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2017-18

Mahindra Holidays & Resorts India Limited
21ST ANNUAL REPORT 2016-17



Only at **ClubMahindra**

Corporate Information

Board of Directors

Arun Nanda, Chairman
Cyrus Guzder
Vineet Nayyar
Rohit Khattar
Sridar Iyengar
Sanjeev Aga
V S Parthasarathy
Radhika Shastry
Kavinder Singh, Managing Director & CEO
S Krishnan, CFO & Executive Director
[Re-designated as Executive Director w.e.f. May 20, 2017]

Chief Financial Officer

Akhila Balachandar
[w.e.f. May 20, 2017]

General Counsel & Company Secretary

Dinesh Shetty

Registered Office

Mahindra Towers, 2nd Floor, No. 17/18,
Patullos Road, Chennai - 600002
Tamil Nadu, India
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E: investors@mahindraholidays.com
W: www.clubmahindra.com
CIN: L55101TN1996PLC036595

Corporate Office

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Dr. G.M Bhosle Marg, P.K. Kurne Chowk,
Worli, Mumbai - 400018
Maharashtra, India
T: +91 22 33684722 F: +91 22 33684721

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar, Chennai - 600017

Secretarial Auditor

M Siroya and Company
Company Secretaries
A-103, Samved Building,
Rajendra Nagar, Borivali (East),
Mumbai - 400066

Committees of Board of Directors

Audit Committee

Sridar Iyengar
Cyrus Guzder
Rohit Khattar
Sanjeev Aga
V S Parthasarathy

Corporate Social Responsibility Committee

Arun Nanda
Cyrus Guzder
V S Parthasarathy
Kavinder Singh

Stakeholders Relationship Committee

Arun Nanda
V S Parthasarathy
Kavinder Singh

Inventory Approval Committee

Arun Nanda
Cyrus Guzder
Kavinder Singh

Risk Management Committee

Arun Nanda
Cyrus Guzder
V S Parthasarathy
Kavinder Singh

Committee of Directors – Investments

Arun Nanda
V S Parthasarathy
Cyrus Guzder
Sanjeev Aga

Strategy Review Committee

Arun Nanda
Cyrus Guzder
Rohit Khattar
Sanjeev Aga
Kavinder Singh

Investment Committee

Arun Nanda
Cyrus Guzder
V S Parthasarathy

Loans & Investment Committee

Arun Nanda
V S Parthasarathy
Cyrus Guzder
Sanjeev Aga

Bankers

YES Bank Limited
HDFC Bank Limited

Registrar and Transfer Agents

Karvy Computershare Private Limited

Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500032
T: +91 40 67162222; Fax: +91 40 23001153; Toll free No: 18003454001
E-mail : einward.ris@karvy.com

Chennai Office:

F-11, First Floor, Akshya Plaza, 108 Adithanar Salai,
Egmore, Chennai - 600002
Phone : +91 44 28587781

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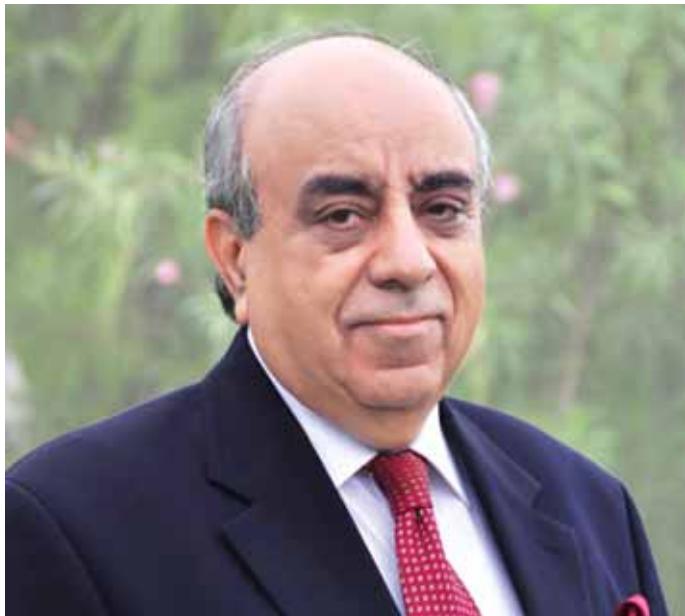
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Chairman's Message



Dear Shareholders,

I am happy to share my thoughts with you as your Company completes twenty successful years. During the two decades, your Company's flagship brand – Club Mahindra Holidays (CMH) – has assured customers of consistently high quality and memorable family experiences. It has always lived by the credo: 'Make Every Moment Magical' for its vacation ownership members and guests. I really feel proud of the fact that your Company has been able to create a culture of regular vacationing amongst our members.

Mahindra Holidays during its 20 year journey has created a reputation for:

- Spotting hitherto unexplored destinations and creating marquee resorts.
- Managing these fully serviced resorts, often in relatively remote destinations, with high standards of service.
- Creating the largest direct sales force network in the hospitality industry within India.

In its 20th year, your Company is proud to have 2.18 lakh members who have a choice to avail holidays across 49 picturesque resorts in hill stations, on beaches, by backwaters, close to wildlife sanctuaries and near forts and heritage destinations. Your Company provides flexibility to its vacation ownership members in choosing the time of their holiday and type of accommodation across growing number of resort locations. It also strives to deliver a complete family experience that caters to the varying needs of all members of the family, from children, young adults to parents to grandparents. Many a times, I have seen four generations holidaying together. Where else is that possible? - *It happens "Only At Club Mahindra".*

When I first wrote to you after your Company's IPO in 2009-10, we had 1.10 lakh Club Mahindra members. By 2016-17, the membership base has almost doubled to 2.18 lakh. Digital leads and referrals from existing members account

for approximately 50 per cent of sales clearly showing "Club Mahindra" has been able to generate the required "pull" for its core proposition.

There has been a very healthy increase in the room inventory across the various resorts. In 2009-10, your Company had around 1500 rooms. This has doubled to 3000+ rooms at the end of 2016-17, making your Company the largest leisure hospitality player in India.

Your Company can proudly claim that it has created many new holiday destinations across India. Two decades ago, places like Binsar, Naukuchiatal, Kandaghat, Munnar, Madikeri, Virajpet, Varca, Ashtamudi, Thekkady, Kanha and Kumbhalgarh were not on the family tourism map. Today, these are well known tourist destinations, thanks to Mahindra Holidays. By creating comfortable eco-friendly resorts in these areas, your Company has not only created new tourist destinations but also provided livelihood and employment for the local communities.

All these and many other initiatives are reflected in your Company's financials. During 2016-17, the Company's standalone operating income crossed Rs.1000 crore. Profit after tax stood at Rs.131 crore – a growth of 15 per cent over the last year. What makes this performance all the more creditable is that it was achieved despite an adverse macroeconomic environment. Not only did economic growth decelerate by 1.3 per cent during the year – coming down to 6.6 per cent from 7.9 per cent in the previous year, demonetisation also proved to be a dampener on consumer sentiments, especially for high-value discretionary spend categories like vacation ownership.

In the year 2014-15, your Company took a major step in realising its global vision by acquiring 18% stake in Holiday Club Resorts Oy (HCR), a leading vacation ownership company in Europe. Subsequently, the stake has been increased to around 95 per cent. With this investment, Mahindra Holidays along with HCR has become the largest vacation ownership company outside of US. I am also pleased to say that HCR made a profit in the previous year and the future augurs well for the company in Finland.

Above all, your Company has a healthy balance sheet. An inventory of over 3000 rooms with near zero debt at the parent level. The debt in the subsidiaries is to take advantage of low interest rate available in those countries and is fully backed by assets in subsidiaries.

All this would not have been possible without the excellent work done by the management team, duly supported by all the employees and of course consistently upgrading technology to not only improve member experience but also operations.

Please join me in congratulating every employee of Mahindra Holidays for this performance in 2016-17 and also in encouraging them to do even better in the future.

Thank you for your support.

With warm regards,

**Arun Nanda
Chairman**

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 dining, 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 – Deferred tax (net)	7,535 (505)	4,990 460
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 Tunturirivi 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.

Mahindra Holidays & Resorts India Limited

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 Haskins & Sells during their association with the Company as its 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

Chairman

DIN: 00010029

Mumbai

May 19, 2017

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

Mumbai
May 19, 2017

Arun Nanda
Chairman
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

Mahindra Holidays & Resorts India Limited

- 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.
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 Dharamshala (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 Vilas 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

Mumbai

May 19, 2017

Arun Nanda

Chairman - Corporate Social Responsibility Committee

DIN: 00010029

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:
 - o The increment that needs to be paid for different performance ratings as well as grades.
 - o The increment for promotions and the total maximum increment.
 - o 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 Tunturirvi 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

Mahindra Holidays & Resorts India Limited

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, 2 nd 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, 5 th 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, 1 st Floor, 17/18 Patullos Road, Chennai – 600 002	U55101TN2007PLC063285	Subsidiary	100	2(87)(ii)
4.	Heritage Bird (M) Sdn. Bhd. 802, 8 th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, Malaysia.	-	Subsidiary	100	2(87)(ii)
5.	MH Boutique Hospitality Limited No. 33/118-119 Wall Street Tower Building, 23 rd Floor Surawongse Road, Suriyawongse SubDistrict, Bangrak District, Bangkok, Thailand	-	Subsidiary	49	2(87)(i)

SL. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
6.	Infinity Hospitality Group Company Ltd ^a 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 ^b 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 ^s Box 68, 83013 Åre, Sweden	-	Subsidiary	91.94	2(87)(ii)
12.	Ownership Service Sweden AB ^A 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. ^A 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. ^A 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. ^A Avenida Ministra Anna Lindh no.1. Amadores. Mogan 35130. Canary Islands. Spain	-	Subsidiary	91.94	2(87)(ii)
16.	Holiday Club Resorts Rus LLC ^s Bolshaya Konushennaya str. 8. 191186 St-Petersburg, Russia	-	Subsidiary	91.94	2(87)(ii)
17.	Suomen Vapaa-aikakiinteistöt Oy ^s c/o Holiday Club Resorts Oy, Lapinniemensranta 12 33180 Tampere	-	Subsidiary	91.94	2(87)(ii)
18.	Kiinteistö Oy Himos Gardens ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
19.	Kiinteistö Oy Himoksen Tähti 2 ^s c/o Holiday Club Resorts Oy, Lapinniemensranta 12 33180 Tampere	-	Subsidiary	91.94	2(87)(ii)
20.	Kiinteistö Oy Vanha Ykköstii ^s Hitsaajankatu 22, 00810 Helsinki	-	Subsidiary	91.94	2(87)(ii)
21.	Kiinteistö Oy Katinnurkka ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
22.	Kiinteistö Oy Tenetinlahti ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
23.	Kiinteistö Oy Mällösniemi ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	-	Subsidiary	91.94	2(87)(ii)
24.	Kiinteistö Oy Rauhan Ranta 1 ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	-	Subsidiary	91.94	2(87)(ii)

Mahindra Holidays & Resorts India Limited

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
25.	Kiinteistö Oy Rauhan Ranta 2 ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	-	Subsidiary	91.94	2(87)(ii)
26.	Kiinteistö Oy Tiurunniemi ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
27.	Kiinteistö Oy Rauhan Liikekiinteistöt 1 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
28.	Supermarket Capri Oy ^s c/o Kauppakeskus Capri Oy Vipelentie 3-5, 55320 Rauha	-	Subsidiary	91.94	2(87)(ii)
29.	Kiinteistö Oy Kylpyläntorni 1 ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
30.	Kiinteistö Oy Spa Lofts 2 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
31.	Kiinteistö Oy Spa Lofts 3 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere	-	Subsidiary	91.94	2(87)(ii)
32.	Kiinteistö Oy Kuusamon Pulkkajärvi 1 ^s 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, 1 st 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 Rantasauva Oy [~] c/o Kuusamon kaupunki, Keskusuja 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

Mahindra Holidays & Resorts India Limited

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)
(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
(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	-0.06
	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 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	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 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	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	1575000	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

Mahindra Holidays & Resorts India Limited

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
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
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

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
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	9786	0.01
	17/02/2017	Purchase		21,033	0.02	30,819	0.03
11	24/02/2017	Purchase	MIRAE ASSET EMERGING BLUECHIP FUND	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
12	01/04/2016	Opening Balance	NYLIM JACOB BALLAS INDIA FUND III, LLC	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

Mahindra Holidays & Resorts India Limited

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
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	548208	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
	01/04/2016	Opening Balance	PPFAS LONG TERM VALUE FUND	5,69,281	0.64	5,69,281	0.64
15	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				
• 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)				

Nil

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)		

Mahindra Holidays & Resorts India Limited

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

- 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.

- 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.

- 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.

- The number of permanent employees on the rolls of the Company:** 4,615

- 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.

- 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

Mumbai
May 19, 2017

Arun Nanda
Chairman
DIN: 00010029

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 '*OnlyAt 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.

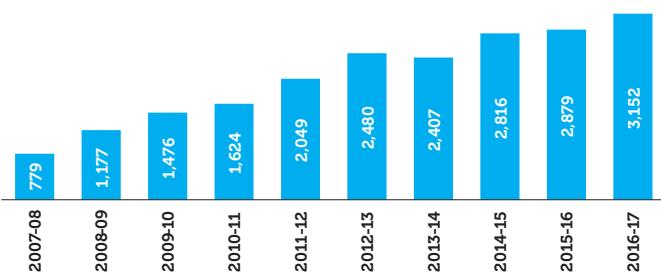
The Company launched a new shorter duration vacation ownership product 'Bliss' in January 2017, which offers one week of holiday every year over Ten Years. It is targeted at seniors. Seniors travel is a fast growing segment. It is a point-based product that has been designed to offer greater flexibility 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 NABC 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)

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
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	-	-	-	-

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. 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
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 (until November 2017) and Chief Financial Officer & Executive Director (until 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.

Mahindra Holidays & Resorts India Limited

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.

Mahindra Holidays & Resorts India Limited

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.
2015	July 28, 2015	3.00 PM	Mini Hall, The Music Academy, No. 168, T.T.K. Road, Chennai – 600 014	<ol style="list-style-type: none">Appointment of and Remuneration payable to Mr. S. Krishnan, Chief Financial Officer and Executive Director of the Company.Payment of Commission to Directors other than Managing Director and Whole time Director.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, 4 th 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.

Mahindra Holidays & Resorts India Limited

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

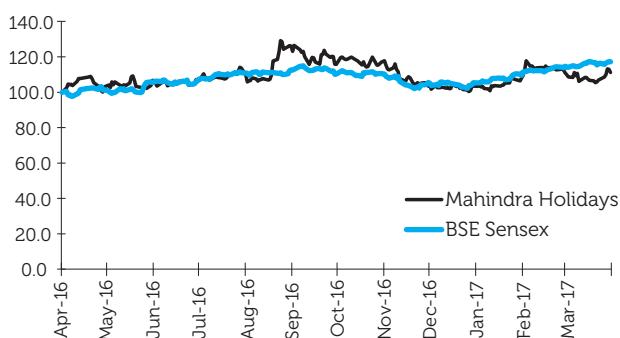
BSE and NSE – Monthly High / Low and Volumes

	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

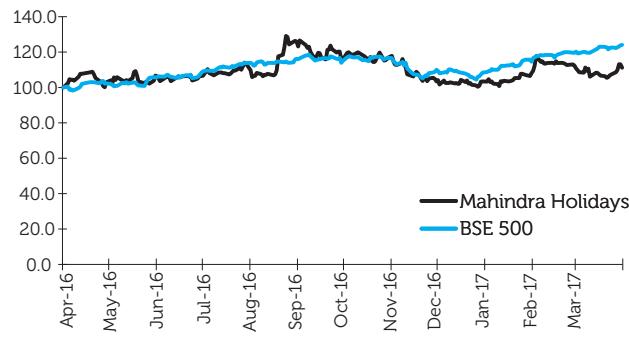
Month	MHRIL's Closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2016	398.75	25,606.62	7,849.80	10,406.12
May, 2016	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



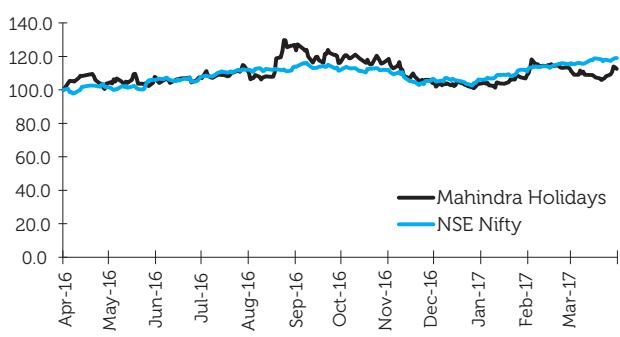
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on April 1, 2016

Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 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

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.
Tele 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.

Mumbai

May 19, 2017

Kavinder Singh

Managing Director & CEO

DIN: 06994031

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

STANDALONE FINANCIAL STATEMENTS

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:
- 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);
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - 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.
 - (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 the dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ Lakhs)	Amount Unpaid (₹ 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

Mahindra Holidays & Resorts India Limited

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

S. Krishnan

Executive Director &
Chief Financial Officer

Place: Mumbai

Date: May 19, 2017

Kavinder Singh

Managing Director & CEO

Dinesh Shetty

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR 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 Expenditure		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

S. Krishnan

Executive Director &
Chief Financial Officer

Place: Mumbai

Date: May 19, 2017

Kavinder Singh

Managing Director & CEO

Dinesh Shetty

Company Secretary

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)
	26,580.54	11,575.13
NET CASH GENERATED FROM OPERATING ACTIVITIES		
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)	-
	(4,403.53)	(847.82)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		

All amounts are in INR Lacs unless otherwise stated

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
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 and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No. 008072S

A. K. Nanda

Chairman

S. Krishnan

Executive Director &
Chief Financial Officer

Kavinder Singh

Managing Director & CEO

Dinesh Shetty

Company Secretary

M. K. Ananthanarayanan

Partner

Membership Number: 19521

Place: Mumbai

Date: May 19, 2017

Place: Mumbai

Date: May 19, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
Statement of Changes in Equity

Mahindra Holidays & Resorts India Limited

All amounts are in INR Lacs unless otherwise stated

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Equity-Settled Employee Benefits Reserve		
Equity Share Capital							
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	-	-	-	-	-	-	-
Additions during the year	17.61	-	-	301.18	(5.82)	-	13,065.20 - 663.95 (2.95)
OCI component of actuarial gains/losses (Net of Taxes)	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(5,342.74)
Transfer to General reserve	-	-	-	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
Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Equity-Settled Employee Benefits Reserve		
Equity Share Capital							
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	-	-	-	-	-	-	-
Additions during the year	3.21	-	90.45	(0.45)	-	-	11,359.41 - 442.12 (10.10)
OCI component of actuarial gains/losses	-	-	-	-	-	-	-
Addition/(Deletion) on account of business combination	-	30.00	(9,112.96)	47.48	-	145.80 (1515.97)	- (10,405.65)
Dividends	-	-	-	-	-	-	(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

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

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

A. K. Nanda
Chairman
S. Krishnan
Chief Financial Officer &
Executive Director
Place: Mumbai
Date: May 19, 2017

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

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 (xxii) 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

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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 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.

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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

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current tax is calculated using tax rates that have been enacted by the end of the reporting period.

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

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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 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

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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 recognizing 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

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initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

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

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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 contractual obligation :
 - 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

(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:

- 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

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- 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.

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Refer Note 2(xxiii)(a),(b) and (c) for the first time adoption choices elected by the Company with respect to financial instruments.

(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.

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

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 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.

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

All amounts are in INR Lacs unless otherwise stated

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 31st March, 2015	10,712.82	48,960.38	45.14	10,533.90	466.90	6,015.25	606.28	77,340.67

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

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 31st March, 2015	2,243.52	2,243.52

Note No. 6 - Non Current Investment:

Particulars	Face value	Currency	As At		As At		As At	
			March 31, 2017		March 31, 2016		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

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 6 - Non Current Investment: (contd.)

Particulars	Face value	Currency	As At		As At		As At	
			March 31, 2017		March 31, 2016		April 1, 2015	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
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 Apartments 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	-	1	-	1	-
Mahindra Hotels and Resorts Limited	10	INR	20,011	-	20,011	-	20,011	-
(cost of investment INR 1/-)								
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 (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each)	10	INR	25,000	65.59	25,000	56.13	25,000	46.30
				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 Development 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 allotted 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

Note No. 7 - Non-Current Trade Receivables (Unsecured)

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 8 - Non-Current Loans (Unsecured, Considered good)

Particulars	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

Particulars	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

Particulars	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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Income tax (Net of provisions up to the reporting date)	10,777.76	11,491.08	11,340.45
	10,777.76	11,491.08	11,340.45

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

All amounts are in INR Lacs unless otherwise stated

Note No. 11(b) - Other Assets Non-Current

Particulars	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)

Particulars	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

Note No. 13 - Current Investments :

Particulars	As At		As At		As At	
	March 31, 2017		March 31, 2016		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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 14 - Trade Receivables

Particulars	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

Particulars	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

Particulars	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)

Particulars	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. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

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

All amounts are in INR Lacs unless otherwise stated

Note No. 18 - Other Current Financial Assets

Particulars	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
	<hr/>	<hr/>	<hr/>
		34.10	29.00
	<hr/>	<hr/>	<hr/>

Refer Note Nos. 44 and 45 for disclosure of measurement policy as per IND AS 107, 109, 113

Note No. 19 - Other Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
With Government authorities (excluding 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	-	-
	<hr/>	<hr/>	<hr/>
	3,052.36	2,929.04	2,507.33
	<hr/>	<hr/>	<hr/>

Note No. 20 - Equity Share Capital :

Particulars	As At		As At		As At	
	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<u>Authorised:</u>						
Equity shares of ₹ 10 each with voting rights	100,000,000	10,000.00	100,000,000	10,000.00	100,000,000	10,000.00
<u>Issued, Subscribed and Fully Paid:</u>						
Equity shares of ₹ 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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	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 allotted 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 ₹ 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 ₹ 4,441.79 lacs at ₹ 5 per share (Previous year ₹ 4,439.04 lacs at ₹ 5 per share).
- iv) Repayment of capital will be in proportion to the number of equity shares held.

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

All amounts are in INR Lacs unless otherwise stated

- 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:-

Name of shareholder	As at		As at		As at	
	31-Mar-17		31-Mar-16		01-Apr-15	
	No. of Shares	In ₹ Lacs	No. of Shares	In ₹ Lacs	No. of Shares	In ₹ 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

- 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 ₹ 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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 20 - Equity Share Capital : (Contd.)

Particulars	Date of Grant	Exercise price (in ₹)	Average Exercise Price (in ₹)	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 5 yrs from the date of each vesting	refer note (a) below 25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant II (ESOS 2006)	30/03/2007	52.00	19.50	4	122,235			Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant III (ESOS 2006)	01/11/2007	52.00	19.50	4	56,700			
Grant V (ESOS 2006)**	01/11/2008	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			refer note (b) below
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			
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)	01/11/2007	2,117	-	-	2,117		-	-
Grant V (ESOS 2006)**	01/11/2008	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.

- (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 ₹ 113.81 for Grant VI (ESOS 2006), ₹ 129.93 for Grant VII (ESOS 2006), 21st February 2013 is ₹ 94.43 for Grant VIII (ESOS 2006), 29th January 2014 is ₹ 83.75 for Grant IX (ESOS 2006), 22nd January 2015 is ₹ 97.24 for Grant I (ESOS 2014), 27th October 2015 is ₹ 158.85 for Grant II (ESOS 2014), 18th February 2016 is ₹ 126.91 for Grant III (ESOS 2014) and 31st January 2017 is ₹ 150.35 for Grant IV (ESOS 2014).

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

All amounts are in INR Lacs unless otherwise stated

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	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%	₹ 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

Particulars	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 premium 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-Actuarial Gain / Loss	(10.03)	(10.10)	-
	58,618.97	50,253.10	53,144.71

Note No. 22 - Other Non-Current Financial Liabilities (At amortised cost)

Particulars	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

Particulars	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

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 25 - Current Borrowings (Secured)

Particulars	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

Particulars	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

Particulars	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

Note No. 28 - Provisions

Particulars	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

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 29(b) - Other Current Liabilities

Particulars	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

Particulars	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

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 32 - Employee benefits expense

Particulars	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 costs

Particulars	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

Particulars	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
Net loss / (gain) on foreign currency transactions	217.22	-

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

All amounts are in INR Lacs unless otherwise stated

Note No. 34 - Other expenses (Contd.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
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 Responsibility (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
	<u>61,914.06</u>	<u>52,973.99</u>

Note No. 35 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	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	<u>7,029.26</u>	<u>5,449.84</u>

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax:		
Remeasurement of defined benefit obligations	1.55	5.35
	<u>1.55</u>	<u>5.35</u>
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)
	<u>(1.55)</u>	<u>(5.35)</u>

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

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

Particulars	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.

Note No. 35 - Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Particulars	For the Year ended March 31, 2017				
	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)
	<u>(7,186.07)</u>	<u>(348.37)</u>	<u>-</u>	<u>-</u>	<u>(7,534.44)</u>
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
	<u>8,749.58</u>	<u>853.66</u>	<u>-</u>	<u>-</u>	<u>9,603.24</u>
Net Tax Asset (Liabilities)	1,563.51	505.29	-	-	2,068.80

Particulars	For the Year ended March 31, 2016				
	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)
	<u>(6,536.50)</u>	<u>(550.86)</u>	<u>-</u>	<u>(98.71)</u>	<u>(7,186.07)</u>
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
	<u>8,659.01</u>	<u>90.57</u>	<u>-</u>	<u>-</u>	<u>8,749.58</u>
Net Tax Asset (Liabilities)	2,122.51	(460.29)	-	(98.71)	1,563.51

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

All amounts are in INR Lacs unless otherwise stated

Note No. 36 - Earnings per Share:

	Year ended March 31, 2017	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

	Year ended March 31, 2017	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

	Year ended March 31, 2017	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:

	Year ended March 31, 2017	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 EPS	885.49	882.94

Note 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

Mahindra Holidays & Resorts India Limited

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

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Note No. 38 - Value of imports calculated on CIF basis:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Capital goods	47.33	106.09

Note No. 39 - Expenditure in foreign currency:

Particulars	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:

Particulars	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

Note No. 41 - Details of consumption of imported and indigenous items:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Consumption (₹ in lacs)	% of value	Consumption (₹ 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)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Income Tax matters: <u>Claims against the Company not acknowledged as debt (for matters disputed by the Company)</u> pertaining to Revenue Recognition (timing difference *) pending before the CIT(A) (Company appeal) interest included in the above pertaining to other matters (mainly timing differences *), pending before the CIT (A) (Company appeal) interest included in the above <u>Matters decided in favour of the Company, (but under appeal by the Department)</u> pertaining to Revenue Recognition (timing difference *) pending before the Madras High Court (Department appeal) excluding interest	31,686.46 8,603.28 4,075.43 896.96 27,140.61	17,894.37 4,835.86 3,269.18 762.98 27,140.61	27,531.80 7,167.63 3,243.39 762.98 19,785.70

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

All amounts are in INR Lacs unless otherwise stated

Note No. 42 - Contingent liabilities and commitments: (Contd.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
* 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.			
(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) 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 ₹ 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 ₹ 550 lacs referred to above includes ₹ 421 lacs on this account. The Company is in the process of challenging the High Court order.	1,650.37	3,081.90	2,510.53
(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 subsidiaries: Amount of guarantees given (Euro) Outstanding amount against guarantees (Euro) Amount of guarantees given (THB) Outstanding amount against guarantees (THB) Amount of guarantees given (INR) Outstanding amount against guarantees (INR)	681.00 624.00 1,620.00 700.00 50,219.92 44,536.16	681.00 545.50 - - 51,054.57 40,896.14	112.00 109.25 - - 7,577.36 7,391.01

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

All amounts are in INR Lacs unless otherwise stated

Note No. 42 - Contingent liabilities and commitments: (Contd.)

(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 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 ₹ 1,256.15 lacs as damages for termination of the Contract. The Company has made a counter claim of ₹ 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 ₹ 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 ₹ 475.36 lacs (As at March 31, 2016: ₹ 949.02 lacs, as at April 1, 2015: ₹ 826.50 lacs).

(i) Capital commitment:

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Employee Benefits:

(a) Defined contribution plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 836.18 Lacs (2016: ₹ 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 Insurance Corporation of India.

Defined benefit plans – as per actuarial valuation on March 31, 2017 and March 31, 2016:

	Funded Plan	
	Gratuity	
	2017	2016
Ia. <u>Expense recognised in the Statement of Profit and Loss for the year ended 31st March:</u>		
Current service cost	101.86	97.11
Net Interest cost	0.33	(4.77)
Ib. <u>Included in other Comprehensive Income:</u>		
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)
Components 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)		

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Employee Benefits: (Contd.)

		Funded Plan	
		Gratuity	
		2017	2016
III.	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
	<u>Change in fair value of assets during the year ended 31st March:</u>		
	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		
IV.	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
	<u>Major categories of plan assets :</u>		
	Deposits with Insurance companies	448.91	397.79

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	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)

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Employee Benefits: (Contd.)

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 ₹ 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
<u>Asset category:</u>			
Contributions placed with Insurance companies	448.91	397.79	235.68
	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 44 - Financial Instruments: (Contd.)

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

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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 44 - Financial Instruments:(Contd.)

As at March 31, 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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 44 - Financial Instruments: (Contd.)

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:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>April 1, 2015</u>
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

	<u>Amount</u>
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

(i) 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.

	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3 Years to 5 Years</u>	<u>5 years and above</u>
<u>Non-derivative financial liabilities as at March 31, 2017</u>				
Non-interest bearing	18,640.34	101.86	-	-
Total	18,640.34	101.86	-	-
<u>Non-derivative financial liabilities as at March 31, 2016</u>				
Non-interest bearing	18,898.08	8.72	-	-
Total	18,898.08	8.72	-	-
<u>Non-derivative financial liabilities as at March 31, 2015</u>				
Non-interest bearing	17,340.84	504.45	-	-
Total	17,340.84	504.45	-	-

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

All amounts are in INR Lacs unless otherwise stated

Note No. 44 - Financial Instruments:(Contd.)

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
<u>Non-derivative financial assets as of March 31, 2017</u>				
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	-
<u>Non-derivative financial assets as of March 31, 2016</u>				
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	-
<u>Non-derivative financial assets as of April 1, 2015</u>				
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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 44 - Financial Instruments: (Contd.)

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.

Particulars	Currency	in INR Lacs		
		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
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)

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

All amounts are in INR Lacs unless otherwise stated

Note No. 45 - 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)
	March 31, 2017	March 31, 2016	April 1, 2015		
<u>Financial assets</u>					
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		
<u>Financial liabilities</u>					
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: ₹ 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

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

All amounts are in INR Lacs unless otherwise stated

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:

	As at March 31, 2017	As at 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).

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

All amounts are in INR Lacs unless otherwise stated

Note No. 51 - Related party transactions:

Particulars		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	-	(3,647.86)	-
	(ICD converted to Investment)			
Purchase of services				
	Heritage Bird (M) Sdn Bhd.	137.47	140.92	-
	Infinity Hospitality Group Company Ltd	386.87	414.33	-
	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	-

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 51 - Related party transactions: (Contd.)

Particulars		March 31, 2017	March 31, 2016	April 1, 2015
Corporate guarantees given on behalf of:	MHR Holdings (Mauritius) Ltd Covington S.a.r.l Infinity Hospitality Group Company Ltd	- - 3,057.26	37,485.00 8,246.70 -	- - -
Fellow Subsidiaries				
Sale of services:	Mahindra Intertrade Ltd Mahindra Lifespace Developers Ltd Mahindra Two Wheelers Limited Bristlecone India Limited. Mahindra Logistics Limited Tech Mahindra Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Company Ltd MSBUAD MSBUTD MSBUOT	0.96 0.37 - 10.83 - 2.44 - 6.69 1.10 0.35 0.35	0.93 - 3.65 3.24 2.71 - 2.19 - - - -	- - - - - - - - - - -
Purchase of PPE	Mahindra Retail Private Limited	-	0.54	-
Purchase of services:	Mahindra Integrated Business Solutions Pvt Ltd Mahindra Defence Systems Mahindra Consulting Engineers Limited. Bristlecone India Limited. Tech Mahindra Ltd Mahindra Emarket Ltd	51.98 - 0.30 308.16 1,168.20 0.05	4.19 2.45 7.20 171.90 1,675.38 -	- - - - - -
Key Management Personnel				
Managerial remuneration:	Mr. Kavinder Singh Mr. Dinesh Shetty Mr. S Krishnan	306.27 72.86 163.31	240.55 54.06 169.95	- - -
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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 51 - Related party transactions: (Contd.)

Particulars		March 31, 2017	March 31, 2016	April 1, 2015
	Heritage Bird (M) Sdn Bhd. Gables Promoters Private Limited Infinity Hospitality Group Company Ltd MH Boutique Hospitality Limited Arabian Dreams Hotels Apartments LLC MHR Holdings (Mauritius) Limited	40.27 5,011.64 2,681.11 95.38 52.11 115.11	40.27 5,011.64 2,681.11 95.38 52.11 115.11	40.27 1,363.78 2,681.11 95.38 52.11 115.11
Loans and Advances including interest accrued	Mahindra Hotels & Residences India Ltd Heritage Bird (M) Sdn Bhd.	7.40 684.14	7.40 767.03	7.40 800.92
Inter Corporate Deposits including interest accrued	Gables Promoters Private Limited Infinity Hospitality Group Company Ltd MH Boutique Hospitality Limited Mahindra Hotels & Residences India Ltd MHR Holdings (Mauritius) Limited Arabian Dreams Hotels Apartments LLC	220.00 1,375.43 715.82 2.63 200.46 1,065.29	620.16 3,059.03 674.15 0.53 199.20 1,009.80	2,245.46 3,045.05 639.37 - - 876.20
Other Receivables	MHR Holdings (Mauritius) Limited Arabian Dreams Hotels Apartments LLC Covington S.a.r.l	343.94 - 77.84	161.85 48.32 38.57	26.16 147.19 -
Other Payables	Infinity Hospitality Group Company Limited Heritage Bird (M) Sdn Bhd. Arabian Dreams Hotels Apartments LLC	15.24 - 48.14	414.54 - -	291.86 33.34 -
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Limited Covington S.a.r.l Infinity Hospitality Group Company Limited	39,544.61 7,618.05 3,057.26	42,807.87 8,246.70 -	7,577.36 - -

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 51 - Related party transactions: (Contd.)

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

All amounts are in INR Lacs unless otherwise stated

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		<u>59,058.94</u>	<u>61,947.34</u>

(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		<u>(53.85)</u>
Total adjustment to profit or loss		<u>(375.15)</u>
Profit or Loss under Ind AS		<u>11,359.41</u>
Other comprehensive income	4	<u>(10.10)</u>
Total comprehensive income under Ind ASs		<u>11,349.31</u>

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	
	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 52 - First-time adoption of Ind-AS: (Contd.)

- (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, irrespective 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 consistently 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 follow 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.

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

All amounts are in INR Lacs unless otherwise stated

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
<u>Adjustments on account of</u>	
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 correspond 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
S. Krishnan
Executive Director &
Chief Financial Officer
Place: Mumbai
Date: May 19, 2017

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Mahindra Holidays & Resorts India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and its joint ventures, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates and Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 consolidated 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 consolidated state of affairs of the Group, its associates and joint ventures as at 31st March, 2017, and their consolidated profits, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- a) We did not audit the financial statements / financial information of all subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 189,261.47 Lacs as at 31st March, 2017, total revenues of ₹ 127,457.31 Lacs and net cash outflows amounting to ₹ 4084.93

Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind-AS financial Statements also include the Group's share of net profits of ₹ 4.95 Lakhs for the year ended 31 st March, 2017, as considered in the consolidated Ind AS financial statements, in respect of 3 associates and a two joint venture , whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors. The financial statements / other financial information of 5 overseas subsidiaries along with their subsidiaries, joint ventures and associates have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to Indian GAAP. We have audited these conversion adjustments made by the Holding company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent company and audited by us.

- b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of subsidiaries and joint ventures which are companies incorporated in India, included in this Statement and prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.
- c) The financial information of 5 overseas subsidiaries along with their subsidiaries, joint ventures and associates, audited by other auditors included in the previously issued financial statements / information of the Group for the year ended March 31, 2016, prepared in accordance with accounting principles generally accepted in their respective countries, have been restated to comply with Ind AS and included in this Statement as comparative financial information. These restatement adjustments to comply with Ind AS have been made by the management and audited by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors .

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditors and other auditors on separate financial statements and the other financial information of joint operations, subsidiaries, associates and joint venture companies incorporated in India, referred 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 of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness

of the Holding Company's and subsidiary companies incorporated in India 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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures. (Refer Note 41 to the financial statements)
- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law for material foreseeable losses 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 Holding Company and its subsidiary companies incorporated in India.
- iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the 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 of the Holding company and Group entities as applicable; Based on audit procedures performed and the representations provided to us by the management and the reports of the other auditors, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Holding Company and those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and to the other auditors by the Management of the Company and the respective Group entities.

(Refer Note 53 to the financial statements).

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 1(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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Mahindra Holidays & Resorts India Limited** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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, 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 obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies, which are companies incorporated in India.

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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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 companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells

Chartered Accountants
(Firm's Registration No. 008072S)

M.K. Ananthanarayanan

Partner

(Membership No. 19521)

Mumbai, May 19, 2017

Mahindra Holidays & Resorts India Limited

CONSOLIDATED 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	115,765.07	121,152.96	89,127.55
Capital work-in-progress		16,921.83	7,176.18	8,725.57
Goodwill	5	6,826.36	7,196.33	12,104.19
Other Intangible Assets	6	4,706.61	5,552.38	2,239.35
Intangible assets under development		211.42	349.77	730.89
Financial Assets				
Investments in Associates & Joint ventures	7	155.85	121.61	9,466.83
Other Investments	7	492.49	193.50	456.12
Trade receivables	8	50,520.42	44,299.19	35,554.22
Loans	9	3,752.08	3,149.09	3,059.28
Others	10	500.75	329.62	55.04
Deferred Tax Assets (Net)	11(a)	4,586.25	4,888.27	2,023.82
Other non-current tax assets (Net)	12(a)	10,568.01	11,771.48	11,408.63
Other non-current assets	12(b)	2,189.24	1,833.44	3,744.43
		217,196.38	208,013.82	178,695.92
Current assets				
Inventories	13	39,538.55	37,940.96	598.39
Financial Assets				
Investments	14	9,711.29	5,788.78	958.26
Trade receivables	15	101,997.15	93,441.12	71,157.51
Cash and cash equivalents	16	19,611.58	10,784.27	1,896.06
Other bank balances	17	1,811.91	360.96	337.94
Loans	18	30.37	27.17	23.46
Others	19	-	34.10	38.73
Other current assets	20	5,969.16	6,486.74	2,399.55
		178,670.01	154,864.10	77,409.90
		395,866.39	362,877.92	256,105.82
EQUITY AND LIABILITIES				
Equity				
Equity share capital	21	8,823.45	8,805.84	8,802.63
Other equity	22	50,915.15	41,808.65	49,124.16
Non-Controlling Interests	23	59,738.60	50,614.49	57,926.79
		2,825.46	3,069.57	244.76
		62,564.06	53,684.06	58,171.55
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	24	69,380.86	63,212.74	11,738.14
Other financial liabilities	25	3,889.20	4,079.97	577.63
Provisions	26	859.68	682.42	502.04
Deferred Tax Liabilities (Net)	11(b)	183.81	330.16	-
Other non-current liabilities				
Deferred Revenue	27	187,801.25	168,932.50	150,866.32
		262,114.80	237,237.79	163,684.13
Current liabilities				
Financial Liabilities				
Borrowings	28	1,819.27	1,124.55	641.21
Trade payables	29	27,494.60	25,769.42	11,177.43
Other financial liabilities	30	17,698.72	24,126.90	4,730.67
Provisions	31	161.46	22.89	17.43
Other current liabilities				
Deferred Revenue	32(a)	21,680.75	19,141.39	16,690.70
Others	32(b)	2,332.73	1,770.92	992.70
		71,187.53	71,956.07	34,250.14
		395,866.39	362,877.92	256,105.82

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

S. Krishnan

Executive Director &

Chief Financial Officer

Place: Mumbai

Date: May 19, 2017

Kavinder Singh

Managing Director & CEO

Dinesh Shetty

Company Secretary

CONSOLIDATED 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	33	228,215.66	160,212.10
Other income	34	2,783.17	1,084.89
		230,998.83	161,296.99
Total Revenue			
Expenses			
Cost of vacation ownership weeks	37(a)	31,659.24	16,349.15
Employee benefits expense	35	51,276.99	36,222.57
Finance costs	36	1,971.57	1,515.35
Depreciation and amortisation expense	4 & 6	10,592.01	9,755.74
Other expenses	37(b)	113,091.61	81,313.44
		208,591.42	145,156.25
Total Expenses			
Share of profit/ (loss) of joint ventures and associates		4.95	(1,493.62)
Profit before tax		22,412.36	14,647.12
Tax Expense			
Current tax	38	7,902.73	5,023.17
Deferred tax	38	(45.62)	614.21
		7,857.11	5,637.38
Total tax expense		14,555.25	9,009.74
Profit after tax			
Profit for the period attributable to:			
Owners of the Company		14,857.59	8,680.74
Non controlling interests		(302.34)	329.00
		14,555.25	9,009.74
Other comprehensive income			
Items that will not be reclassified 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
Items that may be reclassified to profit or loss			
Exchange differences on translating the financial statements of foreign operations		(3,344.45)	(306.41)
Income taxes related to items that may be reclassified to profit or loss		-	-
Total Other Comprehensive Income		(3,347.38)	(316.51)
Other comprehensive income for the period attributable to:			
Owners of the Company		(3,177.16)	(268.15)
Non controlling interests		(170.22)	(48.36)
		(3,347.38)	(316.51)
Total comprehensive income for the period attributable to:			
Owners of the Company		11,680.43	8,412.59
Non controlling interests		(472.56)	280.64
Earnings per equity share (for continuing operation):			
Basic	39	16.86	9.86
Diluted	39	16.78	9.83

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

S. Krishnan

Executive Director &
Chief Financial Officer

Place: Mumbai

Date: May 19, 2017

Kavinder Singh

Managing Director & CEO

Dinesh Shetty

Company Secretary

CONSOLIDATED 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	22,412.36	14,647.12
Adjustments for:		
Finance costs recognised in profit or loss	1,971.57	1,515.35
Interest income recognised in profit or loss	(418.35)	(55.05)
Dividend income recognised in profit or loss	(423.46)	(176.11)
Impairment loss recognised on trade receivables	3,091.11	337.80
Depreciation and amortisation of non-current assets	10,592.01	9,755.74
Net (Gain)/Loss on disposal of property, plant and equipment	62.04	(123.37)
Net foreign exchange (gain)/loss	(1,169.97)	953.01
Investments carried at FVTPL (gain)/loss	(9.46)	(9.83)
Expense recognised in respect of equity-settled share-based payments	350.98	348.91
Share of profit of associates and joint venture	(4.95)	1,493.62
	14,041.52	14,040.07
Operating profit before working capital changes	36,453.88	28,687.19
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(19,636.90)	(21,072.28)
(Increase)/decrease in inventories	(1,597.59)	7,741.81
Decrease in trade and other payables	1,725.18	14,591.99
Increase/(decrease) in provisions	315.83	185.84
(Decrease)/increase in deferred revenue	21,408.11	20,516.87
(Decrease)/increase in other liabilities	(4,427.99)	(20,466.37)
Cash generated from operations	(2,213.36)	1,497.87
Income taxes paid	(6,653.64)	(6,000.23)
	27,586.88	24,184.82
NET CASH GENERATED BY OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Interest received	418.35	55.05
Dividend income	423.46	176.11
Paid to related parties	-	-
Payments for property, plant and equipment	(15,289.43)	(18,996.63)
Proceeds from disposal of property, plant and equipment	507.79	1,588.03
Purchase of investment	(323.77)	(3,737.68)
Consideration paid on acquisition of subsidiary	-	(17,651.31)
	(14,263.60)	(38,566.43)
NET CASH (USED IN)/GENERATED BY INVESTING ACTIVITIES		

All amounts are in INR Lacs unless otherwise stated

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	6,862.84	33,231.93
Dividends paid to owners of the Company	(5,464.73)	(4,273.26)
Interest paid	(1,971.57)	(1,515.35)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES	(573.46)	27,443.32
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	12,749.82	13,061.72
Cash and cash equivalents at the beginning of the year	16,573.05	2,854.32
Add : Acquired on account of amalgamation	-	657.01
Cash and cash equivalents at the end of the year	29,322.87	16,573.05

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
S. Krishnan
Executive Director &
Chief Financial Officer
Place: Mumbai
Date: May 19, 2017

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

Statement of Changes in Equity

All amounts are in INR Lacs unless otherwise stated

Particulars	Reserves and Surplus						Items of other comprehensive income	Attributable to owners of the Company	Non-Controlling Interests	Total
	Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Equity-settled employee benefits reserve	Capital Redemption Reserve	FCLMTDR	Retained Earnings	Foreign Currency Translation Reserve	Actuarial Gain/Loss
Balance at the beginning of reporting period April 1, 2016	8,805.84	44.75	13,504.50	8,890.18	494.41	145.80	(762.05)	19,807.57	(306.41)	(10.10)
Profit / (Loss) for the period								14,857.59		
Additions during the period	17.61			301.18	(5.82)	350.98			663.95	(472.56)
OCI component of actuarial gains/ losses (Net of Taxes)									(2.93)	14,385.03
Dividend paid on Equity Shares										663.95
Transfers to Reserves										(2.93)
Other changes										(5,467.32)
Balance at the end of reporting period March 31, 2017	8,823.45	44.75	13,805.68	10,384.36	845.39	145.80	2,438.14	(20.87)	(3,344.45)	-
									(921.18)	(5,467.32)
										(698.73)
										228.45
										2,825.46
										62,564.06

Particulars	Reserves and Surplus						Items of other comprehensive income	Attributable to owners of the Company	Non-Controlling Interests	Total
	Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Equity-settled employee benefits reserve	Capital Redemption Reserve	FCLMTDR	Retained Earnings	Foreign Currency Translation Reserve	Actuarial Gain/Loss
Balance at the beginning of reporting period April 1, 2015	8,802.63	14.75	22,527.02	7,673.15	145.50	-	-	18,765.74	-	-
Profit / (Loss) for the period								8,680.74		
Additions during the period	3.21	30.00	(9,022.52)	47.03	348.91	145.80			(10.10)	
OCI component of actuarial gains/ losses (Net of Taxes)										8,680.74
Dividend paid on Equity Shares										(8,447.57)
Dividend Distribution Tax										(10.10)
Transfers to Reserves										(3,551.23)
Other changes										(722.95)
Balance at the end of reporting period March 31, 2016	8,805.84	44.75	13,504.50	8,890.18	494.41	145.80	(762.05)	19,807.57	(306.41)	(10.10)
									(3,261.19)	2,544.17
										(717.02)
										20.64
										8,961.38
										(8,447.57)
										(10.10)
										(3,551.23)
										(722.95)
										(717.02)
										228.45
										2,825.46
										62,564.06

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

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 19, 2017

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

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

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 consolidated financial statements of the Group 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 Group 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 Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note (xxviii) for the details of first-time adoption exemptions availed by the Group.

(ii) Basis of preparation and presentation:

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 Group takes into account the characteristics of the asset or liability if market participants would consider those characteristics 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 realizable value in Ind AS 2.

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) 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 subsidiaries. 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 Company 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests

are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The consolidated financial statements present the consolidated accounts which consist of accounts of the Company and that of the following subsidiaries

Name of the Company	Country of incorporation	Effective holding as of March 31		Subsidiary/ Jointly controlled entity/ Associate since
		2017	2016	
<u>Subsidiary Companies</u>				
Mahindra Hotels & Residences India Limited	India	100%	100%	26-Apr-07
Heritage Bird (M) Sdn Bhd	Malaysia	100%	100%	3-Mar-08
Gables Promoters Private Limited	India	100%	100%	24-Aug-12
MH Boutique Hospitality Limited	Thailand	49%	49%	2-Nov-12
Infinity Hospitality Group Company Limited	Thailand	73.99%	73.99%	5-Nov-12
MHR Holdings (Mauritius) Limited	Mauritius	100%	100%	11-Jul-14
Covington S.a.r.l##	Luxemborg	100%	100%	July 17, 2014 ##
HCR Management Oy###	Finland	100%	100%	2-Sep-15
Holiday Club Resorts Oy####@	Finland	91.93%	85.61%	2-Sep-15
Holiday Club Sweden Ab Åre, Sweden~	Sweden	91.93%	85.61%	2-Sep-15
Ownership Services Ab~	Sweden	91.93%	85.61%	2-Sep-15
Are Semesterby A~	Sweden	0%	85.61%	2-Sep-15
Are Semesterby B~	Sweden	0%	85.61%	2-Sep-15
Are Semesterby C~	Sweden	0%	85.61%	2-Sep-15
Are Semesterby D~	Sweden	0%	85.61%	2-Sep-15
Are Villas 1 Ab~	Sweden	91.93%	85.61%	2-Sep-15
Are Villas 2 Ab~	Sweden	91.93%	85.61%	2-Sep-15
Holiday Club Canarias Investments S.L.~	Spain	91.93%	85.61%	2-Sep-15
Holiday Club Canarias Sales & Marketing S.L.~	Spain	91.93%	85.61%	2-Sep-15

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

Name of the Company	Country of incorporation	Effective holding as of March 31		Subsidiary/ Jointly controlled entity/ Associate since
		2017	2016	
Holiday Club Canarias Resort Management S.L.~	Spain	91.93%	85.61%	2-Sep-15
Holiday Club Rus LLC (ООО Холидей Клаб Ризорта Рус)~	Russia	91.93%	85.61%	2-Sep-15
Suomen Vapaa-aikakuntiistöt Oy LKV~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Himos Gardens~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Himoksen Tähti 2 Oy~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Tunturirivi~	Finland	0%	85.61%	2-Sep-15
Kiinteistö Oy Vanha Ykköstii~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Katinnurkka~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Tenetinlahti~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Mällösniemi~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Rauhan Ranta 1~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Rauhan Ranta 2~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Tiurunniemi~	Finland	91.93%	85.61%	2-Sep-15
Saimaa Gardens Arena Oy ~***	Finland	0%	85.61%	2-Sep-15
Kiinteistö Oy Rauhan Liikekiinteistöt 1~	Finland	91.93%	85.61%	2-Sep-15
Supermarket Capri Oy~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Kylpyläntorni 1~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Spa Lofts 2~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Spa Lofts 3~	Finland	91.93%	85.61%	2-Sep-15
Kiinteistö Oy Kuusamon Pulkkajärvi 1~	Finland	91.93%	85.61%	2-Sep-15
Caribia Service Oy~	Finland	0%	85.61%	2-Sep-15
Holiday Club Sport and Spa AB (Visionsbolaget 10088 AB) w.e.f Dec 1, 2015~ (effective % - 43.66%, actual holding - 51%)	Sweden	46.88%	43.66%	1-Dec-15
Arabian Dreams Hotels Apartments LLC <u>Joint venture</u>	Dubai	49.00%	49%	26-Mar-13
Tropiikin Rantasauna Oy <u>Associate</u>	Finland	45.97%	0%	31-Aug-16
Kiinteisto Oy Seniori-Saimaa €	Finland	28.64%	26.67%	2-Sep-15
Holiday Club Adventures Oy €	Finland	0.00%	25.68%	2-Sep-15
Koy Sallan Kylpylä €*	Finland	45.05%	41.95%	2-Sep-15

Covington S.a.r.l is a subsidiary of MHR holding (Mauritius) Ltd which is the direct subsidiary of the Company.

HCRO and HCR Management Oy are subsidiaries of Covington S.a.r.l.

@ HCRO was associate till September 1, 2015

*** Saimaa Garden Arena Oy was associate till January 18, 2016

~ Became subsidiaries of the Company subsequent to HCRO becoming subsidiary w.e.f. September 2, 2015

€ Became associates of the Company subsequent to HCRO becoming subsidiary w.e.f. September 2, 2015

* HCRO has the ability to only exercise significant influence on Koy Sallan Kylpylä based on the contractual agreement entered into with the municipality of Salla.

The financial statements of subsidiaries, associate and jointly controlled entities used in the consolidation are drawn up to the same reporting date as that of the holding company.

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

All amounts are in INR Lacs unless otherwise stated

(iv) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

S. No	Name of Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
1	Parent Mahindra Holidays & Resorts India Limited	107.80%	67,442.42	89.76%	13,065.20	0.09%	(2.93)	116.55%	13,062.27
2	Subsidiaries								
a.	Indian:								
	Gables Promoters (P) Ltd.	7.81%	4,884.78	-0.20%	(28.74)	0.00%	-	-0.26%	(28.74)
	Mahindra Hotels & Residences India Limited	-0.02%	(9.95)	-0.01%	(1.40)	0.00%	-	-0.01%	(1.40)
	ESOP Trust	1.04%	648.97	2.19%	318.60	0.00%	-	2.84%	318.60
b.	Foreign:								
	Heritage Bird (M) Sdn Bhd	0.09%	59.23	0.56%	81.01	0.00%	-	0.72%	81.01
	MH Boutique Hospitality Ltd	-0.07%	(40.94)	-0.35%	(50.28)	0.00%	-	-0.45%	(50.28)
	Infinity Hospitality Group Company Limited	1.07%	668.05	-0.57%	(83.68)	0.00%	-	-0.75%	(83.68)
	Covington S.a.r.l	29.28%	18,318.14	19.29%	2,807.38	0.00%	-	25.05%	2,807.38
	MHR Holdings (Mauritius) Limited	0.26%	165.15	6.06%	881.77	0.00%	-	7.87%	881.77
	Holiday Club Resorts Oy	57.71%	36,105.77	12.64%	1,839.22	94.82%	(3,173.93)	-11.91%	(1,334.71)
	Holiday Club Resorts Management Oy	2.48%	1,554.62	0.13%	19.63	0.01%	(0.30)	0.17%	19.33
	Arabian Dreams Hotels Apartments LLC	-1.15%	(718.33)	0.29%	41.84	0.00%	-	0.37%	41.84
3	Non Controlling Interest	4.52%	2,825.46	-2.08%	(302.34)	5.09%	(170.22)	-4.22%	(472.56)
4	Share of profit/(loss) in associate			0.03%	4.95	0.00%	-	0.04%	4.95
	Inter- Company Elimination & Consolidation Adjustments	-110.83%	(69,339.32)	-27.74%	(4,037.91)	0.00%	-	-36.03%	(4,037.91)
	TOTAL	100.00%	62,564.06	100.00%	14,555.25	100.00%	(3,347.38)	100.00%	11,207.87

(v) Business Combination:

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 Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally 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:

- deferral 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 acquiree or share-based payment arrangements of the Group 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 (see note (xiii)); and

- assets (or disposal groups) 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 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is

classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(vi) Goodwill:

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note (v) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note (vii) below.

(vii) Investments in associates and joint ventures:

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures 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, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) 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 in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or

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loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(viii) Revenue recognition:

a. Revenue from sale of Vacation Ownership

The Group'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 Group 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 Group. 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 Group based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

- b.** Revenue from sale of vacation ownership weeks is recognized when related right to use the specific property over the specific week(s) is transferred to the buyer for a consideration, which coincides with transfer of significant risks and rewards of ownership.
- c.** Income from sale of vacation ownership weeks in villas is recognized when the outcome of a villa project can be estimated reliably, project revenue and contract costs associated with the contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the project activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that project costs incurred for work performed upto the reporting date bear to the total estimated project costs. Outcome of a project necessarily involves technical estimates of the percentage of completion of each project, and costs to completion of the project , on the basis of which profits/ losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature. When it is probable that total contract costs will exceed total contract revenue, the expected loss

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is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

- d. Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.
- e. Interest income from other financial assets 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.
- f. 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 (xxviii) for the details of first-time adoption exemption availed by the Group in this regard.
- g. 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 Group and the amount of income can be measured reliably.
- h. Rental income from retail premises in case of HCR Oy are recognized on a straight line basis over the rental period.

(ix) 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 Group 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 or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see note (xi) below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Rental expense 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 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 consumed.

Refer Note 2(xxviii)(f) for the first time adoption choice elected by the Company with respect to leases.

(x) 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 each individual group 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. 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.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates

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for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Refer Note 2(xxviii)(h) for the first time adoption choice elected by the Company with respect to foreign currency translations.

(xi) 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.

(xii) Employee benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Group'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 Group'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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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.

(xiii) 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 No. 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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.

Refer Note 2(xxviii)(e) for the first time adoption choice elected by the Company with respect to share based payments.

(xiv) Taxation:

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

Current 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.

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 utilized. 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 Group 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 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 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.

(xv) Property, plant and equipment:

Land and buildings held for use in the supply or production of goods or services, or for administrative

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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 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.

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

The tangible assets of the overseas operations have also been depreciation based on useful life, estimated by the respective managements on a straight line basis.

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 assets of the overseas operations have also been depreciated based on useful lives, estimated by the respective managements on a straight line basis. 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.

Refer Note 2(xxviii)(d) for the first time adoption choice elected by the Company with respect to property, plant and equipment.

(xvi) Intangible assets:

Intangible assets with finite useful lives 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 intangible assets of the overseas operations have also been depreciated based on useful lives, estimated by the respective managements on a straight line basis. 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
Trademarks	10 years
Customer relationship	3 years
Management contracts	1-10 years

The intangible assets of the overseas operations have also been amortised based on useful life, estimated by the respective managements on a straight line basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

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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(xxviii)(d) for the first time adoption choice elected by the Company with respect to intangible assets.

(xvi) Impairment of tangible and intangible assets:

At the end of each reporting period, the Group 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 Group 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 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.

(xviii) 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.

(xix) Provisions:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xx) Financial instruments:

Financial assets and financial liabilities are recognized when the Group 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.

Effective interest method

The effective interest method is a method of calculating the amortised 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

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

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.

(xxi) 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 Group'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 Group'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 Group has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Group 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 Group'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.

Equity instruments 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 earned on the financial asset and is included under 'Other income'. Dividend on financial assets at FVTPL is recognised when the Group'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.

Impairment of financial assets

The Group 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 Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls). The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option

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to repurchase part of a transferred asset), the Group 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 recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income 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. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised 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.

(xxii) Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group 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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group'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 Group'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 Group; or
- (b) a contract that will or may be settled in the Group's own equity instruments and is:
 - (i) a non-derivative for which the Group is or may be obliged to deliver a variable number of the Group'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 Group'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 Group 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 Group'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 Group, and commitments issued

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by the Group 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 recognised by the Group 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 Group 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 recognised by the Group 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 Group's documented risk management or investment strategy, and information about the Group 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 non-held-for-trading financial liabilities 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 recognised 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 recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised 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 Group that are designated by the Group as at fair value through profit or loss are recognised 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 capitalised 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 Group 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.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note No. 43 and 44.

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

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the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

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 recognised 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 recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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 recognized in profit or loss.

Refer Note 2(xxviii)(a),(b) and (c) for the first time adoption choice elected by the Group with respect to financial instruments.

(xxiii) 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 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 Group are segregated based on the available information.

(xxiv) 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.

(xxv) 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.

(xxvi) 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.

(xxvii) Operating cycle:

Based on the nature of services / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(xxviii) First-time adoption – mandatory exceptions and optional exemptions:

Overall principle

The Group has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition

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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 mandatory exception and certain optional exemptions availed by the Group as detailed below.

a. Derecognition of financial assets and financial liabilities

The Group 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 Group 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 Group 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 Group 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, investment property, and intangible assets

The Group 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. Share based payments

The Group has elected the exemption not to apply Ind AS 102 Share based payment, to share options that vested before the transition date.

f. 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. The Group does not have any arrangements that contain a lease.

g. Past business combination

The Group 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. Consequently,

- The Group has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Group 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 Group 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 Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The above exemption in respect of business combinations has also been applied to past acquisitions of investments in associates.

h. Foreign currency monetary items translation difference

Under previous GAAP, paragraph 46A of AS 11, The Effects of Changes in Foreign Exchange Rates, provided an accounting treatment to Companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of items other than those related to acquisition of depreciable assets, could be accumulated in a foreign currency monetary item translation difference account ('FCMITDR'), and amortised over the balance period of such long term monetary item.

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

Ind AS 101 includes an optional exemption that allows the Group to continue the above accounting treatment in respect of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period (March 31, 2016). The Group has elected this option.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group'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 Group initially measures the cost of equity settled transactions with employees using the Black Scholes model to determine the 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 No. 43 and 44.

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 No. 42.

c. Intangible assets under development

The Group 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. Revenue recognition based on percentage-of-completion method

The Group uses the percentage-of-completion method in accounting for its villa projects. The use of the percentage of completion method reflects the pattern in which the obligations to the customer are fulfilled. The Group has used an input-based approach since the input measures are a reasonable surrogate for output measures. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

e. 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.

f. Estimation towards revenue derecognition at inception

The quantum of upfront derecognition is computed based on past trends of year-wise cancellation of memberships and considering factors impacting future trends.

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All amounts are in INR Lacs unless otherwise stated

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 April 1, 2016	22,472.25	79,767.56	156.09	29,070.58	2,299.54	18,320.90	1,104.45	153,191.37
Additions	917.48	666.82	-	2,590.38	124.60	1,496.22	99.96	5,895.46
Disposals	(449.44)	(172.41)	-	(525.84)	(41.15)	(887.75)	(74.89)	(2,151.48)
Others (including reclassifications)	-	(987.91)	-	(394.35)	10.50	178.66	0.35	(1,192.75)
Effect of foreign currency exchange differences	(277.83)	(1,265.68)	-	(1,167.89)	-	(556.78)	-	(3,268.18)
Balance as at March 31, 2017	22,662.46	78,008.38	156.09	29,572.88	2,393.49	18,551.25	1,129.87	152,474.42
II. Accumulated depreciation								
Balance as at April 1, 2016	-	8,002.78	113.30	11,646.91	1,897.45	9,926.25	451.72	32,038.41
Depreciation / amortisation expense for the year	-	2,019.00	42.79	4,085.15	176.68	2,306.86	132.27	8,762.75
Eliminated on disposal of assets	-	(141.32)	-	(453.10)	(40.92)	(883.65)	(62.66)	(1,581.65)
Others (including reclassifications)	-	(947.61)	-	(429.58)	6.42	172.44	0.13	(1,198.20)
Effect of foreign currency exchange differences	-	(288.76)	-	(678.51)	-	(344.69)	-	(1,311.96)
Balance as at March 31, 2017	-	8,644.09	156.09	14,170.87	2,039.63	11,177.21	521.46	36,709.35
Net block (I-II)								
Balance as at March 31, 2017	22,662.46	69,364.29		15,402.01	353.86	7,374.04	608.41	115,765.07
Balance as at March 31, 2016	22,472.25	71,764.78	42.79	17,423.67	402.09	8,394.65	652.73	121,152.96

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 April 1, 2015	15,032.07	61,001.96	156.09	18,917.26	2,432.81	14,382.66	968.92	112,891.77
Additions	5,340.87	6,101.73	-	3,133.67	137.49	2,180.18	167.45	17,061.39
Acquisitions through business combinations	3,318.22	12,085.60	-	6,834.47	-	1,829.59	-	24,067.88
Disposals	(1,374.82)	(41.73)	-	(404.25)	(127.57)	(307.29)	(34.05)	(2,289.71)
Others (including reclassifications)	112.46	611.23	-	501.20	(143.19)	195.40	2.13	1,279.23
Effect of foreign currency exchange differences	43.45	8.77	-	88.23	-	40.36	-	180.81
Balance as at March 31, 2016	22,472.25	79,767.56	156.09	29,070.58	2,299.54	18,320.90	1,104.45	153,191.37
II. Accumulated depreciation								
Balance as at April 1, 2015	-	5,882.24	110.95	7,812.53	1,888.14	7,726.43	343.93	23,764.22
Depreciation / amortisation expense for the year	-	1,692.25	2.35	3,500.05	216.82	2,083.58	132.39	7,627.44
Acquisitions through business combinations	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	(8.08)	-	(360.28)	(126.26)	(303.71)	(26.72)	(825.05)
Others (including reclassifications)	-	396.03	-	599.98	(81.25)	375.00	2.12	1,291.88
Effect of foreign currency exchange differences	-	40.34	-	94.63	-	44.95	-	179.92
Balance as at March 31, 2016	-	8,002.78	113.30	11,646.91	1,897.45	9,926.25	451.72	32,038.41
Net block (I-II)								
Balance as at March 31, 2016	22,472.25	71,764.78	42.79	17,423.67	402.09	8,394.65	652.73	121,152.96
Balance as at March 31, 2015	15,032.07	55,119.72	45.14	11,104.73	544.67	6,656.23	624.99	89,127.55

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

All amounts are in INR Lacs unless otherwise stated

Note No. 5 - Goodwill

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. Cost			
Balance at beginning of the year	7,196.33	12,104.19	12,104.19
Additional amounts recognised from business combinations occurring during the year	-	5,126.36	-
Removed on account of disposal/merger of subsidiary	-	(9,562.11)	-
Restatements	(369.97)	(472.11)	-
Balance at end of the year	6,826.36	7,196.33	12,104.19
II. Accumulated impairment losses	-	-	-
III. Net carrying amount (I-II)	6,826.36	7,196.33	12,104.19

Note No. 6 - Other Intangible Assets

Description of Assets	Computer Software & Website development cost	Trademarks	Management Contracts	Customer Relationships	Total
I. Gross Carrying Amount					
Balance as at April 1, 2016	7,904.31	1,289.48	936.57	202.42	10,332.78
Additions	1,117.73	-	-	-	1,117.73
Disposals	(93.11)	-	-	-	(93.11)
Others (including reclassifications)	9.01	-	-	-	9.01
Effect of foreign currency exchange differences	(260.79)	(98.30)	(71.40)	(15.43)	(445.92)
Balance as at 31 March, 2017	8,677.15	1,191.18	865.17	186.99	10,920.49
II. Accumulated depreciation and impairment					
Balance as at April 1, 2016	4,578.20	75.22	87.62	39.36	4,780.40
Amortization expense for the year	1,499.69	126.32	137.15	66.10	1,829.26
Eliminated on disposal of assets	(93.11)	-	-	-	(93.11)
Others (including reclassifications)	(124.35)	-	-	-	(124.35)
Effect of foreign currency exchange differences	(144.13)	(12.93)	(14.49)	(6.77)	(178.32)
Balance as at 31 March, 2017	5,716.30	188.61	210.28	98.69	6,213.88
Net block (I-II)					
Balance as at March 31, 2017	2,960.85	1,002.57	654.89	88.30	4,706.61
Balance as at March 31, 2016	3,326.11	1,214.26	848.95	163.06	5,552.38

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

All amounts are in INR Lacs unless otherwise stated

Description of Assets	Computer Software & Website development cost	Trademarks	Management Contracts	Customer Relationships	Total
I. Gross Carrying Amount					
Balance as at April 1, 2015	4,807.25	-	-	-	4,807.25
Additions	1,043.27	-	-	-	1,043.27
Acquisitions through business combinations	1,968.38	1,289.48	936.57	202.42	4,396.85
Others (including reclassifications)	61.65	-	-	-	61.65
Effect of foreign currency exchange differences	23.76	-	-	-	23.76
Balance as at March 31, 2016	7,904.31	1,289.48	936.57	202.42	10,332.78
II. Accumulated depreciation and impairment					
Balance as at April 1, 2015	2,567.90	-	-	-	2,567.90
Amortization expense for the year	1,933.87	72.33	84.25	37.85	2,128.30
Acquisitions through business combinations	-	-	-	-	-
Others (including reclassifications)	54.60	-	-	-	54.60
Effect of foreign currency exchange differences	21.83	2.89	3.37	1.51	29.60
Balance as at March 31, 2016	4,578.20	75.22	87.62	39.36	4,780.40
Net block (I-II)					
Balance as at March 31, 2016	3,326.11	1,214.26	848.95	163.06	5,552.38
Balance as at April 1, 2015	2,239.35	-	-	-	2,239.35

Note No. 7 - Non-Current Investment:

Particulars	Face value	Currency	As At		As At		As At	
			March 31, 2017		March 31, 2016		April 1, 2015	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted Investments (all fully paid)								
In Equity Instruments of Associates								
Holiday Club Resorts Oy	3	EUR	-	-	-	-	707,777	9,466.83
Kiinteisto Oy Seniori Saimaa	0.5	EUR	950,000	107.35	950,000	121.61	-	-
Koy Sallan Kylpylä	25	EUR	49	5.54	49	-	-	-
In Equity Instruments of Joint ventures								
Tropiikin Rantasauna Oy	25	EUR	50	42.96	-	-	-	-
					155.85	121.61		9,466.83
Unquoted Investments at FVTPL (fully paid)								
In Equity Instruments of other entities								
Mahindra World City Developers Ltd.	10	INR	1	-	1	-	1	-
Mahindra Hotels and Resorts Limited	10	INR	20,011	-	20,011	-	20,011	-
HCR Management Oy	3	EUR	-	-	-	-	23,248	409.82

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

All amounts are in INR Lacs unless otherwise stated

Particulars	Face value	Currency	As At		As At		As At	
			March 31, 2017		March 31, 2016		April 1, 2015	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
Kinteisto Oy Katinkullan Pallohalli	0.21	INR	5,947	123.75	5,947	133.95	-	-
Elisa Communications A-shares	0.5	EUR	300	2.46	300	2.67	-	-
M itsenaiset Kauppiat Oy	204	EUR	2	0.69	2	0.75	-	-
Nreach Online Services Private Limited	10	INR	5,738	300.00	-	-	-	-
Investments in Preference Instruments of other entities								
Guestline Hospitality Management and Development Services Limited								
(25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each)	10	INR	25,000	65.59	25,000	56.13	25,000	46.30
				492.49		193.50		456.12
				648.34		315.11		9,922.95

Notes:

- a) The preference shares of Guestline Hospitality Management and Development 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) Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 8 - Non-Current Trade Receivables (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	50,520.42	44,299.19	35,554.22
Doubtful	-	5,002.25	8,081.52
Less: Allowance for credit losses	-	(5,002.25)	(8,081.52)
	50,520.42	44,299.19	35,554.22

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 9 - Non-Current Loans (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits	3,752.08	3,149.09	3,059.28
	3,752.08	3,149.09	3,059.28

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

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

All amounts are in INR Lacs unless otherwise stated

Note No. 10 - Other Non-Current Financial Assets

Particulars	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	152.91	55.04
	167.53	152.91	55.04
Financial assets at Fair Value			
Derivatives - call option	333.22	176.71	-
	333.22	176.71	-
	500.75	329.62	55.04

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 11(a) - Deferred Tax Assets (Net)

Particulars	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	6,897.30	6,518.34	6,625.09
Fair valuation of financial assets	12.38	12.38	10.11
Intangible Assets	37.10	(2.06)	-
Other	(811.80)	(1,572.12)	-
Derivatives	(45.62)	(49.38)	-
Tax effect of items constituting deferred tax assets			
Employee Benefits	353.40	228.26	178.15
Provision for Doubtful Debts / Advances	9,220.51	8,493.73	8,450.47
Fair valuation of financial assets	27.18	27.60	30.40
Unabsorbed Depreciation	344.83	373.26	-
Unabsorbed Business Losses	383.63	457.87	-
Other	346.06	214.71	-
Deferred Tax Asset (net)	4,586.25	4,888.27	2,023.82

Note No. 11(b) - Deferred Tax Liabilities

Particulars	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	42.30	67.50	-
Intangible Assets	21.47	20.73	-
Other	120.04	241.93	-
Deferred Tax Liabilities	183.81	330.16	-

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

All amounts are in INR Lacs unless otherwise stated

Note No. 12(a) - Other Non-Current Tax Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Income tax (Net of provisions up to the reporting date)	10,568.01	11,771.48	11,408.63
	10,568.01	11,771.48	11,408.63

Note No. 12(b) - Other Non-Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	1,203.25	939.39	2,619.33
Prepayments	489.45	481.51	743.57
Taxes and duties paid under protests	496.54	412.54	381.53
	2,189.24	1,833.44	3,744.43
	2,189.24	1,833.44	3,744.43

Note No. 13 - Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Vacation Ownership Units :			
Vacation ownership weeks (including vacation ownership villas)	30,937.42	30,528.27	-
Cost of associated land	4,304.57	4,883.39	-
Construction work in progress	2,297.93	1,397.46	-
Stores :			
Food, beverages and smokes	677.65	642.69	149.54
Operating supplies	1,320.98	489.15	448.85
	39,538.55	37,940.96	598.39
Cost of food, beverages and smokes recognised as an expense during the year (Refer Note 37)	3,477.09	3,341.47	2850.95
Cost of vacation ownership weeks (including vacation ownership villas) recognised as an expense during the year (Refer Note 37)	31,659.24	16,349.15	-

Note No. 14 - Current Investments :

Particulars	As At		As At		As At	
	March 31, 2017		March 31, 2016		April 1, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted Investments (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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 14 - Current Investments : (Contd.)

Particulars	As At		As At		As At	
	March 31, 2017		March 31, 2016		April 1, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
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	1,472.81	-	-
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	5,788.78	5,754,226	958.26

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 15 - Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due for greater than six months			
Secured*, considered good	44.49	310.92	-
Unsecured, considered good	30,605.73	29,840.01	29,969.76
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			
Secured*, considered good	8,604.04	5,342.58	-
Unsecured, considered good	62,742.89	57,947.61	41,187.75
Doubtful	-	6,131.85	9,335.86
Less: Allowance for Credit Losses	-	(6,131.85)	(9,335.86)
	101,997.15	93,441.12	71,157.51

* Secured against the right of repossession of vacation ownership weeks

Note No. 16 - Cash and Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks	5,639.78	10,623.76	1,645.55
Cash on hand	71.80	81.54	72.47
Bank Deposit with less than 3 months maturity	13,900.00	78.97	178.04
	19,611.58	10,784.27	1,896.06

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

All amounts are in INR Lacs unless otherwise stated

Note No. 17 - Other Bank Balances

Particulars	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	1,805.90	357.55	334.69
	1,811.91	360.96	337.94

Note No. 18 - Loans (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans including employee advances	30.37	27.17	23.46
	30.37	27.17	23.46

Note No. 19 - Other Current Financial Assets

Particulars	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	38.73
		34.10	38.73

Note No. 20 - Other Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
With Government authorities (excluding income taxes)	496.39	758.75	16.80
Prepayments	3,406.30	4,258.26	1,589.97
Advance to suppliers:			
Considered good	2,066.47	1,469.73	792.78
Considered doubtful	250.00	250.00	125.00
Less: Provision for doubtful advances	(250.00)	(250.00)	(125.00)
	5,969.16	6,486.74	2,399.55

Note No. 21 - Equity Share Capital :

Particulars	As at		As at		As at	
	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised:						
Equity shares of ₹ 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 ₹ 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 allotted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ('ESOP Trust') but not exercised by employees.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 21 - Equity Share Capital : (Contd.)

- 21 a) Terms / rights attached to equity shares:
- The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- . Each holder of equity share is entitled to one vote per share.
 - The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.
 - For the year ended March 31, 2017, the amount of dividend proposed to be distributed to equity shareholders is ₹ 4,441.79 lacs at ₹ 5 per share (Previous year ₹ 4,439.04 lacs at ₹ 5 per share).
 - Repayment of capital will be in proportion to the number of equity shares held.

- 21 b) Shares in the Company held by Holding Company:

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 01, 2015
Mahindra & Mahindra Limited (Holding Company)	59,927,077	67.50%	66,585,642	75.00%	66,585,642	75.00%

- 21 c) Details of shares held by each shareholder holding more than 5% shares:

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 01, 2015
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%

- 21 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:-

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	In ₹ Lacs	No. of Shares	In ₹ Lacs	No. of Shares	In ₹ 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

- 21 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 ₹ 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.

- 21 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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 21 - Equity Share Capital : (Contd.)

Particulars	Date of Grant	Exercise price (in ₹)	Average Exercise Price (in ₹)	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 5 yrs from the date of each vesting	refer note (a) below 25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant II (ESOS 2006)	30/03/2007	52.00	19.50	4	122,235			Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant III (ESOS 2006)	01/11/2007	52.00	19.50	4	56,700			
Grant V (ESOS 2006) **	01/11/2008	52.00	52.00	4	261,590			
Grant VI (ESOS 2006) #	21/02/2012	370.00	-	4	400,000			
Grant VII (ESOS 2006) ##	21/02/2012	323.00	-	4	186,500			refer note (b) below
Grant VIII (ESOS 2006) **	21/02/2013	323.00	-	4	130,000			
Grant IX (ESOS 2006) **	29/01/2014	253.00	-	4	35,000			
Grant I (ESOS 2014)	22/01/2015	264.00	-	4	620,000			
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)	01/11/2007	2,117	-	-	2,117		-	-
Grant V (ESOS 2006)**	01/11/2008	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.

- (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 ₹ 113.81 for Grant VI (ESOS 2006), ₹ 129.93 for Grant VII (ESOS 2006), 21st February 2013 is ₹ 94.43 for Grant VIII (ESOS 2006), 29th January 2014 is ₹ 83.75 for Grant IX (ESOS 2006), 22nd January 2015 is ₹ 97.24 for Grant I (ESOS 2014), 27th October 2015 is ₹ 158.85 for Grant II (ESOS 2014), 18th February 2016 is ₹ 126.91 for Grant III (ESOS 2014) and 31st January 2017 is ₹ 150.35 for Grant IV (ESOS 2014).

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

All amounts are in INR Lacs unless otherwise stated

Note No. 21 - Equity Share Capital : (Contd.)

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%	₹ 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. 22 - Other Equity

Particulars	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 premium reserve	13,805.68	13,504.50	22,527.02
Share options outstanding account	845.39	494.42	145.50
Retained earnings	27,676.97	19,807.56	18,763.74
Capital reserve	44.75	44.75	14.75
Capital redemption reserve	145.80	145.80	-
Other Comprehensive Income-Actuarial Gain / Loss	(13.03)	(10.10)	-
Foreign Currency Translation Reserve	(3,650.86)	(306.41)	-
FCMITDR	1,676.09	(762.05)	-
	50,915.15	41,808.65	49,124.16

Note No. 23 - Non Controlling Interest

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at beginning of year	3,069.57	244.76	244.76
Add: Share of profit/(loss) for the year	(472.56)	280.64	-
Add: Non-controlling interests arising on business combination	-	6,443.31	-
Less: Non-controlling interest stake acquired during the year	(2,327.89)	-	-
Add/(Less): Impact of foreign exchange fluctuations	(68.78)	-	-
Add/(Less): NCI put option obligation (refer note below)			
- Reversal of opening adjustments	3,899.14	-	-
- Adjustments for outstanding options	(1,274.01)	(3,899.14)	-
Balance at end of year	2,825.46	3,069.57	244.76

Note:

During FY 15-16, the Group entered into a put option agreement with the non-controlling shareholders of HCRO to purchase their outstanding shares. Of the gross liability to settle the put option obligation referred in Note 30 amounting to ₹ 1,654.52 lacs (PY: ₹ 5,062.02 lacs), the amounts related to NCI of ₹ 1,274.01 lacs (PY: ₹ 3,899.14 lacs) have been adjusted from the total NCI balance as above and the balance of ₹ 380.51 lacs (PY: ₹ 1,162.88 lacs) over and above the carrying value of NCI have been adjusted to Retained Earnings grouped under Note 22.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 24 - Non-current borrowings (At amortised cost)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured Borrowings			
Term Loans (refer note 1 below)			
From Banks	14,771.23	15,985.47	-
From Others	5,636.67	2,965.86	-
Unsecured Borrowings			
Term Loans (refer note 2 below)			
From Banks	39,002.21	35,653.31	7,340.57
From Others (refer note 3 below)	9,970.75	8,608.10	4,397.57
	69,380.86	63,212.74	11,738.14

Note:

Term Loans are availed by subsidiaries.

- 1) Term loans from banks and others are secured by a charge on unsold vacation ownership inventory weeks and mortgage/hypothecation of specific properties. These loans are repayable between 2018-2024 and carry an interest rate pegged to EURIBOR/MCLR.
- 2) Term loans from banks and others loans are repayable between 2018-2022 and carry an interest rate pegged to EURIBOR/BIBOR.
- 3) Term loan from others include an interest free loan from RCI amounting to INR 692,550,000 (PY 749,700,000) and is repayable on August 14, 2019.

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 25 - Other Non-Current Financial Liabilities (At amortised cost)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retention Money Payable	3,889.20	4,079.97	577.63
	3,889.20	4,079.97	577.63

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 26 - Non-Current Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leave Encashment	859.68	682.42	502.04
	859.68	682.42	502.04

Note No. 27 - Other Non-Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Deferred Revenue - Entitlement fee	187,801.25	168,932.50	150,866.32
	187,801.25	168,932.50	150,866.32

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 28 - Current Borrowings (Secured)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash Credit From Banks	1,819.27	1,124.55	641.21
	1,819.27	1,124.55	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. 29 - Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable for goods & services	27,304.99	25,608.37	10,948.41
Trade payable for salaries and wages	189.61	161.05	229.02
	27,494.60	25,769.42	11,177.43

Refer Note Nos. 43 and 44 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note No. 30 - Other Financial Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long term borrowings	6,221.82	6,123.84	-
Creditors for capital supplies/services	642.44	1,323.30	2,367.61
Commission payable to non-whole time directors	184.00	175.00	100.00
Unpaid Dividend *	6.00	3.41	2.49
Derivatives (Interest rate swaps)	520.98	390.79	-
NCI put option obligation	1,654.52	5,062.02	-
Other payables	8,468.96	11,048.54	2,260.57
	17,698.72	24,126.90	4,730.67

* 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

Note No. 31 - Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leave Encashment	161.46	22.89	17.43
	161.46	22.89	17.43

Note No. 32(a) - Other Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Revenues - Entitlement fee	10,949.42	9,646.27	8,517.78
Deferred Revenues - Annual subscription fee	10,731.33	9,495.12	8,172.92
	21,680.75	19,141.39	16,690.70

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

All amounts are in INR Lacs unless otherwise stated

Note No. 32(b) - Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity	26.75	11.65	95.97
Taxes (excluding income taxes) and other statutory dues	2,305.98	1,759.26	896.73
	2,332.73	1,770.91	992.70

Note No. 33 - Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<u>Income from operations</u>		
Revenue from sale of vacation ownership	59,882.28	53,911.24
Revenue from sale of vacation ownership weeks	27,919.42	19,188.75
Revenue from sale of vacation ownership weeks in villas	29,101.34	7,933.95
Income from resorts :		
Room rentals	24,766.95	13,836.09
Food and beverages	25,962.01	20,673.45
Wine and liquor	4,579.03	346.75
Others	23,083.46	12,790.33
Annual subscription fee	21,007.44	19,740.65
	216,301.93	148,421.21
<u>Other operating revenue</u>		
Interest income on instalment sales	8,868.46	6,590.06
Income from sale of land inventory	561.91	-
Miscellaneous income	2,483.36	5,200.83
	11,913.73	11,790.89
	228,215.66	160,212.10

Note No. 34 - Other income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income on Financial Assets at Amortised Cost		
On deposits with bank	418.35	55.05
On others - Changes in Option valuation	-	467.18
On others	349.96	237.86
Dividend Income		
Dividend income from current investments	423.46	176.11
Profit on sale of property, plant and equipment	-	123.37
Net foreign exchange gain	1,169.97	-
Net gain arising on financial assets designated as at FVTPL	9.46	9.83
Net gain arising on derivative instruments	410.34	-
Others	1.63	15.49
	2,783.17	1,084.89

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

All amounts are in INR Lacs unless otherwise stated

Note No. 35 - Employee benefits expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages, including bonus	42,370.38	30,223.71
Contribution to Provident and other funds	4,477.56	2,631.47
Equity-settled share-based payments	350.98	348.92
Staff welfare expenses	4,078.07	3,018.47
	51,276.99	36,222.57

Note No. 36 - Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on borrowings	1,966.34	1,465.80
Net loss arising on derivative instruments	-	49.55
Changes in NCI Option	5.23	-
	1,971.57	1,515.35

Note No. 37(a) - Cost of vacation ownership weeks

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Vacation ownership weeks, vacation ownership weeks in villas including construction work in progress and cost of associated land:		
Opening stock	36,809.12	-
Add: Acquisition through business combination	-	6,363.86
Add: Purchases	32,390.04	46,794.42
Less: Closing stock	37,539.92	36,809.12
	31,659.24	16,349.15

Note No. 37(b) - Other expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cost of food, beverages and smokes consumed		
Opening stock	642.69	149.54
Add: Purchases	3,512.05	3,834.62
Less: Closing stock	677.65	642.69
	3,477.09	3,341.47
Operating supplies	4,794.01	3,867.77
Power & Fuel	7,481.71	6,813.67
Rent including lease rentals	20,730.30	13,050.67
Rates and taxes	1,860.98	589.80

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

All amounts are in INR Lacs unless otherwise stated

Note No. 37(b) - Other expenses (Contd.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Insurance	471.58	202.15
Repairs and maintenance		
Buildings and Resorts	7,051.79	2,277.61
Office equipment	734.10	972.52
Others	4,601.72	5,487.69
Advertisement	956.90	1,395.76
Sales promotion expenses	27,307.93	19,777.65
Travelling and Conveyance Expenses	3,044.05	2,390.55
Commission, discounts and rebates	5,014.06	3,988.16
Provision for doubtful trade and other receivables, loans	3,091.11	337.80
Net loss on foreign currency transactions	-	953.01
Auditors remuneration and out-of-pocket expenses		
For Statutory Audit	285.87	264.04
For Other services	66.69	90.00
For reimbursement of expenses	1.54	0.72
Director's fees	50.11	46.41
Commission to non whole time directors	184.00	175.00
Legal and other professional costs	3,185.13	2,440.28
Communication	1,355.51	1,068.12
Software charges	738.84	254.02
Service charges	12,389.86	6,762.39
Bank charges	1,257.21	975.50
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	288.00	280.15
Loss on sale of property, plant & equipment	62.04	-
Miscellaneous	2,609.48	3,510.53
	113,091.61	81,313.44

Note No. 38 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax:		
In respect of current year	7,902.73	5,023.17
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	(45.62)	614.21
Total income tax expense on continuing operations	7,857.11	5,637.38

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

All amounts are in INR Lacs unless otherwise stated

(b) Income tax recognised in other Comprehensive income

Particulars	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
Income taxes related to items that will be reclassified to profit or loss	-	-
	1.55	5.35

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	22,412.36	14,647.12
Income tax expense calculated at 34.608%	7,756.47	5,069.08
Effect of income that is exempt from taxation	(273.63)	(171.94)
Effect of expenses that is non-deductible in determining taxable profit	120.28	(206.62)
Effect of previous year losses on which DTA is recognised in current year	(50.83)	(122.33)
Effect of current year losses for which no DTA was recognised	(586.48)	427.95
Difference in tax rate in foreign jurisdiction	(953.63)	437.46
Difference in tax rate for non-corporate entities (ESOP Trust)	(88.50)	(15.24)
Tax incentives	390.13	-
Effect of inter company income (eliminated on consolidation)	1,348.86	219.02
Changes in estimates related to previous year	194.43	-
Income tax expense recognised In profit or loss from continuing operations	7,857.11	5,637.38

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is 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

Particulars	For the Year ended March 31, 2017					
	Opening Balance	Acquired in Business Combination	Recognised in profit and Loss	Recognised in OCI	Effect of change in Foreign Currency	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	(6,585.84)	-	(307.57)	-	(46.18)	(6,939.59)
Fair valuation of financial assets	(12.38)	-	-	-	-	(12.38)
Intangible Assets	(18.67)	-	(43.82)	-	3.92	(58.57)
Other	1,330.19	-	(569.53)	-	(68.90)	691.76
Derivatives	49.38	-	-	-	(3.76)	45.62
	(5,237.32)	-	(920.92)	-	(114.92)	(6,273.16)

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

All amounts are in INR Lacs unless otherwise stated

Note No. 38 - Current Tax and Deferred Tax (Contd.)

(i) Movement in deferred tax balances (Contd.)

Particulars	For the Year ended March 31, 2017					
	Opening Balance	Acquired in Business Combination	Recognised in profit and Loss	Recognised in OCI	Effect of change in Foreign Currency	Closing Balance
<u>Tax effect of items constituting deferred tax assets</u>						
Employee Benefits	228.26	-	125.13	-	-	353.39
Provision for Doubtful Debts / Advances	8,493.73	-	726.78	-	-	9,220.51
Straight lining of lease rentals	-	-	-	-	-	-
Fair valuation of financial assets	27.60	-	(0.42)	-	-	27.18
Unabsorbed Depreciation	373.26	-	-	-	(28.43)	344.83
Unabsorbed Business Losses	457.87	-	(41.74)	-	(32.50)	383.63
Other	214.71	-	156.79	-	(25.44)	346.06
	<u>9,795.43</u>	<u>-</u>	<u>966.54</u>	<u>-</u>	<u>(86.37)</u>	<u>10,675.60</u>
Net Tax Asset (Liabilities)	4,558.11	-	45.62	-	(201.29)	4,402.44

Particulars	For the Year ended March 31, 2016					
	Opening Balance	Acquired in Business Combination	Recognised in profit and Loss	Recognised in OCI	Effect of change in Foreign Currency	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>						
Property, Plant and Equipment	(6,625.09)	439.18	(405.65)	-	5.72	(6,585.84)
Fair valuation of financial assets	(10.11)	-	(2.27)	-	-	(12.38)
Intangible Assets	-	13.71	(31.14)	-	(1.24)	(18.67)
Other	-	1,105.91	215.66	-	8.62	1,330.19
Derivatives	-	49.38	-	-	-	49.38
	<u>(6,635.20)</u>	<u>1,608.18</u>	<u>(223.40)</u>	<u>-</u>	<u>13.10</u>	<u>(5,237.32)</u>
<u>Tax effect of items constituting deferred tax assets</u>						
Employee Benefits	178.15	-	50.11	-	-	228.26
Provision for Doubtful Debts / Advances	8,450.47	-	43.26	-	-	8,493.73
Straight lining of lease rentals	-	-	-	-	-	-
Fair valuation of financial assets	30.40	-	(2.80)	-	-	27.60
Unabsorbed Depreciation	-	373.26	-	-	-	373.26
Unabsorbed Business Losses	-	1,174.02	(688.64)	-	(27.51)	457.87
Other	-	-	207.26	-	7.45	214.71
	<u>8,659.02</u>	<u>1,547.28</u>	<u>(390.81)</u>	<u>-</u>	<u>(20.06)</u>	<u>9,795.43</u>
Net Tax Asset (Liabilities)	2,023.82	3,155.46	(614.21)	-	(6.96)	4,558.11

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 39 - Earnings per Share

	Year ended March 31, 2017	Year ended March 31, 2016
Basic Earnings per share		
From continuing operations	16.86	9.86
Diluted Earnings per share		
From continuing operations	16.78	9.83

Basic earnings per share

	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year attributable to owners of the Company from continuing operations	14,857.59	8,680.74
Weighted average number of equity shares	881.49	880.35
Earnings per share from continuing operations - Basic	16.86	9.86

Diluted earnings per share

	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year attributable to owners of the Company from continuing operations	14,857.59	8,680.74
Weighted average number of equity shares	885.49	882.94
Earnings per share from continuing operations - Diluted	16.78	9.83

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:

	Year ended March 31, 2017	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 EPS	885.49	882.94

Note No. 40 - Leases:

The Group 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	16,463.68	18,934.21
later than one year and not later than five years	48,925.50	37,885.73
later than five years	116,268.69	131,383.42
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	19,438.19	13,926.82

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

All amounts are in INR Lacs unless otherwise stated

Note No. 41 - Contingent liabilities and commitments:

Contingent liabilities (to the extent not provided for)

Particulars	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)	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.			
(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. The Company has challenged the demands (as at March 31, 2017/16/15: ₹ 1650.37/3,081.90/2,510.53 lacs) in 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 ₹ 550.00 lacs, on a best estimate basis.			

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

All amounts are in INR Lacs unless otherwise stated

Note No. 41 - Contingent liabilities and commitments: (Contd.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
The above includes 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 ₹ 550 lacs referred to above includes ₹ 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) 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 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.

(f) 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 12,56,14,668 as damages for termination of the Contract. The Company has made a counter claim of Rs 20,03,56,002 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 Feb 2013 in respect of Indian employees and from April 2010 to Feb 2013 in respect of international employees. The PF Authorities have made a claim of Rs 1,89,93,169. 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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 41 - Contingent liabilities and commitments: (Contd.)

- (iii) The Company had acquired entire shareholding of erstwhile Holiday on Hill Resort Private Limited (erstwhile subsidiary) in 2012 and subsequently it was amalgamated with the Company. In 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 erstwhile subsidiary had in violation of the Act has sold its property to the Company and hence why the land should not be not confiscated under the provisions of the Act. 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.
- (iv) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims ₹ 475.36 lacs (As at March 31, 2016: ₹ 949.02 lacs, as at April 1, 2015: ₹ 826.50 lacs).

(g) Contingent liabilities with respect to Holiday Club Resorts Oy and its subsidiaries:

- (i) Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Yläksentie 42 from the mutual insurance company Ilmarinen no later than March 31, 2022. The buyback price on March 31, 2022 has been agreed to be 4.75 million euros.
- (ii) Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Yläs 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 fulfilment 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.
- (iii) Holiday Club Resorts Oy gave a surety for Fastighets Aktiebolaget Åre Properties (Capman) on April 5, 2011 to ensure fulfilment of Holiday Club Spa Hotels AB's lease obligations regarding Holiday Club Åre spa hotel. Holiday Club Spa Hotels AB sold the business operations of Holiday Club Åre to Holiday Club Sport and Spa Hotels AB by a deed signed on November 12, 2015. One of the terms of the sale was to transfer the lease agreement to Holiday Club Sport and Spa Hotels AB. In order to transfer the lease agreement, Holiday Club Resorts Oy gave a commitment to Fastighets Aktiebolaget Åre Properties by which the surety given earlier was transferred to apply to the obligations of the new lessee Holiday Club Sport And Spa Hotels AB. The transfer was executed by a confirmation given on November 18, 2015. The surety represents the lease obligation of 12 months. In the course of the asset sale, it was agreed that the commitment given by Lapland Invest AB, part of the same group of companies as Holiday Club Spa Hotels AB, towards Holiday Club Resorts Oy will cease. 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) towards Åre Kongress AB.
- (iv) 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 November 2, 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.
- (v) 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:

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

All amounts are in INR Lacs unless otherwise stated

Note No. 41 - Contingent liabilities and commitments: (Contd.)

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.

Note : In all the above cases of repossession commitment in case of financing agreements , the actual liability to the company in the past was very insignificant and hence no provision is considered necessary.

- (vi) 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 September 30, 2018.
- (vii) 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.
- (viii) 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 0.13 million euros.
- (ix) Group company Holiday Club Golf Saimaa 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 800,416.86 euros on March 31, 2016.
- (x) 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 2.38 million euros on March 31, 2016.
- (xi) Sallan Tunturipalvelut Oy (merged into Holiday Club Resorts Oy on March 31, 2016) and the municipality of Salla have agreed that Holiday Club Resorts will make at least four million euros worth of investments to Salla by the end of year 2018. If the investments of at least four million euros are made, the municipality of Salla has an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä -named company with the purchase price equating the equity investment made in the Kiinteistö Oy Sallan kylpylä. If the made investments are less than two millions, has Holiday Club Resorts Oy an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä owned by the municipality with the purchase price equating the equity investment. These purchase obligations will be executed only if the selling party requires the purchase.
- (xii) Holiday Club Resorts Oy has committed to a framework agreement with the city of Kuusamo according to which 10 million euros worth of investments will be made.
- (xiii) Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star -named company from the buyer no later than September 17, 2022 with the buyback price of 0.39 million euros.
- (xiv) Group company Saimaa Gardens Arena Oy has leased a multi-purpose hall called Rauhan Monitoimihalli from the city of Lappeenranta. Holiday Club Resorts Oy guarantees the lessees obligations towards the city of Lappeenranta for the duration of the lease contract.
- (xv) Holiday Club Resorts Oy and Skanska Talonrakennus Oy signed a cooperation agreement on March 31, 2016. By this agreement Holiday Club Resorts Oy committed to purchase the shares of Kiinteistö Oy Kelotähti I -named company no later than May 1, 2018. The debt-free purchase price for the shares is 3.1 million euros. 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 fulfilled, 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 0.09 million euros and Kiinteistö Oy Kelotähti will be liable for the contract price towards Skanska Talonrakennus Oy (5 million euros).

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

All amounts are in INR Lacs unless otherwise stated

Note No. 41 - Contingent liabilities and commitments: (Contd.)

- (xvi) 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. Holiday Club Resorts Oy has the obligation to purchase these shares back for the same price.
- (xvii) 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 %) will be purchased by December 31, 2016 and the rest (50 %) by April 30, 2017. The sales price of the shares is 0.85 million euros total.
- (xviii) Holiday Club Resorts Oy has committed to purchase the shares of Kiinteistö Oy Saimaa Villas Spa Lodge 2 -named company from their current owners. 25 % of the shares were purchased on 8.4.2016 and the rest will be purchased by October 15, 2016. The sales price of the shares is 1 million euros total.
- (xix) 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.
- (xx) 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. Holiday Club Sweden AB owns 51 % of the Holiday Club Sport and Spa Hotels AB's shares.
- (xxi) Holiday Club Resorts Oy has given a commitment to purchase its own shares from its personnel.
- (xxii) With respect to the management holding in Holiday Club Resorts Oy ("HCR Oy"), the Company has executed a Call & Put Option Agreement with the management shareholders of HCR Oy, by which the Company has the option to purchase the balance shares held by the management shareholders in HCR Oy and likewise the management has the option to sell their shares during the exercise period ("the Agreement"). In the event the management shareholders exercise their option in terms of the Agreement, the Company would be required to pay to the management shareholder of HCR Oy, an amount per share linked to the earnings of HCR Oy, subject to a minimum prescribed in the agreement.
- (xxiii) 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 1.11 million euros on 31.3.2017.
- (xxiv) 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 0.70 million euros on 31.3.2017.
- (xxv) 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 0.24 million euros 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 0.43 million euros 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.
- (xxvi) 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 0.24 million euros 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 0.43 million euros 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.

(h) Capital commitments

Particulars	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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 42 - Employee Benefits

(a) Defined contribution plans

The Holding Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 836.18 Lacs (2016: ₹ 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 Holding 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 Insurance 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
	Net Interest cost	0.33
Ib.	Included in other Comprehensive Income:	
	Return on plan assets	(23.06)
	Actuarial (Gain)/Loss on account of :	
	Financial Assumptions	13.81
	Experience Adjustments	13.73
	Amounts recognised in comprehensive income in respect of the defined benefit plan:	
	Current Service Cost	101.86
	Net interest expense	0.33
	Components of defined benefit costs recognised in profit or loss	102.19
	Remeasurement on the net defined benefit liability	
	Return on plan assets (excluding amount included in net interest expense)	(23.06)
	Actuarial gains and loss arising from changes in financial assumptions	13.81
	Actuarial gains and loss arising from experience adjustments	13.73
	Components of defined benefit costs recognised in other comprehensive income	4.48
	Total	106.67
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
	2. Fair value of plan assets as at 31st March	448.91
	3. Surplus/(Deficit)	(15.94)
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
	Expenses Recognised in Profit and Loss Account	
	- Current Service Cost	101.86
	- Interest Expense (Income)	31.14
	Recognised in Other Comprehensive Income	
	Remeasurement gains / (losses)	

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

All amounts are in INR Lacs unless otherwise stated

Note No. 42 - Employee Benefits: (Contd.)

		Funded Plan	
		Gratuity	
		2017	2016
III.	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
	<u>Change in fair value of assets during the year ended 31st March:</u>		
	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		
IV.	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
	<u>Major categories of plan assets :</u>		
	Deposits with Insurance companies	448.91	397.79

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

		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	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)

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

All amounts are in INR Lacs unless otherwise stated

Note No. 42 - Employee Benefits: (Contd.)

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 ₹ 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
<u>Asset category:</u>			
Contributions placed with Insurance companies	448.91	397.79	235.68
	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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments

Capital management

The Group'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 Group has the financial flexibility required to continue its expansion. Equity comprises issued share capital, reserves and retained earnings as set out in the statement of changes in equity.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Equity	59,738.60	50,614.49	57,926.79
Less: Cash and cash equivalents	19,611.58	10,784.27	1,896.06
	40,127.02	39,830.22	56,030.73

The Group manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio.

The Group is not subject to externally enforced capital regulation.

Debt-to-equity ratio is as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Debt (A)	69,380.86	63,212.74	11,738.14
Equity (B)	59,738.60	50,614.49	57,926.79
Debt Ratio (A / B)	1.16	1.25	0.20

Categories of financial assets and financial liabilities

As at March 31, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	282.75	365.59	-	648.34
Trade Receivables	50,520.42	-	-	50,520.42
Loans	3,752.08	-	-	3,752.08
Other Financial Assets				
- Non Derivative Financial Assets	167.53	-	333.22	500.75
Current Assets				
Investments	-	9,711.29	-	9,711.29
Trade Receivables	101,997.15	-	-	101,997.15
Cash & Bank balances	19,611.58	-	-	19,611.58
Other Bank Balances	1,811.91	-	-	1,811.91
Loans	30.37	-	-	30.37
Other Financial Assets				
- Non Derivative Financial Assets	-	-	-	-
Non-current Liabilities				
Borrowings	69,380.86	-	-	69,380.86
Other Financial Liabilities				
- Non Derivative Financial Liabilities	-	-	-	-
Current Liabilities				
Trade Payables	27,494.60	-	-	27,494.60
Other Financial Liabilities				
- Non Derivative Financial Liabilities	17,698.72	-	-	17,698.72

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

As at March 31, 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	258.98	56.13	-	315.11
Trade Receivables	44,299.19	-	-	44,299.19
Loans	3,149.09	-	-	3,149.09
Other Financial Assets				
- Non Derivative Financial Assets	152.91	-	176.71	329.62
Current Assets				
Investments	-	5,788.78	-	5,788.78
Trade Receivables	93,441.12	-	-	93,441.12
Cash & Bank balances	10,784.27	-	-	10,784.27
Other Bank Balances	360.96	-	-	360.96
Loans	27.17	-	-	27.17
Other Financial Assets				
- Non Derivative Financial Assets	34.10	-	-	34.10
Non-current Liabilities				
Borrowings	63,212.74	-	-	63,212.74
Other Financial Liabilities				
- Non Derivative Financial Liabilities	-			-
Current Liabilities				
Borrowings	1,124.55	-	-	1,124.55
Trade Payables	25,769.42	-	-	25,769.42
Other Financial Liabilities				
- Non Derivative Financial Liabilities	24,126.90	-	-	24,126.90

As at April 1, 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	9,876.65	46.30	-	9,922.95
Trade Receivables	35,554.22	-	-	35,554.22
Loans	3,059.28	-	-	3,059.28
Other Financial Assets				
- Non Derivative Financial Assets	55.04	-	-	55.04
Current Assets				
Investments	-	958.26	-	958.26
Trade Receivables	71,157.51	-	-	71,157.51
Cash & Bank balances	1,896.06	-	-	1,896.06
Other Bank Balances	337.94	-	-	337.94
Loans	23.46	-	-	23.46
Other Financial Assets				
- Non Derivative Financial Assets	38.73	-	-	38.73
Non-current Liabilities				
Borrowings	11,738.14	-	-	11,738.14
Other Financial Liabilities				
- Non Derivative Financial Liabilities	-	-	-	-
Current Liabilities				
Borrowings	641.21	-	-	641.21
Trade Payables	11,177.43	-	-	11,177.43
Other Financial Liabilities				
- Non Derivative Financial Liabilities	4,730.67	-	-	4,730.67

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

Financial Risk Management Framework

The Group has a robust business risk management process to identify, evaluate and mitigate risks impacting business including those which may threaten the existence of the Group. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Group'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 Group's Business Plan. The Group 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
Market risk - Interest rate risk	Borrowings with variable interest rates	Sensitivity analysis	Interest rate swaps

(i) Credit risk management

A significant portion of the Group'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 Group 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 Group. The Group 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 de-recognised 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 Group is as under:

	March 31, 2017	March 31, 2016	April 1, 2015
Carrying value of receivables (refer note 8 and 15)*	152,717.57	137,740.31	106,711.73
Credit loss allowance	7,799.97	14,757.97	23,142.97
Loss allowance (%)	5.11%	10.71%	21.69%

* With effect from FY 2015-16, the Group, 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 8 and 15) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

Reconciliation of credit loss allowance adjusted from Trade Receivables

Amount	
Balance as at March 31, 2016	14,757.97
Impairment losses recognised in the year based on lifetime expected credit losses	-
Allowance for credit loss recognised during the year	2,100.00
Amounts written off during the year	(9,058.00)
Effect of changes in Foreign Currency	-
Balance as at March 31, 2017	7,799.97
Balance as at April 1, 2015	23,142.97
Impairment losses recognised in the year based on lifetime expected credit losses	-
Allowance for credit loss recognised during the year	-
Amounts written off during the year	(8,385.00)
Effect of changes in Foreign Currency	-
Balance as at March 31, 2016	14,757.97

(i) Liquidity risk management

The Group 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 Group'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 Group can be required to pay.

	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<u>Non-derivative financial liabilities as at March 31, 2017</u>				
Non-interest bearing	38,450.52	3,889.20	-	-
Interest bearing	8,041.09	21,241.48	46,253.86	1,885.52
Interest rate Swaps	292.24	228.73	-	-
Total	46,783.86	25,359.41	46,253.86	1,885.52
<u>Non-derivative financial liabilities as at March 31, 2016</u>				
Non-interest bearing	43,381.69	4,079.97	-	-
Interest bearing	7,248.39	22,316.61	40,896.14	-
Interest rate Swaps	-	51.09	339.69	-
Total	50,630.08	26,447.67	41,235.83	-
<u>Non-derivative financial liabilities as at April 1, 2015</u>				
Non-interest bearing	15,908.10	577.63	-	-
Interest bearing	641.21	(0.00)	4,397.58	7,340.57
Interest rate Swaps	-	-	-	-
Total	16,549.31	577.63	4,397.58	7,340.57

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

Financing arrangements

The Group 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
Secured Bank Overdraft facility			
- Expiring beyond one year	2,699	4,498	-
	8,699	10,498	5,359

Maturities of financial assets

The following table details the Group's expected maturity for its non-derivative financial assets (predominantly trade receivables, 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 Group'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
<u>Non-derivative financial assets as of March 31, 2017</u>				
Non-interest bearing	123,451.01	40,389.50	13,883.00	-
Fixed interest rate instruments	-	167.53	-	-
Total	123,451.01	40,557.03	13,883.00	-
<u>Non-derivative financial assets as of March 31, 2016</u>				
Non-interest bearing	104,647.62	36,068.26	11,380.02	-
Fixed interest rate instruments	-	152.91	-	-
Total	104,647.62	36,221.17	11,380.02	-
<u>Non-derivative financial assets as of April 1, 2015</u>				
Non-interest bearing	73,453.70	27,790.78	10,822.72	-
Fixed interest rate instruments	-	55.04	-	-
Total	73,453.70	27,845.82	10,822.72	-

(iii) Market risk management

The Group's market risk comprises of its foreign currency exposure and interest rate fluctuations.

Currency Risk

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

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

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

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
	SEK	8,866.67	9,940.68	-
Payables	MYR	-	-	1.98
	EUR	-	0.08	0.01
	AED	33.35	0.64	3.32
	THB	8.07	221.40	152.23
	SEK	3,364.02	5,498.77	-
	USD	350.36	172.86	-

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 Group is not exposed to major currency risks.

Foreign Currency Sensitivity

The Group is exposed to the following currency risks - AED, THB, MYR, SEK and EUR - and the following table demonstrates the sensitivity.

	Currency	Change in rate	Impact on profit before tax (₹/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)
	SEK	+10%	550.26
	SEK	-10%	(550.26)
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)
	SEK	+10%	444.19
	SEK	-10%	(444.19)

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

All amounts are in INR Lacs unless otherwise stated

Note No. 43 - Financial Instruments: (Contd.)

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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. 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points	Effect on profit before tax
March 31, 2017	EUR	+100	15.69
	SEK	+100	1.31
	THB	+100	0.08
	EUR	-100	-15.69
	SEK	-100	-1.31
	THB	-100	-0.08
March 31, 2016	EUR	+100	42.06
	SEK	+100	1.01
	EUR	-100	-42.06
	SEK	-100	-1.01

For a few borrowings, the Group has entered into interest rate swap agreements to swap its floating interest rates to fixed interest rates. The said derivatives are marked to market at the end of each reporting period and the resultant gain/loss recognized in Profit and Loss.

Note No. 44 - 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)
	March 31, 2017	March 31, 2016	April 1, 2015		
<u>Financial assets</u>					
Investments					
Mutual fund investments	9,711.29	5,788.78	958.26	Level 1	Refer note 1 below
Equity and preference investments	492.49	193.50	456.12	Level 2	Refer note 2 below
Derivative instruments- Call option	333.22	176.71	-	Level 2	Refer note 3 below
Total financial assets	10,537.00	6,158.99	1,414.38		
<u>Financial liabilities</u>					
Derivative instruments- Interest Rate Swaps	520.98	390.79	-	Level 2	Refer note 4 below
Total financial liabilities	520.98	390.79	-		

Note 1: Fair value determined using quoted market prices..

Note 2: Net asset value on the reporting date considered as fair value.

Note 3: Fair value is determined using the Option pricing model ie., "Monte Carlo Simulation".

Note 4: Fair value is determined using the present value of the estimated future cash flows based on observable yield curves.

* Fair value of financial assets and financial liabilities (that are not measured at amortised cost) closely approximate their carrying value.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 45 - 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: ₹ 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. 46 - 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	16,921.83	7,176.18

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. 47 - 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 overdues 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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 48 - 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).

Geographical Information:

	As at March 31,	
	2017	2016
India	108,872.98	95,153.40
Outside India	119,342.68	65,058.70
Total	228,215.66	160,212.10

Non-Current assets*	As at March 31,	
	2017	2016
India	167,961.46	156,626.31
Outside India	39,747.50	42,287.42
Total	207,708.96	198,913.73

* Non-Current assets excludes investments in associates & joint ventures, other investments, loans, other financial assets and deferred-tax assets.

Note No. 49 - Related party transactions

Particulars		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	-
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	-	-

Mahindra Holidays & Resorts India Limited

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

All amounts are in INR Lacs unless otherwise stated

Note No. 49 - Related party transactions: (Contd.)

Particulars		March 31, 2017	March 31, 2016	April 1, 2015
Purchase of PPE	Mahindra Two Wheelers Limited Mahindra Retail Private Limited	- -	- 0.54	- -
Purchase of services	Mahindra Integrated Business Solutions Pvt Ltd Mahindra Defence Systems Mahindra Consulting Engineers Limited. Bristlecone India Limited. Tech Mahindra Ltd Mahindra Emarket Ltd	51.98 - 0.30 308.16 1,168.20 0.05	4.19 2.45 7.20 171.90 1,675.38 -	- - - - - -
Key Management Personnel	Managerial remuneration:	306.27 72.86 163.31	240.55 54.06 169.95	- - -
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
Fellow Subsidiaries				
Outstanding: Payable	Mahindra Retail Pvt Ltd Tech Mahindra Ltd Bristlecone India Limited Mahindra Intergrated Business Solutions Private Limited Mahindra Consulting Engineers Limited.	- 51.25 - 7.32 0.32	- 140.71 - - -	0.71 198.05 27.02 - -
Outstanding: Receivable	Mahindra Lifespace Developers Ltd Mahindra Consulting Engineers Limited Mahindra Intertrade Limited. Mahindra Shubhlabh Services Limited Mahindra Two Wheelers Limited Mahindra Defence Systems Limited Mahindra Logistics Limited Mahindra First Choice Services Ltd Mahindra Bebanco Developers Limited Tech Mahindra Limited	6.20 - - - - - - - - -	22.82 - - - 6.45 - 2.62 0.40 0.71 11.48	24.01 1.41 1.94 0.59 6.45 0.84 8.21 0.40 0.71 5.06

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

All amounts are in INR Lacs unless otherwise stated

Note No. 50 - Business Combinations

(a) Subsidiaries Acquired

The Group held 22.34% of voting shares of Holiday Club Resorts Oy (HCRO) as of March 31, 2015. On September 2, 2015 the Group acquired a further 59.03% of voting shares of the said entity. The acquisition was made with the objective of expanding the Group's international footprint.

The Group held 18.70% of voting shares of HCR Management Oy as of March 31, 2015. On September 2, 2015 the Group acquired a further 81.30% of voting shares of the said entity. Through this acquisition, the Group also obtained indirect holding to the extent of 4.24%, increasing its stake in HCRO to 85.61%

Name of the Company	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred
Holiday Club Resorts Oy (HCRO)	Vacation ownership	September 2, 2015	59.03%	24,955.51
HCR Management Oy	Investment entity	September 2, 2015	81.30%	26,198.87

(b) Consideration Transferred

	HCRO	HCRM
Cash	24,955.51	26,198.87
Add: Acquisition related cost	335.91	16.79
Total Consideration	25,291.42	26,215.66

Acquisition related costs have been recognized in the Profit and Loss Account as Other Expenses amounting to ₹ 352.70 Lacs.

(c) Assets acquired and liabilities recognised at fair value on the date of acquisition

	HCRO	HCRM
Current assets		
Cash & cash equivalents	8,509.31	8.06
Trade and other receivables	14,544.97	-
Inventories	38,637.34	-
Non-current assets		
Tangible assets		
Land	3,318.22	-
Building	12,085.60	-
Plant and Machinery	6,834.47	-
Other tangible assets	1,829.59	-
Intangible assets		
Trademarks	1,289.48	-
Management contracts	936.57	-
Customer relationship	202.42	-
Other intangibles	1,968.38	-
Capital work in progress	1,438.24	-
Investments	405.76	1,614.94
Deferred tax assets	3,590.00	-
Liabilities		
Trade and other payables	58,342.06	1,125.18
Deferred tax liabilities	430.30	-
	36,817.99	497.82

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

All amounts are in INR Lacs unless otherwise stated

Note No. 50 - Business Combinations: (Contd.)

(d) Non Controlling Interest

	Proportionate holding by non controlling interest	Amount of non controlling interest	Measurement basis of non controlling interest
HCRO	14.39%	5,732.70	Non controlling interest has been measured at fair value using the latest transaction values

(e) Goodwill arising on acquisition

	HCRO	HCRM	Total
Consideration transferred	24,955.51	1,243.35	26,198.87
Add : Non Controlling Interest	5,732.70	-	5,732.70
Add : Fair value of previously held interest	7,990.96	392.07	8,383.03
Add : Indirect holding through HCRM	1,617.30	-	1,617.30
Less : Fair Value of net assets acquired	36,817.99	497.82	37,315.81
Goodwill arising on acquisition	<u>3,478.49</u>	<u>1,137.60</u>	<u>4,616.09</u>

(f) Impact of acquisitions on the results of the Group

Included in the profit for the year is ₹ 1,318.18 Lacs attributable to the additional business generated by Holiday Club Resorts Oy, and ₹ 40.37 Lacs attributable to HCR Management Oy. Revenue for the year includes ₹ 64,245.65 Lacs in respect of Holiday Club Resorts Oy and ₹ 58.39 Lacs in respect of HCR Management Oy.

If the subsidiaries would have been acquired in the beginning of the period, included in the profit for the year would be loss of ₹ 6,401.96 Lacs attributable to the additional business generated by Holiday Club Resorts Oy, and profit of ₹ 25.95 Lacs attributable to HCR Management Oy. Revenue for the year would include ₹ 98,615.94 Lacs in respect of Holiday Club Resorts Oy and ₹ 58.39 Lacs in respect of HCR Management Oy.

Note No. 51(a) - Investments in associates:

	No of equity shares held	% of holding	Original cost of investment	Amount of goodwill/capital reserve in original cost	Carrying amount of investments
Koy Seniori Saimaa	950,000	28.64%	712.22	-	107.35
Koy Sallan Kylpylä	49	45.05%	323.27	-	5.54

Investment in associates previous year

	No of equity shares held	% of holding	Original cost of investment	Amount of goodwill/capital reserve in original cost	Carrying amount of investments
Koy Seniori Saimaa	950,000	26.67%	712.22	-	121.61
Koy Sallan Kylpylä	49	41.95%	323.27	-	-
Holiday Club Adventures Oy	30	25.68%	0.56	-	-

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

All amounts are in INR Lacs unless otherwise stated

Note No. 51(a) - Investments in associates

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

Particulars - Koy Sallan Kylpyla	March 31, 2017	March 31, 2016
Current assets	3.89	1.40
Non-current assets	1,371.67	1,499.40
Current liabilities	64.18	0.38
Non-current liabilities	745.09	899.64
Revenue	53.30	6.84
Profit or loss from continuing operations	12.00	(56.69)
Post-tax profit (loss) from discontinued operations	-	-
Profit (loss) for the year	12.00	(56.69)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	12.00	(56.69)

Particulars - Koy Seniori Saimaa	March 31, 2017	March 31, 2016
Current assets	84.56	12.78
Non-current assets	1,056.85	1,144.06
Current liabilities	79.94	120.58
Non-current liabilities	-	-
Revenue	0.90	0.92
Profit or loss from continuing operations	(72.46)	(930.97)
Post-tax profit (loss) from discontinued operations	-	-
Profit (loss) for the year	(72.46)	(930.97)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(72.46)	(930.97)

Note No. 51(b) - Investments in joint venture:

	No of equity shares held	% of holding	Original cost of investment	Amount of goodwill/ capital reserve in original cost	Carrying amount of investments
Tropiikin Rantasauna Oy (Acquired on July 4, 2016)	50	45.97%	43.28	-	42.96

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint ventures's financial statements.

Particulars - Tropiikin Rantasauna Oy	March 31, 2017	March 31, 2016
Current assets	42.16	-
Non-current assets	76.94	-
Current liabilities	-	-
Non-current liabilities	34.28	-
Revenue	-	-
Profit (loss) for the period	(1.86)	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(1.86)	-

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

All amounts are in INR Lacs unless otherwise stated

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 Indian GAAP		67,025.91	72,512.39
<u>Ind AS: Adjustments increase (decrease):</u>			
Dividends not recognised as liability until declared	1	5,342.73	4,274.18
Fair valuation of investments	2	(3,551.50)	(3,478.70)
Expected credit loss provision	3	(15,810.98)	(15,810.98)
Valuation of NCI put option liability	4	(1,564.35)	-
Business Combination accounting (net of NCI)	5	(1,350.88)	-
Others		523.56	429.90
Equity as reported under IND AS		<u>50,614.49</u>	<u>57,926.79</u>

- (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		10,418.45
<u>Ind AS: Adjustments increase (decrease):</u>		
Employee Benefits Expenses - Fair valuation of stock options	6	(331.40)
Remeasurement of Defined Benefit Obligation - Recognized in OCI	7	10.10
Business combination accounting	5	(1,589.22)
Valuation changes of NCI put option liability	4	578.19
Others		(106.62)
Deferred Tax impact		30.24
Total adjustment to profit or loss		<u>(1,408.71)</u>
Profit or Loss under Ind AS		9,009.74
Other comprehensive income	7	(316.51)
Non Controlling Interest		280.64
Total comprehensive income under Ind ASs		8,412.59

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 31 March 2016	
	Previous GAAP	Ind AS
Net cash flows from operating activities	22,171.99	24,184.83
Net cash flows from investing activities	(44,152.81)	(38,566.43)
Net cash flows from financing activities	35,070.72	27,443.32
Net increase (decrease) in cash and cash equivalents	13,089.91	13,061.72
Cash and cash equivalents at beginning of period	3,427.92	3,511.33
Cash and cash equivalents at end of period	16,517.83	16,573.05

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

All amounts are in INR Lacs unless otherwise stated

Note No. 52 - First-time adoption of Ind-AS: (Contd.)

- (iv) Analysis of cash and cash equivalents as at 31 March, 2016 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	16,517.83
Cash and cash equivalents of Arabian Dreams Hotels Apartments LLC considered as subsidiary under Ind AS (considered as Joint Venture under Previous GAAP)	47.09
Cash and cash equivalents of MHRIL ESOP Trust not considered under previous GAAP	8.13
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	16,573.05

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, irrespective 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 Group (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, declaration of dividends occur after the period end. Therefore the liability recorded for this dividend has been derecognized against retained earnings.

2 Fair valuation of investments

Under Indian GAAP, non-current investments were carried at cost less provision for diminution, other than temporary in nature. Under Ind AS, the Group has opted to fair value its investments in associate as at the transition date. Consequently, the fair valuation impact has been recognized against retained earnings. Pursuant to the business combination of HCRM, the previously held interest in HCRM has been fair valued in the year 2015-16 and the impact has been recognized in Profit and Loss.

3 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 consistently 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.

4 NCI put option liability

The Group has entered into a put option agreement with the non-controlling shareholders of HCR Oy. The gross liability to settle the put option obligation in excess of the carrying amount of NCI existing in books has been adjusted against retained earnings. The changes in such put option obligation due to lapse of time and changes in assumptions have been recognized in Profit and Loss.

5 Business combination accounting

The Company acquired controlling stake of HCR Oy and HCRM on September 2, 2015. Under Indian GAAP, the net assets of the said companies were recorded at their carrying values. Under Ind AS, the net assets of the said companies are recorded at fair value and the resultant goodwill has been recognized in these books.

The consequential impacts have been recognized in Profit or Loss.

6 ESOP fair value accounting

Under Indian GAAP, the Group 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.

7 Other comprehensive income

Under Indian GAAP the Group recognized costs related to its post-employment defined benefit plan on an actuarial basis and continues to follow 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.

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

All amounts are in INR Lacs unless otherwise stated

Note No. 53 - Specified Bank Notes held and transacted (from November 8, 2016 to December 30, 2016)

	SBNs	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	(0.00)	49.49	49.48

* 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 Group 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 - Regrouping/reclassification

The figures for the previous year have been regrouped/reclassified to correspond 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

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 19, 2017

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

Annexure A

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**

Sl no	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the subsidiary 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	Proportion of 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	(149)	1,1	11,06	-	-	(140)	-	(140)	-	100%
3	Heritage Bird M Schen Rhod	03-May-08		MYR	43,92	(141,49)	603,95	701,51	-	12,397	(30,70)	0,28	(30,42)	-	100%
4	MH Boutique Hospitality Ltd	02-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	05-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.r.l.	17-Jul-14		EUR	8,66	15,593,09	42,222,1	26,620,36	41,118,45	-	148,42	(2,23)	146,19	-	100%
7	MHR Holdings (Mauritius) Ltd	11-Jul-14		EUR	10,43	(135,428)	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	5,295	(770,75)	401,66	1,119,46	-	1,633,49	25,34	-	25,34	-	49%
9	Holiday Club Resorts Oy	02-Sep-15		EUR	8,252,31	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	Kintestö Oy Hifinoksen Tähti 2	02-Sep-15		EUR	1,73	47,164	47,412	0,75	-	13,34	9,56	-	9,56	-	91.93%
11	Holiday Club Canarias Investment S.L.U.	02-Sep-15		EUR	2,15	115	564,97	561,67	563,88	-	(2,03)	-	(2,03)	-	91.93%
12	Holiday Club Canarias Resort Management S.L.U.	02-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.	02-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	02-Sep-15	December 31 2016	RUB	3,46	(772,38)	322,69	1,091,61	-	13,686	177,81	(37,69)	140,12	-	91.93%
15	Holiday Club Sweden AB	01-Dec-15		SEK	7,26	10,545,81	16,918,16	6,367,09	674,96	5,159,42	487,06	-	487,06	-	91.93%
16	Kintestö Oy Hifinos Gardens	02-Sep-15		EUR	1,73	738,20	740,69	0,76	-	6,05	(122)	483	-	483	-
17	Kintestö Oy Ikuusamon Pulkkajarvi 1	02-Sep-15		EUR	1,75	188,61	248,56	58,20	-	8,68	161	(0,62)	0,99	-	91.93%
18	Kintestö Oy Rauhamanta 1	02-Sep-15		EUR	1,73	86,82	88,39	0,04	-	(111)	-	(111)	-	(111)	-
19	Kintestö Oy Rauhamanta 2	02-Sep-15		EUR	1,73	141,33	143,13	0,07	-	(116)	-	(116)	-	(116)	-
20	Kintestö Oy Hämmurka	02-Sep-15		EUR	1,73	212,05	213,80	0,02	-	(0,84)	-	(0,84)	-	(0,84)	-
21	Kintestö Oy Turunniemi	02-Sep-15		EUR	1,73	245,35	251,48	0,40	-	(241)	-	(241)	-	(241)	-
22	Kintestö Oy Tenerialähi	02-Sep-15		EUR	1,73	74,53	76,28	0,02	-	(0,87)	-	(0,87)	-	(0,87)	-
23	Kintestö Oy Vähä Rikösti	02-Sep-15		EUR	-	37,34	37,45	0,11	-	(1,31)	-	(1,31)	-	(1,31)	-
24	Suomen vapaa-alkainteistöt Oy	02-Sep-15		EUR	1,73	11,65	13,38	-	-	(0,63)	-	(0,63)	-	(0,63)	-
25	Ownership Services Sweden AB	02-Sep-15		SEK	7,26	140,93	719,33	571,14	-	(1,81)	-	(1,81)	-	(1,81)	-
26	Kintestö Oy Kypyläntomi 1	02-Sep-15		EUR	1,73	175,07	174,83	0,03	-	(1,12)	-	(1,12)	-	(1,12)	-

₹ in lac's

Sl no	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the subsidiary 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	Proportion of ownership interest
27	Kinteköö Oy Rauhan Liikekinteför1	02-Sep-15		EUR	1.73	1163.42	6,853.53	5,688.38	-	471.33	(185.83)	-	(185.83)	-	91.93%
28	Äre Villas 1 Ab	02-Sep-15		SEK	3.63	-	16.02	12.39	-	-	-	-	-	-	91.93%
29	Äre Villas 2 Ab	02-Sep-15		SEK	3.63	-	4.72	1.09	-	-	-	-	-	-	91.93%
30	Holiday Club Sport and Spa Hotels Ab	02-Sep-15		SEK	72.60	377.11	4,189.19	3,739.48	-	8,421.78	(621.39)	-	(621.39)	-	46.88%
31	Kinteköö Oy Spa Lofts 2	02-Sep-15		EUR	1.73	96.69	100.44	0.02	-	(0.88)	-	(0.88)	-	-	91.93%
32	Kinteköö Oy Spa Lofts 3	02-Sep-15		EUR	1.73	97.22	99.01	0.06	-	(1.07)	-	(1.07)	-	-	91.93%
33	Kinteköö Oy Mäntsäläniemi	02-Sep-15		EUR	6.23	202.51	235.41	266.7	-	2.63	121	-	121	-	91.93%
34	Supermarket Capri Oy	02-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	02-Sep-15		EUR	1.73	1,444.69	1,467.55	2113	1,450.67	-	18.51	-	18.51	-	100%

Note:

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 115, 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" Associate & Joint Venture

₹ in lacs)						
Sl.no	Name of the Associate/Joint Ventures	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 No of Shares held	Reason why the joint venture/ associate not consolidated Extent of holding - %	Net worth attributable to shareholding as per latest audited Balance Sheet.
Associate :						
1	Kiinteistö Oy Seniori-Saimaa	02-Sep-15	December 31, 2016	950,000	107.35 28.64% Voting rights	Refer Note no 1 below 1067.02 - (100.51)
2	Koy Sallan Kylylä	02-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 its first statutory accounts for the period ending December 31, 2017.

For and on behalf of the Board of Directors

A K Nanda
Chairman

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

Place: Mumbai
Date : May 19, 2017

Mahindra Holidays & Resorts India Limited

FINANCIAL HIGHLIGHTS FOR LAST 5 YEARS - STANDALONE

(₹ in lacs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue from operations	108,873	95,153	79,485	77,752	70,155
Total Income	110,593	96,394	80,756	79,893	71,594
Earnings Before Depreciation, Finance Cost and Tax Expenses (EBDIT)	26,150	23,950	19,250	18,042	18,164
Depreciation and Amortisation	6,053	7,133	6,541	3,803	2,119
Exceptional Items	-	-	2,188	-	-
Profit For the Year	13,065	11,359	7,902	9,453	10,698
Equity Dividend %	50*	50	40	40	40
Equity Share Capital	8,823	8,806	8,803	8,802	8,388
Reserves and Surplus	58,619	50,253	64,287	70,179	55,043
Net Worth	67,442	59,059	73,090	78,981	63,431
Net Fixed Assets	95,635	95,390	86,761	75,777	70,479
Total Assets	298,642	268,321	271,392	261,115	224,433
Market Capitalisation (as on 31 st March)	384,599	343,182	228,877	207,614	217,482

* Subject to the approval of the shareholders at the AGM.

Note:

FY 14-15, 13-14 & 12-13 figures are as per IGAAP

FY 16-17 & 15-16 figures are as per IND AS.

KEY INDICATORS

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Diluted Earnings Per Share - ₹)	14.75	12.87	8.98	10.75	12.75
Book Value Per Share - ₹)	76.44	67.07	83.03	61.22	75.62
EBDIT / Total Income %	23.65%	24.85%	23.84%	22.58%	25.37%
Net Profit Margin %	11.81%	11.78%	9.79%	11.83%	14.94%

Only at  ClubMahindra