, changes in inventory, etc.		**0**	**0**	12,426,000	90,212,760
Operating expenses					
Raw materials and consumables		**0**	**0**	(11,250,000)	(81,675,000)
Other external expenses		**0**	**0**	(16,525)	(119,972)
Total operating expenses		**0**	**0**	(11,266,525)	(81,794,972)
Operating profit/loss		**0**	**0**	1,159,475	8,417,789
Profit/Loss after financial items		**0**	**0**	1,159,475	8,417,789
Profit/Loss before tax		**0**	**0**	1,159,475	8,417,789
Profit/Loss for the year		**0**	**0**	1,159,475	8,417,789

BALANCE SHEET

	Note	31 Mar 2017 SEK	31 Mar 2017 INR	31 Mar 2016 SEK	31 Mar 2016 INR
Assets					
Current assets					
Current receivables					
Receivables from Group companies		**0**	**0**	1,580,800	11,476,608
Total current receivables		**0**	**0**	1,580,800	11,476,608
Cash and bank balances					
Cash and bank balances		**220,675**	**1,602,101**	220,675	1,602,101
Total cash and bank balances		**220,675**	**1,602,101**	220,675	1,602,101
Total current assets		**220,675**	**1,602,101**	1,801,475	13,078,709
Total assets		**220,675**	**1,602,101**	1,801,475	13,078,709
Equity and liabilities					
Equity	3				
Restricted equity					
Share capital, 50,000 shares		**50,000**	**363,000**	50,000	363,000
Total restricted equity		**50,000**	**363,000**	50,000	363,000
Non-restricted equity					
Retained earnings		**0**	**0**	577,000	4,189,020
Profit/Loss for the year		**0**	**0**	1,159,475	8,417,789
Total non-restricted equity		**0**	**0**	1,736,475	12,606,809
Total equity		**50,000**	**363,000**	1,786,475	12,969,809
Current liabilities					
Liabilites to Group companies		**155,675**	**1,130,201**		
Accrued expenses and deferred income		**15,000**	**108,900**	15,000	108,900
Total current liabilities		**170,675**	**1,239,101**	15,000	108,900
Total equity and liabilities		**220,675**	**1,602,101**	1,801,475	13,078,709

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.

Disclosures to the Income Statement

Note 2 Sales to Group companies

	1 April 2016 –31 Mar 2017	1 Oct 2014 – 31 Mar 2016
Percentage of sales to companies in Groups of which the Company is a subsidiary	**0%**	100%

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 2017-04-24

Åre 2017-04-24

Tapio Anttila

Anne Oravainen

Riku Rauhala

Our auditor's report has been submitted 2017-05-03
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, 2016 and ended on March 31, 2017.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property 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 (INR 0) and made profit of SEK 0 (INR 0).

No dividend was proposed for the financial year ended March 31, 2017.

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, 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 issue shares during the financial period under review.

Holding Company

The Company is 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, 2017.

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 Villas 2 AB

Tapio Anttila	Anne Oravainen	Riku Rauhala
Director	Director	Director

Place: Åre
Dated: April 24, 2017

AUDITOR'S REPORT

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 2AB for the year 2016-04-01-2017-03-31.

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 2017 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.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 opinions. 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 the company's internal control relevant to our 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 Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 year 2016-04-01-2017-03-31 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Sundsvall april 2017
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 7.26 = FC 1 wich is the Bloomberg rate as on 31st March 2017.

Multi-year review

	2016/17	**2016/17**	2014/16	2014/16
	kSEK	**kINR**	kSEK	kINR
Net sales	**0**	**0**	12,426	90,213
Profit/loss after financial items	**0**	**0**	1,159	8,418
Equity/assets ratio	**76.9 %**	**76.9 %**	99.0%	99.0%

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
Total	0	0

Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50000 SEK 363000 INR	273000 SEK 1981980 INR	1159475 SEK 8417788.5 INR	1482475 SEK 10762768 INR
Appropriation of profits as resolved by the AGM				
Dividends		(1432475 SEK) (10399768 INR)		(1432475 SEK) (10399768 INR)
To be carried forward		1159475 SEK 8417788.5 INR	(1159475 SEK) (8417788.5 INR)	
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	50000 SEK 363000 INR	0	0	50000 SEK 363000 INR

INCOME STATEMENT

	Note	1 April 2016 – 31 Mar 2017 SEK	1 April 2016 – 31 Mar 2017 INR	16 Dec 2014 – 31 Mar 2016 SEK	16 Dec 2014 – 31 Mar 2016 INR
Operating income, changes in inventory, etc.	2				
Net sales		**0**	**0**	12,426,000	90,212,760
Total operating income, changes in inventory, etc.		**0**	**0**	12,426,000	90,212,760
Operating expenses					
Raw materials and consumables		**0**	**0**	(11,250,000)	(81,675,000)
Other external expenses		**0**	**0**	(16,525)	(119,972)
Total operating expenses		**0**	**0**	(11,266,525)	(81,794,972)
Operating profit/loss		**0**	**0**	1,159,475	8,417,789
Profit/Loss after financial items		**0**	**0**	1,159,475	8,417,789
Profit/Loss before tax		**0**	**0**	1,159,475	8,417,789
Profit/Loss for the year		**0**	**0**	1,159,475	8,417,789

BALANCE SHEET

	Note	31 Mar 2017 SEK	31 Mar 2017 INR	31 Mar 2016 SEK	31 Mar 2016 INR
Assets					
Current assets					
Current receivables					
Receivables from Group companies		**16,525**	**119,972**	1,449,000	10,519,740
Total current receivables		**16,525**	**119,972**	1,449,000	10,519,740
Cash and bank balances					
Cash and bank balances		**48,475**	**351,929**	48,475	351,929
Total cash and bank balances		**48,475**	**351,929**	48,475	351,929
Total current assets		**65,000**	**471,900**	1,497,475	10,871,669
Total assets		**65,000**	**471,900**	1,497,475	10,871,669
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 50,000 shares		**50,000**	**363,000**	50,000	363,000
Total restricted equity		**50,000**	**363,000**	50,000	363,000
Non-restricted equity					
Retained earnings		**0**	**0**	273,000	1,981,980
Profit/Loss for the year		**0**	**0**	1,159,475	8,417,789
Total non-restricted equity		**0**	**0**	1,432,475	10,399,769
Total equity		**50,000**	**363,000**	1,482,475	10,762,769
Current liabilities					
Accrued expenses and deferred income		**15,000**	**108,900**	15,000	108,900
Total current liabilities		**15,000**	**108,900**	15,000	108,900
Total equity and liabilities		**65,000**	**471,900**	1,497,475	10,871,669

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.

Disclosures to the Income Statement

Note 2 Sales to Group companies

	1 April 2016 –31 Mar 2017	16 Dec 2014 – 31 Mar 2016
Percentage of sales to companies in Groups of which the Company is a subsidiary	**0%**	100%

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 2017-05-03

Åre 2017-05-03

Tapio Anttila

Anne Oravainen

Riku Rauhala

Our auditor's report has been submitted 2017-05-03
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

Mahindra
Rise.

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