

Winning hearts Spreading smiles

Celebrating 2 lakh
'Club Mahindra'
members in 20 years.



Corporate Information

Board of Directors

Arun Kumar 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

General Counsel & Company Secretary

Dinesh Shetty

Registered Office

Mahindra Towers, 2nd Floor, No. 17/18,
 Patullos Road, Chennai - 600002
 Tamil Nadu, India
 T: +91 44 39881000 F: +91 44 30277778
 E: investors@mahindaholidays.com
 W: www.clubmahindra.com
 CIN: L55101TN1996PLC036595

Corporate Office

Mahindra Towers, 1st Floor, 'A' Wing,
 Dr. G.M Bhosle Marg, P.K. Kurne Chowk,
 Worli, Mumbai - 400018
 Maharashtra, India
 T: +91 22 33684722 F: +91 22 33684721

Auditors

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

Bankers

YES Bank Limited
 HDFC Bank Limited

Committees of Board of Directors

Audit Committee

Sridar Iyengar, Chairman
 Cyrus Guzder
 Rohit Khattar
 Sanjeev Aga
 V S Parthasarathy

Nomination and Remuneration Committee

Cyrus Guzder, Chairman
 Arun Kumar Nanda
 Vineet Nayyar
 Rohit Khattar
 Sridar Iyengar

Strategy Review Committee

Arun Kumar Nanda, Chairman
 Vineet Nayyar
 Cyrus Guzder
 Rohit Khattar
 Sanjeev Aga
 Kavinder Singh

Risk Management Committee

Arun Kumar Nanda
 Cyrus Guzder
 V S Parthasarathy
 Kavinder Singh

Corporate Social Responsibility Committee

Arun Kumar Nanda, Chairman
 Cyrus Guzder
 V S Parthasarathy
 Kavinder Singh

Stakeholders Relationship Committee

Arun Kumar Nanda, Chairman
 V S Parthasarathy
 Kavinder Singh

Inventory Approval Committee

Arun Kumar Nanda, Chairman
 Cyrus Guzder
 Kavinder Singh

Committee of Directors – Investments

Arun Kumar Nanda, Chairman
 V S Parthasarathy
 Cyrus Guzder
 Sanjeev Aga

Loans & Investment Committee

Arun Kumar Nanda, Chairman
 Kavinder Singh

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 - 600 002
 Phone : +91 44 28587781

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Directors' Report

Dear Shareholders,

Your Directors are pleased to present their Twentieth Report together with the audited financial statements of your Company for the year ended March 31, 2016.

1. Operations and Financial Overview

During 2015-16, your Company performed creditably in spite of a subdued consumer sentiment, especially towards high-value discretionary spend categories. It added around 16,200 new members to its vacation ownership business, taking the total membership to close to two lakh at the end of the year. The new member addition was higher as compared to the previous year, and reflects the successful execution of Company's strategy to focus on high quality leads from pull-based channels such as referrals and digital. During the year, the Company added 87 new room units, taking the total inventory to 2,879 units as of March 31, 2016.

The Company, during the month of September 2015, had increased its stake in Holiday Club Resorts Oy, Finland (HCR) from 23.3 per cent to 85.6 per cent resulting in HCR becoming a subsidiary company of the Company.

Your Company's total income (including other income) grew from ₹ 80,756 lakh in 2014-15 to ₹ 96,261 lakh in 2015-16. Profit after taxes (PAT) grew from ₹ 7,902 lakh in 2014-15 to ₹ 11,735 lakh in 2015-16. Diluted earnings per share (EPS) for 2015-16 stood at ₹ 13.29, up from ₹ 8.98 in the previous year.

Your Company's consolidated total income (including other income) during 2015-16 was ₹ 1,60,382 lakh. The consolidated PAT was ₹ 9,906 lakh and the diluted EPS was ₹ 11.22. The consolidated numbers include results of HCR subsequent to its becoming a subsidiary of your Company.

There are no audit qualifications in the standalone or in the consolidated financial statements by the Statutory Auditors for the year under review.

2. Financial Highlights (Standalone)

(₹ Lakh)

| | 2016 | 2015 |
|--|---------------|---------------|
| Income: | | |
| Income from sale of Vacation Ownership and other services | 95,153 | 79,485 |
| Other Income | 1,108 | 1,271 |
| Total Income | 96,261 | 80,756 |
| Expenditure: | | |
| Less: Employee Cost & other expenses | (71,911) | (61,506) |
| Profit before Depreciation, Interest and Taxation | 24,350 | 19,250 |
| Less: Depreciation | (7,133) | (6,541) |
| Interest | (8) | (25) |
| Profit for the year before Exceptional Item and Tax | 17,209 | 12,684 |
| Less: Exceptional Item (pre-tax) | - | (2,188) |
| Profit for the year before Tax | 17,209 | 10,496 |
| Less: Provision for Tax – Current Tax | (4,984) | (1,920) |
| – Deferred tax (net) | (490) | (674) |
| Net Profit for the year after tax | 11,735 | 7,902 |
| Balance brought forward from earlier years | 34,070 | 37,688 |
| Less: Adjustment on Amalgamation | (1,516) | (4,560) |
| Less: Loss of Bell Tower Resorts Private Limited erstwhile wholly owned subsidiary for the year 2013-14 | - | (870) |
| Less: Depreciation adjustment consequent to transition to Schedule II of the Companies Act, 2013 net of deferred tax of ₹ 528 lakh | - | (1,026) |
| | 44,289 | 39,134 |
| Appropriations: | | |
| General Reserve | (1,170) | (790) |
| Proposed Dividend on Equity Shares | (4,439) | (3,551) |
| Income Tax on Proposed Dividend | (904) | (723) |
| Surplus carried to Balance Sheet | 37,776 | 34,070 |

3. Dividend

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, 2016. The dividend, if approved at the ensuing Annual General Meeting, will be paid to the shareholders whose names appear on the register of members of the Company as on the Book Closure Date. The equity dividend outgo for 2015-16, inclusive of tax on distributed profits would absorb a sum of ₹ 5,343 lakh (as compared to ₹ 4,274 lakh comprising the dividend of ₹ 4/- per equity share and tax on distributed profits paid for the previous financial year).

4. Transfer to Reserve

The Board of Directors proposes to transfer ₹ 1,170 lakh to the General Reserve representing around 10 per cent of the profit for the year. The balance is proposed to be retained in the Profit & Loss Account.

5. Share Capital

The paid up equity share capital as on March 31, 2016 was ₹ 8,878 lakh. During the year under review, your Company did not issue shares with differential voting rights / sweat equity except fresh grant issued under the Company's Employee Stock Option Scheme 2014, discussed later in this report.

Details of Directors' shareholding as on March 31, 2016, are mentioned in the Corporate Governance Report, which forms a part of this Annual Report.

6. Scheme of Amalgamation and Arrangement pertaining to Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited, wholly owned subsidiary companies

During the year under review, Competent Hotels Private Limited (CHPL), Divine Heritage Hotels Private Limited (DHHPL) and Holiday on Hills Resorts Private Limited (HHRPL), wholly owned subsidiary companies of the Company, were amalgamated with the Company with effect from March 31, 2016, being the date of filing the Order of Hon'ble High Court of Madras with the Registrar of Companies at Chennai. The Appointed Date fixed for the amalgamation was April 1, 2015 and the respective Schemes of the Amalgamation and Arrangement ("the Scheme") were approved by the Hon'ble High Courts of Chennai, Delhi, Jaipur and Himachal Pradesh on January 29, 2016, February 29, 2016, February 19, 2016 and February 25, 2016 respectively.

Consequent to the above, CHPL, DHHPL and HHRPL ceased to be subsidiaries of the Company and the entire business, all the assets and liabilities, duties and obligations of CHPL, DHHPL and HHRPL have been transferred to and vested

in the Company pursuant to the Scheme with effect from April 1, 2015 ("the Appointed Date"). There was no allotment of shares to the equity shareholders of CHPL, DHHPL and HHRPL since they were wholly owned subsidiaries of the Company. The amalgamation has been accounted under the 'pooling of interest method' referred in Accounting Standard 14 and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date. Further, difference of ₹ 9,317 lakh between value of assets and liabilities acquired at their book value at the Appointed Date as reduced by carrying value of investment in the books of the Company was adjusted in the "Amalgamation and Reserve Account" and the same was transferred to "Securities Premium Account" on the Appointed Date as per the approved Scheme.

7. 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 and that the provisions of the Section 188 of the Companies Act, 2013 ("the Act") are not attracted.

During the year under review, your Company has provided corporate guarantee on behalf of MHR Holdings (Mauritius) Limited (MHR Holdings), wholly owned subsidiary of the Company, in respect of funds raised by it in Mauritius in order to further invest in Holiday Club Resorts Oy, Finland (HCR). This investment in HCR by MHR Holdings were made through its wholly owned subsidiary Covington S.à.r.l, Luxembourg (Covington). Your Directors confirm that this transaction with MHR Holdings is in the ordinary course of business and at arm's length as per the transfer pricing guidelines.

Apart from the above transaction with MHR Holdings, your Company had 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). The details of the above material related party transactions with MHR Holdings at an aggregate level for the year ended March 31, 2016 is annexed to this report as Annexure 1.

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 the following link: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Your Directors draw attention of the members to Note No. 44 to the standalone financial statements which sets out related party disclosure.

8. 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 statement at Note No.44 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.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") are furnished separately as Annexure 2 to this report.

Particulars of investments made by the Company are provided in the standalone financial statements at Note Nos. 13 and 16.

9. Significant and Material Orders passed by the Regulators or Courts

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

10. 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 3.

11. 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.

12. 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.

13. 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.

14. Whistle Blower Policy & Vigil Mechanism

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.

15. Employees' Stock Option

Employees Stock Options represent a reward system based on performance. 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, besides creating long term wealth in their hands. In line with this, the Company formulated the employees stock option scheme called Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 ("MHRIL ESOS 2006") and was approved by the shareholders at the Annual General Meeting of the Company held on May 17, 2006. Further, subsequent to the initial public offer, the MHRIL ESOS 2006 was ratified by the Shareholders by way of postal ballot on December 23, 2009. The MHRIL ESOS 2006 will remain in operation till the exercise of Options granted under this scheme.

In addition to above and continue to reward the employees, the Board of Directors of your Company have introduced new employee stock option scheme namely "Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2014" ("MHRIL ESOS 2014") and approved by the shareholders by way of postal ballot on December 26, 2014, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI ESOP Regulations').

Further, the balance shares available under MHRIL ESOS 2006 together with any other shares represented by Options that may lapse for any reason thereat, will also be available for issuing/granting Options to the Employees under MHRIL ESOS 2014.

During the year under review, on the recommendation of the Nomination and Remuneration Committee, a total of 3,10,000 new options were granted (Grant II & III) under the MHRIL ESOS 2014.

Details required to be provided under the under Regulation 14 of SEBI ESOP Regulations is available on the Company's website <http://www.clubmahindra.com/about-us/investor-relations>.

A certificate from the Statutory Auditors of the Company confirming that the MHRIL ESOS 2006 and MHRIL ESOS 2014 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.

16. Subsidiaries, Joint Venture and Associate Companies

During the year under review and as reported earlier in this report, Competent Hotels Private Limited (CHPL), Divine Heritage Hotels Private Limited (DHHPL) and Holiday on Hills Resorts Private Limited (HHRPL), ceased to be subsidiaries of your Company consequent to amalgamation of CHPL, DHHPL and HHRPL with the Company with effect from March 31, 2016.

Further, the Company has increased its equity investment in Gables Promoters Private Limited (GPPL), a wholly owned subsidiary, by conversion of the unsecured Inter Corporate Deposits amounting to ₹ 36,47,86,000/- given to GPPL into 3,64,78,600 Equity Shares of ₹ 10/- each at par.

As reported earlier in this report, your Company through its subsidiary Covington S.à.r.l, Luxemburg (Covington), increased its equity stake from 23.3% to 85.6% in September, 2015, in Holiday Club Resorts Oy, Finland (HCR). Consequently, HCR became subsidiary company of Covington and in turn subsidiary company of the Company with effect from September 2, 2015.

Also, your Company through its subsidiary Covington, increased its equity stake from 18.7% to 100% in HCR Management Oy Finland, (HCRM), with effect from September 2, 2015. Consequently, HCRM became wholly subsidiary company of Covington and in turn subsidiary company of the Company. Covington is the holding company for investments in HCR and HCRM.

In addition to the above, Holiday Club Sweden Ab, Ownership Service Sweden AB, Holiday Club Canarias Investment S.L.U, Holiday Club Canarias Sales & Marketing S.L.U, Holiday Club Canarias Resort Management S.L.U, Holiday Club Rus Resorts LLC, Suomen Vapaa-aikakiinteistöt Oy, Kiinteistö Oy Himos Gardens, Kiinteistö Oy Himoksen Tähti 2 Oy, Kiinteistö

Oy Tunturinrivi, Kiinteistö Oy Vanha Ykköstii, Kiinteistö Oy Katinnurkka, Kiinteistö Oy Tenetinlahti, Kiinteistö Oy Mällösnieni, Kiinteistö Oy Rauhan Ranta 1, Kiinteistö Oy Rauhan Ranta 2, Kiinteistö Oy Tiurunniemi, Saimaa Gardens Arena Oy (associate company till January 18, 2016), Kiinteistö Oy Rauhan Liikekiinteistöt 1, Supermarket Capri Oy, Kiinteistö Oy Kylpyläntorni 1, Kiinteistö Oy Spa Lofts 2, Kiinteistö Oy Spa Lofts 3, Kiinteistö Oy Kulennoinen, Kiinteistö Oy Kuusamon Pulkajärvi 1, Caribia Service Oy, Holiday Club Sport and Spahotel AB, Are Semesterby A AB, Are Semesterby B AB, Are Semesterby C AB, Are Semesterby D AB, Are Villa 1 AB and Are Villa 2 AB became subsidiary companies of your Company during the year under review.

Further, Kiinteistö Oy Jalomella, Kiinteistö Oy Outapalas, Kiinteistö Oy Ulkuvuoma, Kiinteistö Oy Lappeenrannan Saimaan Kreivi, Sallan Tunturipalvelut Oy, Kiinteistö Oy Katinkullan Villas Parkki, Holiday Club Golf Saimaa Oy, Saimaa Action Park Oy, Kiinteistö Oy Kulennoinen, Kongressi- ja Kylpylähotelli Caribia Oy, Saariselkä Resort Oy, Himos Hillside Golf Oy, Kiinteistö Oy Pisterinniementie 2, Holiday Club Katinkullan Villas Oy, Kiinteistö Oy Katinpalsta, Kiinteistö Oy Rauhan Ranta 6, Kiinteistö Oy Rauhan Parkki, Saimaan Palvelukiinteistöt Oy, Kiinteistö Oy Paviljongin Pysäköinti and Kiinteistö Oy Hakan Perusyhtiö 79, which became subsidiary companies of your Company during the year under review, subsequently ceased to be subsidiaries of your Company during the year under review.

As of March 31, 2016, your Company has 41 subsidiaries (including 36 indirect subsidiaries), 1 JV company and 4 associate companies (including 3 indirect associates).

17. Performance of Subsidiaries

Domestic Subsidiaries

Gables Promoters Private Limited (GPPL), is the wholly owned subsidiary company of the Company. GPPL is currently developing a resort property of around 120 rooms at Naldhera, Shimla, Himachal Pradesh and the construction of the same is at an advanced stage. GPPL is yet to commence operation.

Mahindra Hotels and Residences India Limited (MHARIL) is the wholly owned subsidiary company of the Company. MHARIL did not have any operation during the year under review.

Foreign Subsidiaries

Heritage Bird (M) Sdn. Bhd, Malaysia (Heritage Bird) is the wholly owned subsidiary company of the Company. Heritage Bird's principal activities are holding of investment and leasing of properties. Heritage Bird has rooms/units in apartment properties in a well-known location at Kuala Lumpur, Malaysia.

MH Boutique Hospitality Limited, Thailand (MH Boutique), in which your Company holds forty nine per cent of equity stake, is the subsidiary of the Company by virtue of control on the composition of the Board of MH Boutique and it mainly holds investments in Infinity Hospitality Group Company Limited, Thailand.

Infinity Hospitality Group Company Limited, Thailand (Infinity) is the subsidiary company of MH Boutique and by virtue of the same is also subsidiary of the Company. Infinity own and operate 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 hold investment 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. Further, as reported earlier in this report, Covington, during the year under review, had increased its stake in Holiday Club Resorts Oy, Finland (HCR) and HCR Management Oy, Finland (HCRM) by acquiring shares from their respective shareholders. Consequent to these investments HCR and HCRM became subsidiaries of Covington and in turn of the Company with effect from September 2, 2015. Further, post increase in its stake, Covington had also made fresh investment in share capital of HCR during September 2015.

HCR, subsidiary of Covington in turn of the Company, is a leading weekly timeshare company in Europe and a significant operator in the fields of holiday housing and tourism. As of March 31, 2016, HCR has 31 resorts of which 23 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 1,159 hotel rooms and 2,173 holiday homes (Time share units and villa units).

HCRM, which became wholly owned subsidiary of Covington in turn of the Company during the year, is primarily engaged in the sale and trade of real estates, property management, investment activities and dealing in securities. HCRM hold investment in the share capital of HCR.

Joint Venture

Arabian Dreams Hotel Apartments LLC, Dubai (Arabian Dreams), a Joint Venture company 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.

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.

During the year under review, Kiinteistö Oy Seniori-Saimaa, Saimaa Adventures Oy and Kiinteistö Oy Sallan Kylpylä, associate companies of HCR became associate companies 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 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 the link: 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 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 in 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 11.00 AM to 1.00 PM.

18. Directors

As on March 31, 2016, your Company had 10 Directors, which include 5 Independent Directors (IDs), 3 Non-Executive Directors (NEDs) and 2 Executive Directors (EDs).

19. Retirement by Rotation

In terms of the Articles of Associations of the Company and as per Section 152(6) of the Act, Mr. Arun Kumar Nanda, being longest in the office, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

20. 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.

21. Key Managerial Personnel (KMPs)

Mr. Kavinder Singh, Managing Director & Chief Executive Officer, Mr. S Krishnan, Chief Financial Officer & Executive Director and Mr. Dinesh Shetty, General Counsel & Company Secretary, are the KMPs as per the provisions of the Act. None of the KMPs resigned during the year.

22. Board Evaluation

The Board has conducted 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 4, Annexure 5A and Annexure 5B respectively.

The Managing Director & CEO and Chief Financial Officer & Executive Director do not receive remuneration or commission from any of its subsidiaries and draw remuneration only from the Company.

23. Number of Board Meetings

During the year under review, the Board of Directors met Six times. The details of Board Meetings and attendance of Directors are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

24. 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.

25. 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, 2016, 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, 2016 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.

26. 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.

27. 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.

28. Risk Management

Your Company has a well-defined risk management framework to identify and evaluate elements of business risk. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

29. Auditors

A) Statutory Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Chennai, statutory auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs Deloitte Haskins & Sells, Chartered Accountants, Chennai to their re-appointment and a Certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Act.

B) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company has appointed Mr. Mukesh Siroya, Practising Company Secretary to undertake the secretarial audit of the Company. The Report of the secretarial auditors is annexed herewith as Annexure 6.

There are no qualifications, reservations or adverse remarks made by Mr. Mukesh Siroya, Practising Company Secretaries, secretarial auditors of the Company in their secretarial audit report.

30. 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.

31. 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, 2016, and the date of the Directors' Report.

32. Extract of Annual Return

An extract of the Annual Return as of March 31, 2016 pursuant to the sub section (3) of Section 92 of the Act, in form MGT 9 is annexed herewith as Annexure 7.

33. 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 8 to this report.

34. 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. Your Company has a structured induction process at all its locations and management development programs to upgrade skills of managers. 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 no complaint pending at the beginning of the year. During the year under review, the Company received two complaints under the Policy, while one complaint was disposed off during the year and other one was disposed off in the month of April 2016. Further, there were no complaints pending for more than 90 days during the year.

35. Particulars of Employees

The ratio of the remuneration of each director to the median employees' remuneration and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules"), forms a part of this report as Annexure 9.

The Company had 8 (Eight) employees who were employed throughout the year and were in receipt of remuneration more than ₹ 60 lakh per annum and 3 (Three) employees were employed for part of the year and were in receipt of remuneration of more than ₹ 5 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 11.00 AM to 1.00 PM. 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.

36. 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 KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai

Date: May 17, 2016

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 ("the Act") and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:** None

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

| | | | |
|---|---|--|---|
| (a) Name(s) of the related party Nature of relationship | MHR Holdings (Mauritius) Limited (MHR Holdings) Wholly owned subsidiary of the Company | | |
| (b) nature of contracts / arrangements / transactions | Corporate Guarantee ('Guarantee') | Commission on Corporate Guarantee | Inter Corporate Deposits (ICD) |
| (c) Duration of the contracts / arrangements / transactions | 5 Years | NA | One year |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | Guarantee given on behalf of MHR Holdings by the Company guaranteeing repayments of foreign currency loans to a Bank raised by MHR Holdings. Period of the Guarantee is 5 years. Aggregate Value of the guarantee given is Euro 50 million (equivalent to ₹ 37,485 lakh as on March 31, 2016) | Commission on Corporate Guarantee granted by the Company amounting to ₹ 121.37 lakh for the year ended March 31, 2016. | ICD given to MHR Holdings by the Company for an amount of Euro 250,000 (equivalent to ₹ 187.42 lakh as on March 31, 2016) |
| (e) Date(s) of approval by the Board, if any: | NA | NA | NA |
| (f) Amount paid as advances, if any; | Nil | Nil | Nil |

The above mentioned transactions were entered into by the Company in its ordinary course of business.

For and on behalf of the Board

ARUN KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai
Date: May 17, 2016

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

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 subsidiaries:

(₹ in lakh)

| Name of the Company | Balance as on March 31, 2016 | Maximum outstanding during the year |
|--|------------------------------|-------------------------------------|
| Heritage Bird (M) Sdn Bhd. | 767 | 777 |
| Infinity Hospitality Group Company Limited | 2,589 | 2,589 |
| MH Boutique Hospitality Limited | 529 | 529 |
| Gables Promoters Private Limited | 250 | 3,748 |
| MHR Holdings (Mauritius) Limited | 187 | 187 |
| Mahindra Hotels and Residences India Limited | 8 | 8 |

For and on behalf of the Board

ARUN KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai
Date: May 17, 2016

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (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:

The Company's CSR activities were undertaken through its own CSR department. The Company through (i) its active involvement of employees under ESOPs (Employee Social Options Program) which is the employees volunteering program in the near by areas of Company's Resorts across India; (ii) It also does through 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) through partnerships with other reputed Not for Profit Organizations 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 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 ₹ 280.15 lakh on CSR activities. The amount equal to 2% of the average net profit for the past three Financial Years is ₹ 280 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, 2016:

| | | |
|------------------------|---|----------|
| Mr. Arun Kumar Nanda | - | Chairman |
| Mr. Cyrus Guzder | - | Member |
| Mr. V.S. Parthasarathy | - | Member |
| Mr. Kavinder Singh | - | Member |

3. Average net profit of the company for last three financial years : ₹ 13,594 lakh.**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 280 lakh****5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year : ₹ 280 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 / 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, Swachh Bharat, Ecological balance – renewable energy | Ensuring Environmental Sustainability | Pan India where Company has resort operations [Munnar, Kumarakom, Poovar (Kerala), Corbett, Naukuchiatal (Uttarakhand), Shimla, Mashobra (Himachal Pradesh), Mahabaleshwar (Maharashtra), Ooty (Tamil Nadu), Virajpet (Karnataka)], and Mumbai (Maharashtra). | 34.74 | 33.19 | 33.19 | Direct and alongwith Grow Trees |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|--|--|---|--|--|---|---|
| CSR project / activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹ in lakh) | Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (₹ in lakh) | Cumulative expenditure upto the reporting period (₹ in lakh) | Amount spent: Direct or through implementing agency |
| Health Care including preventive health care | Health Care | Pan India where Company has resort operations [Puducherry, Gir (Gujarat), Poovar (Kerala), Dharamshala (Himachal Pradesh)], and Chennai (Tamil Nadu), Mumbai (Maharashtra) and Bangalore (Karnataka). | 22.48 | 22.55 | 55.74 | Direct and alongwith REACH, Cancer Patients Aid Association and Bangalore Schools Sports Foundation |
| Conservation & renovation of school buildings and classrooms | Promotion of Education | Pan India where Company has resort operations [Coorg (Karnataka), Kandaghat, Shimla (Himachal Pradesh), Musoorie, Corbett (Uttarakhand), Cherai, Poovar (Kerala), Ooty (Tamil Nadu), Tungji (Maharashtra), Jaisalmer (Rajasthan), Kanha (Madhya Pradesh), Puducherry], and Mumbai (Maharashtra) | 205.30 | 200.00 | 255.74 | Direct and alongwith Opportunity School Kodagu Valley school, Hejamadi Foundation, K.C Mahindra Trust and Vidya Sagar |
| Rural Development | Rural Development | Pan India where Company has resort operations [Kumbhalgarh (Rajasthan), Ashtamudi, Thekkady (Kerala), Tungji (Maharashtra)], and Chennai (Tamil Nadu). | 24.84 | 24.40 | 280.15 | Direct alongwith Parishar Asha |
| Total | | | 280.00 | 280.15 | | |

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: 06994031

Arun Kumar Nanda
Chairman of Corporate Social Responsibility Committee
DIN: 00010029

Mumbai, May 17, 2016

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

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 KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai

Date: May 17, 2016

ANNEXURE 5A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

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 KUMAR NANDA

Place: Mumbai
Date: May 17, 2016

Chairman
DIN: 00010029

ANNEXURE 5B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016**POLICY ON REMUNERATION FOR KEY MANAGERIAL PERSONNEL 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 KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai

Date: May 17, 2016

ANNEXURE 6 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, 2016**

[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"). 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, 2016 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, 2016 according to the applicable provisions of:

- (i) The Companies Act, 1956 (the 1956 Act) and the Rules made thereunder;
- (ii) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) 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
- (vi) 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, 1992 and 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 (w.e.f. December 1, 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 main business of the Company.

Based on the representation made by the Company and its officers, the Company has proper system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations and Guidelines. Major heads/groups of Acts, Laws, Rules, Regulations, Guidelines and Standards 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 / resorts 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 upto November 30, 2015; and
 - (ii) Secretarial Standards issued by the Institute of Company Secretaries of India, w.e.f. July 1, 2015.
- During the period under review the Company has complied with the provisions of the Act, the 1956 Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors 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.
- Majority decisions were carried through at the meetings of the Board of Directors of the Company. There were no dissenting views by any Member of the Board of Directors during the period under review.
- 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 28, 2015, inter-alia, approved the declaration of dividend @ ₹ 4 per Equity Share of ₹ 10 each; Appointment

'Annexure A'

of Mr. S Krishnan as Whole Time Director designated as CFO & Executive Director; Payment of remuneration by way of commission to Non-executive directors; and Adoption of new set of Articles of Association;

- (ii) Corporate Guarantees upto an aggregate sum not exceeding Euro 54 Million were granted for and on behalf of overseas subsidiary companies MHR Holdings (Mauritius) Ltd, Mauritius and Covington S.à.r.l, Luxembourg (Wholly Owned Subsidiaries);
- (iii) Covington S.à.r.l, Luxembourg (Covington), had increased its equity stake from 23.3% to 85.6% in September, 2015, in Holiday Club Resorts Oy, Finland (HCR). Further, Covington had also increased its equity stake from 18.7% to 100% in HCR Management Oy, Finland, (HCRM), in September, 2015. Consequently, HCR and HCRM became subsidiary companies of Covington and in turn subsidiary company of the Company with effect from September 2, 2015;
- (iv) The Company has increased its equity investment in Gables Promoters Private Limited (Gables), a wholly owned subsidiary, by way of conversion of the unsecured Inter Corporate Deposits amounting to ₹ 36,47,86,000/- availed by Gables into 3,64,78,600 Equity Shares of ₹ 10/- each at par; and
- (v) Competent Hotels Private Limited (CHPL), Divine Heritage Hotels Private Limited (DHHPL) and Holiday on Hills Resorts Private Limited (HHRPL), wholly owned subsidiaries, were amalgamated with the Company (Appointed Date April 1, 2015) pursuant to the orders of the Hon'ble High Court of Delhi, Hon'ble High Court of Rajasthan, Hon'ble High Court of Himachal Pradesh and Hon'ble High Court of Chennai, sanctioning the respective Scheme of Amalgamation and Arrangement. Consequently, CHPL, DHHPL and HHRPL ceased to be subsidiaries of the Company with effect from March 31, 2016.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: May 17, 2016
Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

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

Date: May 17, 2016
Place: Mumbai

ANNEXURE 7 TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2016

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016

[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@mahindaholidays.com Website : www.clubmahindra.com |
| vi | Whether listed company | Yes |
| vii | Name of Registrar and Transfer Agent | Karvy Computershare Private Limited |
| | Address and Contact details | 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 | 56.01% |
| 2 | Annual Subscription Fee from VO members | 55101 | 17.97% |
| 3 | Income from sale of Food and Beverages | 55101 | 10.95% |

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 | 75 | 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. | MHR Holdings (Mauritius) Ltd IFS Court, Twenty Eight Cyber City, Ebene, Mauritius. | - | Subsidiary | 100 | 2(87)(ii) |
| 5. | Covington S.á.r.l. ^{>} 16 Avenue Pasteur, L-2310, Luxembourg, Grand Duchy of Luxembourg | - | Subsidiary | 100 | 2(87)(ii) |

| Sl. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GIN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD* | APPLICABLE SECTION |
|---------|---|---------|--------------------------------------|-------------------------|-----------------------|
| 6. | 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) |
| 7. | Infinity Hospitality Group Company Ltd [@] No. 20 Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Road, Khwaeng Khlongtoey Nua, Khet Wattana Bangkok | - | Subsidiary | 73.99 | 2(87)(ii) |
| 8. | MH Boutique Hospitality Limited No. 33/118-119 Wall Street Tower Building, 23 rd Floor Surawongse Road, Suriyawongse Sub- District, Bangrak District, Bangkok, Thailand | - | Subsidiary | 49 | 2(87)(i) |
| 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 | 85.61 | 2(87)(ii) |
| 11. | Holiday Club Sweden AB ⁵ Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 12. | Ownership Service Sweden AB [^] c/o Holiday Club Sweden AB, Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 13. | Holiday Club Canarias Investment S.L.U. [^] Avenida Ministra Anna Lindh no.1. Amadores. Mogan 35130. Canary Islands. Spain | - | Subsidiary | 85.61 | 2(87)(ii) |
| 14. | Holiday Club Canarias Sales & Marketing S.L.U. ⁺ Avenida Ministra Anna Lindh no.1. Amadores. Mogan 35130. Canary Islands. Spain | - | Subsidiary | 85.61 | 2(87)(ii) |
| 15. | Holiday Club Canarias Resort Management S.L.U. ⁺ Avenida Ministra Anna Lindh no.1. Amadores. Mogan 35130. Canary Islands. Spain | - | Subsidiary | 85.61 | 2(87)(ii) |
| 16. | Holiday Club Resorts Rus LLC ⁵ Bolshaya Konushennaya str, 8. 191186 St- Petersburg, Russia | - | Subsidiary | 85.61 | 2(87)(ii) |
| 17. | Suomen Vapaa-aikakiinteistöt Oy ⁵ c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 18. | Kiinteistö Oy Himos Gardens ⁵ c/o Holiday Club Isännöinti PL 618, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 19. | Kiinteistö Oy Himoksen Tähti 2 ⁵ c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 20. | Kiinteistö Oy Tunturinrivi ⁵ Postipolku 5, 98900 Salla | - | Subsidiary | 85.61 | 2(87)(ii) |
| 21. | Kiinteistö Oy Vanha Ykköstii ⁵ Hitsaajankatu 22, 00810 Helsinki | - | Subsidiary | 85.61 | 2(87)(ii) |
| 22. | Kiinteistö Oy Katinnurkka ⁵ c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 23. | Kiinteistö Oy Tenetinlahti ⁵ c/o Holiday Club Isännöinti PL 618, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 24. | Kiinteistö Oy Mällösniemi ⁵ c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki | - | Subsidiary | 85.61 | 2(87)(ii) |

| Sl. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GIN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD* | APPLICABLE SECTION |
|---------|---|---------|--------------------------------------|-------------------------|-----------------------|
| 25. | Kiinteistö Oy Rauhan Ranta 1 ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki | - | Subsidiary | 85.61 | 2(87)(ii) |
| 26. | Kiinteistö Oy Rauhan Ranta 2 ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki | - | Subsidiary | 85.61 | 2(87)(ii) |
| 27. | Kiinteistö Oy Tiurunniemi ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 28. | Kiinteistö Oy Rauhan Liikekiinteistöt 1 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 29. | Supermarket Capri Oy ^s c/o Kauppakeskus Capri Oy Vipelentie 3-5, 55320 Rauha | - | Subsidiary | 85.61 | 2(87)(ii) |
| 30. | Kiinteistö Oy Kylpyläntorni 1 ^s c/o Holiday Club Isännöinti PL 618, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 31. | Kiinteistö Oy Spa Lofts 2 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 32. | Kiinteistö Oy Spa Lofts 3 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 33. | Kiinteistö Oy Kuusamon Pulkajärvi 1 ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 34. | Caribia Service Oy ^s c/o Holiday Club Isännöinti PL 619, 33101 Tampere | - | Subsidiary | 85.61 | 2(87)(ii) |
| 35. | Saimaa Gardens Arena Oy ^s c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki | - | Subsidiary | 85.61 | 2(87)(ii) |
| 36. | Holiday Club Sport and Spahotels AB (Formerly known as Visionsbolaget 10088 AB) [^] Box 68, 830 14 Åre, State Jamtlands Lan, Åre Kommun | - | Subsidiary | 43.66 | 2(87)(ii) |
| 37. | Åre Semesterby A AB [^] Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 38. | Åre Semesterby B AB [^] Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 39. | Åre Semesterby C AB [^] Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 40. | Åre Semesterby D AB [^] Box 68, 83013 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 41. | Åre Villa 1 AB [^] c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 42. | Åre Villa 2 AB [^] c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden | - | Subsidiary | 85.61 | 2(87)(ii) |
| 43. | Arabian Dreams Hotel Apartments LLC PO Box 31993, Bur Dubai, Al Rafaa, Dubai, United Arab Emirates | - | Joint Venture | 49 | 2(6) |

| Sl. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GIN | HOLDING/SUBSIDIARY/ASSOCIATE | % OF SHARES HELD* | APPLICABLE SECTION |
|---------|---|-----------------------|------------------------------|-------------------|--------------------|
| 44. | 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) |
| 45. | Kiinteistö Oy Seniori-Saimaa [€] Villimiehenkatu 1, 53100 Lappeenranta | - | Associate | 26.54 | 2(6) |
| 46. | Saima Adventures Oy [€] c/o Kauppakeskus Capri Vipelentie 11, 55320 Rauha | - | Associate | 25.68 | 2(6) |
| 47. | Kiinteistö Oy Sallan Kylpylä [€] c/o Sallan Kunta, PL 28, 98901 Salla, Finland | - | Associate | 41.95 | 2(6) |

* Percentage holding in subsidiaries / associates represents the proportion of ownership interest of the Company
> a subsidiary of MHR Holdings (Mauritius) Limited
@ a subsidiary of MH Boutique Hospitality Limited
a subsidiary of Covington S.à.r.l

\$ a subsidiary of Holiday Club Resort Oy
^ a subsidiary of Holiday Club Sweden AB
+ a subsidiary of Holiday Club Canarias Investment S.L.U.
€ an associate of Holiday Club Resort 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 01/04/2015 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016 | | | | % 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 | 6,65,85,642 | - | 6,65,85,642 | 75.00 | - |
| (d) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| (e) | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total A(1) : | 6,65,85,642 | - | 6,65,85,642 | 75.00 | 6,65,85,642 | - | 6,65,85,642 | 75.00 | - |
| (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 | 6,65,85,642 | - | 6,65,85,642 | 75.00 | - |

| CAT-EGORY CODE | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016 | | | | % 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) |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds /UTI | 19,81,457 | - | 19,81,457 | 2.23 | 44,08,680 | - | 44,08,680 | 4.97 | -2.74 |
| (b) | Financial Institutions /Banks | 40,914 | - | 40,914 | 0.05 | 23,482 | - | 23,482 | 0.03 | 0.02 |
| (c) | Central Government / State Government (s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| (f) | Foreign Institutional Investors | 91,39,452 | - | 91,39,452 | 10.29 | 80,34,196 | - | 80,34,196 | 9.05 | 1.24 |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (i) | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total B(1) : | 1,11,61,823 | - | 1,11,61,823 | 12.57 | 1,24,66,358 | - | 1,24,66,358 | 14.05 | -1.48 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 18,08,687 | - | 18,08,687 | 2.04 | 11,93,716 | - | 11,93,716 | 1.34 | 0.70 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto ₹1 lakh | 36,24,775 | 14,303 | 36,39,078 | 4.10 | 27,86,820 | 14,302 | 28,01,122 | 3.16 | 0.94 |
| | (ii) Individuals holding nominal share capital in excess of ₹1 lakh | 34,75,804 | - | 34,75,804 | 3.92 | 37,51,556 | - | 37,51,556 | 4.23 | -0.31 |
| (c) | Others | | | | | | | | | |
| | Clearing Members | 29,627 | - | 29,627 | 0.03 | 9,907 | - | 9,907 | 0.01 | 0.02 |
| | Foreign Bodies | 8,24,565 | - | 8,24,565 | 0.93 | 8,24,565 | - | 8,24,565 | 0.93 | 0.00 |
| | Non Resident Indians | 1,67,755 | - | 1,67,755 | 0.19 | 1,61,095 | - | 1,61,095 | 0.18 | 0.01 |
| | Trusts | 7,54,605 | - | 7,54,605 | 0.85 | 7,22,438 | - | 7,22,438 | 0.81 | 0.04 |
| | HUF | 3,33,270 | - | 3,33,270 | 0.38 | 2,63,388 | 1 | 2,63,388 | 0.30 | 0.08 |
| | NBFC | - | - | - | - | 1,069 | - | 1,069 | - | - |
| (d) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| | Sub-Total B(2) : | 1,10,19,088 | 14,303 | 1,10,33,391 | 12.43 | 97,14,553 | 14,303 | 97,28,856 | 10.95 | 1.48 |
| | Total B=B(1)+B(2): | 2,21,80,911 | 14,303 | 2,21,95,214 | 25.00 | 2,21,80,871 | 14,303 | 2,21,95,214 | 25.00 | - |
| | 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 01/04/2015 | | | Shareholding at the end of the year 31/03/2016 | | | % 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 | 6,65,85,642 | 75.00 | 0.00 | 0.00 |
| | TOTAL | 6,65,85,642 | 75.00 | 0.00 | 6,65,85,642 | 75.00 | 0.00 | 0.00 |

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

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mahindra & Mahindra Limited | | | | |
| | At the beginning of the year 01/04/2015 | 6,65,85,642 | 75.00 | 6,65,85,642 | 75.00 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer /bonus/sweat equity etc): | - | - | - | - |
| | At the end of the year 31/03/2016 | 6,65,85,642 | 75.00 | 6,65,85,642 | 75.00 |

(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 | 01/04/2015 | Opening Balance | GOVERNMENT PENSION FUND GLOBAL | 33,00,000 | 3.72 | 33,00,000 | 3.72 |
| | 10/04/2015 | Purchase | | 12,000 | 0.01 | 33,12,000 | 3.73 |
| | 18/09/2015 | Purchase | | 8,000 | 0.01 | 33,20,000 | 3.74 |
| | 25/09/2015 | Purchase | | 2,95,000 | 0.33 | 36,15,000 | 4.07 |
| | 09/10/2015 | Purchase | | 29,000 | 0.03 | 36,44,000 | 4.10 |
| | 04/12/2015 | Sale | | 24,000 | 0.03 | 36,20,000 | 4.08 |
| | 31/12/2015 | Sale | | 1,294 | 0.00 | 36,18,706 | 4.08 |
| | 31/03/2016 | Closing Balance | | | | 36,18,706 | 4.08 |
| 2 | 01/04/2015 | Opening Balance | BNP PARIBAS ARBITRAGE | 26,60,029 | 3.00 | 26,60,029 | 3.00 |
| | 17/04/2015 | Sale | | 16,489 | 0.02 | 26,43,540 | 2.98 |
| | 15/05/2015 | Sale | | 9,857 | 0.01 | 26,33,683 | 2.97 |
| | 29/05/2015 | Sale | | 3,101 | 0.00 | 26,30,582 | 2.96 |
| | 12/06/2015 | Sale | | 25,673 | 0.03 | 26,04,909 | 2.93 |

| 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 |
| | 26/06/2015 | Sale | | 45,675 | 0.05 | 25,59,234 | 2.88 |
| | 10/07/2015 | Sale | | 10,56,094 | 1.19 | 15,03,140 | 1.69 |
| | 17/07/2015 | Sale | | 1,16,460 | 0.13 | 13,86,680 | 1.56 |
| | 24/07/2015 | Sale | | 1,29,420 | 0.15 | 12,57,260 | 1.42 |
| | 31/07/2015 | Sale | | 1,54,554 | 0.17 | 11,02,706 | 1.24 |
| | 07/08/2015 | Sale | | 3,84,254 | 0.43 | 7,18,452 | 0.81 |
| | 14/08/2015 | Sale | | 2,04,292 | 0.23 | 5,14,160 | 0.58 |
| | 21/08/2015 | Sale | | 4,22,143 | 0.48 | 92,017 | 0.10 |
| | 28/08/2015 | Sale | | 92,017 | 0.10 | 0 | 0.00 |
| | 31/03/2016 | Closing Balance | | | | 0 | 0.00 |
| 3 | 01/04/2015 | Opening Balance | NYLIM JACOB | 11,74,676 | 1.32 | 11,74,676 | 1.32 |
| | 31/03/2016 | Closing Balance | BALLAS ASSET MANAGEMENT COMPANY III LLC A/C NYLIM JACOB BALLAS INDIA (FII) III LLC | | | 11,74,676 | 1.32 |
| 4 | 01/04/2015 | Opening Balance | MORGAN | 10,35,271 | 1.17 | 10,35,271 | 1.17 |
| | 04/03/2016 | Sale | STANLEY | 1,046 | 0.00 | 10,34,225 | 1.16 |
| | 11/03/2016 | Sale | MAURITIUS | 205 | 0.00 | 10,34,020 | 1.16 |
| | 18/03/2016 | Sale | COMPANY LIMITED | 289 | 0.00 | 10,33,731 | 1.16 |
| | 31/03/2016 | Closing Balance | | | 0.00 | 10,33,731 | 1.16 |
| 5 | 01/04/2015 | Opening Balance | AXIS MUTUAL | 9,00,000 | 1.01 | 9,00,000 | 1.01 |
| | 25/09/2015 | Sale | FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND | 9,00,000 | 1.01 | 0 | 0.00 |
| | 31/03/2016 | Closing Balance | | | | 0 | 0.00 |
| 6 | 01/04/2015 | Opening Balance | NYLIM JACOB | 8,24,565 | 0.93 | 8,24,565 | 0.93 |
| | 31/03/2016 | Closing Balance | BALLAS INDIA FUND III, LLC | | | 8,24,565 | 0.93 |
| 7 | 01/04/2015 | Opening Balance | MAHINDRA | 7,54,605 | 0.85 | 7,54,605 | 0.85 |
| | 18/12/2015 | Sale | HOLIDAYS & RESORTS INDIA LIMITED | 2,117 | 0.00 | 7,52,488 | 0.85 |
| | 25/12/2015 | Sale | EMPLOYEES | 3,300 | 0.00 | 7,49,188 | 0.84 |
| | 15/01/2016 | Sale | STOCK OPTION | 25,000 | 0.03 | 7,24,188 | 0.82 |
| | 19/02/2016 | Sale | TRUST | 1,750 | 0.00 | 7,22,438 | 0.81 |
| | 31/03/2016 | Closing Balance | | | | 7,22,438 | 0.81 |
| 8 | 01/04/2015 | Opening Balance | SBI LIFE | 6,78,736 | 0.76 | 6,78,736 | 0.76 |
| | 10/04/2015 | Sale | INSURANCE CO. LTD | 2,582 | 0.00 | 6,76,154 | 0.76 |
| | 17/04/2015 | Sale | | 817 | 0.00 | 6,75,337 | 0.76 |
| | 24/04/2015 | Sale | | 10,000 | 0.01 | 6,65,337 | 0.75 |
| | 01/05/2015 | Sale | | 45,000 | 0.05 | 6,20,337 | 0.70 |
| | 08/05/2015 | Sale | | 7,275 | 0.01 | 6,13,062 | 0.69 |
| | 15/05/2015 | Sale | | 22,456 | 0.03 | 5,90,606 | 0.67 |
| | 22/05/2015 | Sale | | 32,738 | 0.04 | 5,57,868 | 0.63 |
| | 29/05/2015 | Sale | | 12,174 | 0.01 | 5,45,694 | 0.61 |
| | 05/06/2015 | Sale | | 24,111 | 0.03 | 5,21,583 | 0.59 |

| 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 |
| | 30/06/2015 | Sale | | 4,017 | 0.00 | 5,17,566 | 0.58 |
| | 10/07/2015 | Sale | | 1,42,297 | 0.16 | 3,75,269 | 0.42 |
| | 31/07/2015 | Purchase | | 23,000 | 0.03 | 3,98,269 | 0.45 |
| | 20/11/2015 | Sale | | 11,167 | 0.01 | 3,87,102 | 0.44 |
| | 19/02/2016 | Sale | | 4,014 | 0.00 | 3,83,088 | 0.43 |
| | 04/03/2016 | Sale | | 6,598 | 0.01 | 3,76,490 | 0.42 |
| | 11/03/2016 | Sale | | 6,135 | 0.01 | 3,70,355 | 0.42 |
| | 18/03/2016 | Sale | | 3,000 | 0.00 | 3,67,355 | 0.41 |
| | 31/03/2016 | Closing Balance | | | | 3,67,355 | 0.41 |
| 9 | 01/04/2015 | Opening Balance | PPFAS LONG | 5,74,281 | 0.65 | 5,74,281 | 0.65 |
| | 10/04/2015 | Sale | TERM VALUE FU | 5,000 | 0.01 | 5,69,281 | 0.64 |
| | 22/05/2015 | Purchase | ND | 5,000 | 0.01 | 5,74,281 | 0.65 |
| | 28/08/2015 | Sale | | 5,000 | 0.01 | 5,69,281 | 0.64 |
| | 31/03/2016 | Closing Balance | | | | 5,69,281 | 0.64 |
| 10 | 01/04/2015 | Opening Balance | SCHRODER | 3,18,779 | 0.36 | 3,18,779 | 0.36 |
| | 26/06/2015 | Sale | INTERNATIONAL | 4,061 | 0.00 | 3,14,718 | 0.35 |
| | 25/09/2015 | Purchase | SELECTION | 3,00,000 | 0.34 | 6,14,718 | 0.69 |
| | 16/10/2015 | Purchase | FUND INDIAN | 17,095 | 0.02 | 6,31,813 | 0.71 |
| | 23/10/2015 | Purchase | OPPORTUNITIES | 50,000 | 0.06 | 6,81,813 | 0.77 |
| | 31/03/2016 | Closing Balance | | | | 6,81,813 | 0.77 |
| 11 | 01/04/2015 | Opening Balance | AXIS MUTUAL | 0 | 0.00 | 0 | 0.00 |
| | 07/08/2015 | Purchase | FUND TRUSTEE | 48,671 | 0.05 | 48,671 | 0.05 |
| | 14/08/2015 | Purchase | LIMITED A/C AXIS | 2,21,226 | 0.25 | 2,69,897 | 0.30 |
| | 21/08/2015 | Purchase | MUTUAL FUND | 5,51,663 | 0.62 | 8,21,560 | 0.93 |
| | 28/08/2015 | Purchase | A/C AXIS EQUITY | 1,45,791 | 0.16 | 9,67,351 | 1.09 |
| | 11/09/2015 | Purchase | FUND | 20,000 | 0.02 | 9,87,351 | 1.11 |
| | 25/09/2015 | Purchase | | 3,00,000 | 0.34 | 12,87,351 | 1.45 |
| | 19/02/2016 | Sale | | 57,000 | 0.06 | 12,30,351 | 1.39 |
| | 26/02/2016 | Sale | | 25,000 | 0.03 | 12,05,351 | 1.36 |
| | 31/03/2016 | Closing Balance | | | | 12,05,351 | 1.36 |
| 12 | 01/04/2015 | Opening Balance | RELIANCE | 0 | 0.00 | 0 | 0.00 |
| | 10/07/2015 | Purchase | CAPITAL TRUSTEE | 11,43,400 | 1.29 | 11,43,400 | 1.29 |
| | 23/10/2015 | Sale | CO LTD-A/C | 1,596 | 0.00 | 11,41,804 | 1.29 |
| | 18/03/2016 | Sale | RELIANCE MID & | 20,058 | 0.02 | 11,21,746 | 1.26 |
| | 31/03/2016 | Closing Balance | SMALL CAP FUND | | | 11,21,746 | 1.26 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of the Share Holder | No of Shares Held as on 01/04/2015 | Change in Shareholding | No of Shares Held as on 31/03/2016 | % Change in Shareholding |
|---------|--------------------------|------------------------------------|------------------------|------------------------------------|--------------------------|
| 1 | Arun Kumar 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 01/04/2015 | | | | |
| i) Principal Amount | 641.21 | - | - | 641.21 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 641.21 | - | - | 641.21 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | (641.21) | - | - | (641.21) |
| Net Change | (641.21) | - | - | (641.21) |
| Indebtedness at the end of the financial year 31/03/2016 | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount |
|---------|---|--|--|--------------|
| | | Kavinder Singh (Managing Director & CEO) | S Krishnan (CFO & Executive Director) | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 235.45 | 166.31 | 401.76 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 5.10 | 3.63 | 8.73 |
| | (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) | 240.55 | 169.94 | 410.49 |
| | Ceiling as per the Act | ₹ 1,778.71 lakh (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | |

B. Remuneration to other directors:

(₹ in lakh)

| Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount |
|--|--|--------------|---------------|-------------|----------------|-----------------|-------------------|---------------|--------------|
| | Arun Kumar Nanda | Cyrus Guzder | Rohit Khattar | Sanjeev Aga | Sridar Iyengar | Radhika Shastry | V S Parthasarathy | Vineet Nayyar | |
| Independent Directors | | | | | | | | | |
| • Fee for attending board / committee meetings | - | 9.60 | 2.60 | 8.10 | 9.00 | 4.00 | - | - | 33.30 |
| • Commission | - | 10.00 | 10.00 | 10.00 | 10.00 | 5.95 | - | - | 45.95 |
| • Others, please specify | - | - | - | - | - | - | - | - | - |
| Total (1) | - | 19.60 | 12.60 | 18.10 | 19.00 | 9.95 | - | - | 79.25 |
| Other Non-Executive Directors | | | | | | | | | |
| • Fee for attending board/ committee meetings | 9.00 | - | - | - | - | - | - | - | 9.00 |
| • Commission | 54.05 | | | | | | - | - | 54.05 |
| • Others, please specify | - | | | | | | - | - | - |
| Total (2) | 63.05 | - | - | - | - | - | - | - | 63.05 |
| Total (B)=(1+2) | 63.05 | 19.60 | 12.60 | 18.10 | 19.00 | 9.95 | - | - | 142.30 |
| Total Managerial Remuneration (A+B) | | | | | | | | | 552.79 |
| Overall Ceiling as per the Act (A+B) | ₹ 1,956.58 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 | 53.62 | Refer Point No. VI A | 53.62 |
| | (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 | 54.06 | | 54.06 |

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 KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai

Date: May 17, 2016

ANNEXURE 8 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

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

- Installation of Solar heating at the resorts
- Installation of energy efficient LED lighting at the resorts
- Replacement of fluorescent lamps by LED tubes in resorts
- Installation of low energy efficient variable refrigerator volume in resort
- Using Nano Thermo technology to reduce energy consumption in boiler

(ii) The steps taken by the company for utilizing alternate sources of energy: Solar heating

(iii) The capital investment on energy conservation equipment: ₹ 150 Lakhs

(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. 32 & 33 to the standalone financial statements.

For and on behalf of the Board
ARUN KUMAR NANDA

Chairman

DIN: 00010029

Place: Mumbai

Date: May 17, 2016

ANNEXURE 9 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

Disclosures required with respect to Section 197(12) of the Companies Act, 2013 ("the Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median employees remuneration for the Financial Year:

| Name of the Directors | Ratio to median remuneration |
|---------------------------------|------------------------------|
| Non-Executive Directors* | |
| Mr. Arun Kumar Nanda | 30:1 |
| Mr. Cyrus Guzder | 9:1 |
| Mr. Sridar Iyengar | 9:1 |
| Mr. Sanjeev Aga | 9:1 |
| Mr. Rohit Khattar | 6:1 |
| Ms. Radhika Shastry | 5:1 |
| Mr. V S Parthasarathy | NA |
| Mr. Vineet Nayyar | NA |
| Executive Directors | |
| Mr. Kavinder Singh | 132:1 |
| Mr. S Krishnan | 81:1 |

*The remuneration of Non-Executive Directors covers sitting fee and commission.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Name of the Directors, Chief Financial Officer and Company Secretary | Percentage increase in remuneration |
|--|-------------------------------------|
| Mr. Arun Kumar Nanda | (-)-6.2% |
| Mr. Cyrus Guzder | 14.0% |
| Mr. Sridar Iyengar | 18.4% |
| Mr. Sanjeev Aga | 14.9% |
| Mr. Rohit Khattar | 4.1% |
| Ms. Radhika Shastry [@] | 148.8% |
| Mr. V S Parthasarathy | NA |
| Mr. Vineet Nayyar | NA |
| Mr. Kavinder Singh, Managing Director & CEO [#] | NA |
| Mr. S Krishnan, Chief Financial Officer & Executive Director | 20.0% |
| Mr. Dinesh Shetty, General Counsel & Company Secretary | 12.0% |

@ became director with effect from August 27, 2014

appointed w.e.f. November 3, 2014

3. The Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was around 13%. The calculation of percentage increase in median remuneration is done based on comparable employees and for this purpose, we have excluded employees who were not eligible for any increment.

4. The number of permanent employees on the rolls of the Company: 3,784

5. The explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an annual increase of around 10.37%. 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 increase in remuneration is a function of the factors outlined above. The performance of the Company has bearing on the quantum of variable pay declared for employees across senior and middle levels.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

The Total remuneration of Key Managerial Personnel in the FY 2015-2016 was at ₹ 507 lakh, which represent 0.53 % of the Total Income of the Company and 2.95% of the Profit Before Tax (PBT) for the year ended March 31, 2016.

7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

The Market capitalization of the Company was increased from ₹ 2,28,877 lakh as of March 31, 2015 to ₹ 3,43,182 lakh as of March 31, 2016. Over the same period, the Price to Earnings Ratio moved from 28.71 to 28.99. The Company's stock price as at March 31, 2016 was increased by 51.59% to ₹ 386.55 over the last public offering, i.e. Institutional Placement Programme (IPP) in April 2013 at the price of ₹ 255 per share.

8. 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 FY2015-16 was around 10.17%, while the average increase in the remuneration of the Key Managerial Personnel was around 17.7%. For

Mr. Kavinder Singh, there was no increase applicable as he joined the Company during the third quarter of the previous financial year. Increase in Key Managerial Personnel remuneration is in line with the factors outlined in point (5) above.

9. Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the company:

The comparison of remuneration paid of each of the Key Managerial Personnel against the performance of the Company is as under

| Designation | % of PBT for the year ended March 31, 2016 |
|--|--|
| Managing Director & Chief Executive Officer | 1.59% |
| Chief Financial Officer & Executive Director | 0.98% |
| General Counsel & Company Secretary | 0.37% |

10. The key parameters for any variable component of remuneration availed by the directors:

In respect of Non-Executive Directors (NED) the shareholders, at the 19th AGM held on July 28, 2015 have approved the payment of commission upto ceiling of 1% of the net profits of the Company as computed under the provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs considering the various factors as well as the time spent on strategic matters other than at Meetings.

The following are the broad factors and guidelines considered for the Variable Pay in respect of whole-time Directors:

- Overall Organisation performance including revenue growth and profitability of the Company; and
- Annual Performance Review based on the Company's Balanced Scorecard.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable

12. Affirmation that the remuneration is as per the remuneration policy of the Company.

It is hereby affirmed that the remuneration paid is as per the policy for Remuneration of the Directors, Key Managerial Personnel and Employees.

For and on behalf of the Board
ARUN KUMAR NANDA

Place: Mumbai
Date: May 17, 2016

Chairman
DIN: 00010029

Management Discussion and Analysis

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is a leading player in the leisure hospitality industry. Founded in 1996, it has established vacation ownership in India, and is the market leader in the business. It offers holidays to its customers that are designed for the discerning and differentiated needs of families. Apart from providing quality rooms in the form of furnished apartments and cottages at resorts in unique and popular destinations, Mahindra Holidays offers its members family-friendly amenities including dining, holiday activities, spa and wellness facilities for a complete holiday experience.

This chapter presents an overview of the markets and opportunities as well as the operational and financial performance of the Company during 2015-16. It also highlights Mahindra Holidays' strategy, and discusses important initiatives taken by the Company during the year to achieve its growth and performance objectives.

Introduction and Key Achievements

Mahindra Holidays' focus during 2015-16 was to achieve continued success in its strategic objective: ensuring that its growing membership gets the best holiday experience. Although the macroeconomic environment witnessed steady improvement, consumer confidence and disposition towards high-value discretionary spends were relatively weak. Despite this, Company's focus on unique family vacation experiences, generating referrals from existing members and focus on digital lead generation, deployment of technology and execution yielded significant improvement in results.

The key highlights are:

- **Mahindra Holidays added around 16,200 members to its vacation ownership business in 2015-16 – taking the total membership base to close to two lakh at the close of 2015-16.** This performance is creditable given the subdued consumer sentiment and was made possible by the Company's successful execution of its marketing strategy, brand building initiatives and a responsive sales organisation. These are discussed in greater detail in the sections on 'Markets and Opportunities' and 'Business Performance'.
- **Mahindra Holidays added 87 new units to its room inventory. Total room inventory touched 2,879 units across its 45 resorts.** Pace of room inventory growth is expected to increase in the near future in line with its long-term strategy for expansion, primarily through own projects and acquisitions. Four projects that are in the pipeline alone are expected to add around 500 units in the next two years. Further details are provided in the section on 'Properties and New Projects'.

- **Mahindra Holidays increased its stake in Holiday Club Resorts Oy, Finland (HCR), to 85.6 per cent. HCR is a leading vacation ownership company in Europe with around 50,000 members and 31 resorts in Finland, Sweden and Spain.** This investment is in line with the Company's vision to widen its international footprint and opens up growth opportunities in Europe and Middle East. Besides, 'Club Mahindra' members will now also have the option of visiting HCR's resorts in Europe.
- **Occupancy rates remained stable around 81 per cent and member satisfaction improved considerably, both in terms of member services and the holiday experience at the resorts.** These are reflected in improved customer-as-promoter and post-holiday feedback scores. A more exhaustive discussion on the initiatives carried out by the Company and their impact can be found in the sections on 'Member Relations' and 'Resort Operations'.
- **Information technology (IT) continued to actively contribute to the Company's growth and performance. During the year, improvement in online services contributed to significant increase in usage by members – online bookings increased from 52 per cent in 2014-15 to 66 per cent in 2015-16.** Better integration and deployment of advanced lead analytics solutions have improved the conversion of digital and referral leads, increasing their contribution to over 50 per cent of sales during the year. More information on important technology-driven initiatives can be found in the section on 'Information Technology'.

Mahindra Holidays markets a high-value discretionary product. In a milieu of subdued consumer spending and sentiment, the Company registered creditable results. The key financial results (standalone) for 2015-16 are given below:

- **Total income (including other income) grew by 19.2 per cent from ₹ 80,756 lakh in 2014-15 to ₹ 96,261 lakh in 2015-16.**
- **Profit before Taxes (PBT), before considering the exceptional item in the previous year, grew by 35.7 per cent from ₹ 12,684 lakh in 2014-15 to ₹ 17,209 lakh in 2015-16.**
- **Profit after Taxes (PAT) grew by 48.5 per cent from ₹ 7,902 lakh in 2014-15 to ₹ 11,735 lakh in 2015-16.**
- **Diluted EPS for the standalone entity increased from ₹ 8.98 in 2014-15 to ₹ 13.29 in 2015-16.**

The rest of this chapter provides details of markets and opportunities, 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. The chapter ends with a discussion on risks and concerns, and the Company's outlook for the future.

Markets and Opportunities

Mahindra Holidays is a leading player in the leisure hospitality industry in India. Built on the vacation ownership model, the Company's principal business is to offer vacation ownership products that provide holiday entitlements to its members over the life of the product.

India's macroeconomic scenario witnessed a steady improvement in 2015-16. According to the advance estimates released by the Central Statistical Organisation (CSO), India's GDP growth is expected to be 7.6 per cent in 2015-16, as compared to 7.2 per cent recorded in the previous year. Inflation and fiscal balance of the government, too, remained stable during the year – prompting the RBI to reduce the policy rate by 100 basis points in the course of the year. However, lending rates of banks did not come down by as much, and improvement in consumer sentiment has been comparatively muted. To that extent, the environment for large discretionary spend categories and consumer confidence to commit resources continued to be relatively weak.

The Indian travel and tourism industry is worth USD 112 billion or roughly 7.5 per cent of India's GDP. This is expected to increase to USD 244 billion by 2024, and 81 per cent of this is expected to be contributed by 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 around five times of its current size. Similar conclusions can be drawn if one considers other surrogates for the size of the opportunity for the Company's products such as ownership and sales of cars.

Clearly, there is a significant headroom for growth of the business. More so, as holidays have become an essential element in the discretionary spend budget of households. Besides, emerging trends in holidaying preferences are also encouraging from the Company's perspective. For instance, holidays with extended families, short breaks and the demand for variety in experiences and destinations are things that the Company is well placed to offer to its customers.

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 upon the membership. Mahindra Holidays has recorded a fair growth in its membership over the last few years despite the challenging environment. It 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.

Buoyed by early gains of the Company's pull-based marketing strategy – comprising non-intrusive sales channels such as alliances, digital and referrals – implemented in the previous year, the focus during 2015-16 was on expanding its coverage and reach with greater vigour. The main objective was to generate high quality leads, prioritise prospects and increase conversion. Several activities were carried out during the year to support this, some of which are outlined below:

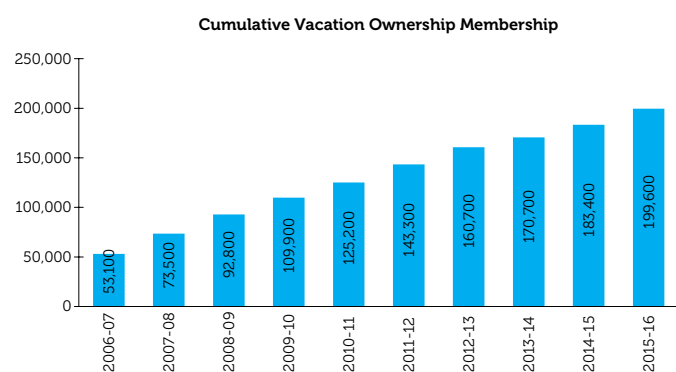
- The Company launched '**Heart-to-Heart**', a member engagement initiative in their hometowns. Events and activities are being carried out where members and their families meet other members to enjoy various leisure activities. This helps in creating a strong sense of belonging to the 'Club Mahindra' community. This also provides an opportunity to update members, seek referrals and solve any issues they might be facing.
- In another initiative to expand the choices available to members in terms of new vacation experiences, the Company made available house boats in Kashmir and sea-facing luxury tents at 'Festa De Diu' – the longest beach festival in Asia. Encouraged by the success, it is actively considering expansion of the bouquet of such unique experiences to its members.
- '**India Travelogue**', a 40 episode weekly TV travel-series is being aired on CNBC Awaaz since September 2015. The series showcases the Company's resorts and the experiences that they offer in the backdrop of the destination's points of interest. It has garnered positive word of mouth for Club Mahindra and generated considerable interest among prospective vacation ownership customers.
- Other engagement and brand building initiatives during the year included setting-up of a mini Club Mahindra resort facility within 'Kidzania', the kids edutainment centre inside R City Mall in Mumbai, to give children a sense of what it would be like to work in the hospitality industry.

To support these initiatives, the Company also carried out extensive advertising and brand-building campaigns in print and television. '**Club Mahindra was selected as a 'Super Brand' for the year 2015 by SuperBrand Council in India.**

As a result of these efforts, digital and referral leads contributed considerably to sales and now accounts for over 50 per cent of sales during the year. The Company was also successful

in expanding its sales network during the year. At the end of 2015-16, it was present in 137 locations in India, versus 124 in the previous year. Its focus on international markets with sizeable Indian population also saw significant progress, with deepening of its presence in the Middle East by way of two new locations. Contribution of international markets to sales, which was negligible a few years back, also increased to 4 per cent during the year. Going forward, focus will be to expand the footprint, both in India and abroad, as well as to explore alternate channels that are in line with the Company's strategy.

During 2015-16, the Company added around 16,200 members, taking the total membership to close to two lakh as on March 31, 2016. The chart provides details of the growth in membership in the last 10 years.



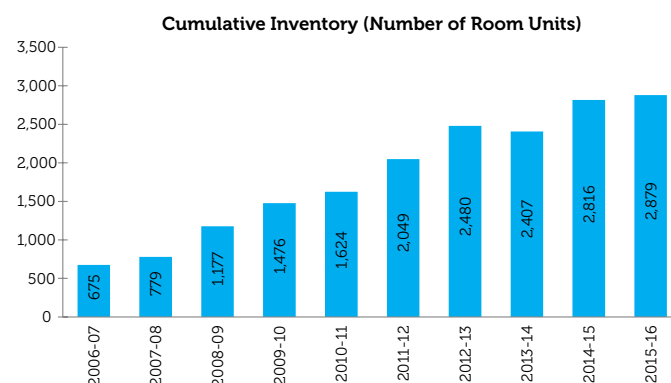
The Company also markets a corporate product called 'Club Mahindra Fundays', which allows enrolled organisations to offer holiday entitlements to its employees or group vacations either as a part of their reward and recognition programme or as an employment perquisite or compensation. During the year, this product performed satisfactorily. New clients were added and there was an increase in the number of room nights utilised under the ambit of this product.

During the year, the Company introduced 'Xperience Breaks', which offers one week of holiday each in India and international destinations within a year of purchase. It is designed to provide customers a first-hand experience of Club Mahindra membership and is aimed at younger audience in large towns and cities. It is conceived as an exclusively online product and is being marketed through online partnerships.

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. It is also present in international destinations such as Bangkok, Innsbruck (Austria), Kuala Lumpur and Dubai. In addition, with the increase of the Company's stake in Holiday Club Resorts Oy, Finland (HCR), members will now have a choice to visit HCR's 31 resorts in Europe.

During the year, Mahindra Holidays added 87 room units to its inventory. This included 12 units in Kanha, 51 in Munnar and 24 in Kashmir. After accounting for inventory retired, the net addition during the year was **63 units – taking the total inventory to 2,879 units across its 45 resorts by the end of 2015-16.** The chart provides information on growth in inventory over the last 10 years.



In addition, the Company looks for opportunities to provide unique holiday experiences to its members. During the year, it made available luxury tents in Diu and opportunities to experience holidays in multiple locations by virtue of its tie-up with a leading hotel chain.

In line with the Company's strategy, majority of the total inventory is owned by it. In cases where resorts are under long-term lease arrangements, it manages the resorts to ensure delivery of complete range of services to its members. Even in resorts where rooms/units are made available to members through inventory arrangements, sufficient measures are implemented to give members the best holiday experience.

Increasing room inventory in line with membership additions continues to be a key focus area. **The Company is currently undertaking four projects: Naldhera (Shimla), Assanora (Goa), Ashtamudi (Kerala) and expansion at Kandaghat (Shimla), which are in different stages of planning and development.** Besides, it is also considering acquisition opportunities in different parts of the country. It is expected that these initiatives would eventually add around 700 units to the Company's inventory over the next few years.

Apart from this, the Company also has land bank at nine destinations across six states. Efforts are on to expand this further. Some of its 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 food and beverage (F&B).

As a Company marketing long duration products and services, Mahindra Holidays ensures that quality of infrastructure and facilities are well maintained and upgraded regularly to meet customer expectations. During the year, investments were made to upgrade rooms and common areas across multiple locations. At the same time, focus was also on deploying sustainable and environment friendly technologies such as installation of compost machines and upgrading sewage treatment plants. Spa facilities, which are on offer in 26 resorts, saw introduction of new concepts, therapies and amenities during the year.

Holiday activities continue to be an important focus area. All resorts have activities built around the themes of learning, adventure, relaxation and local experiences, depending on the terrain and type of holiday the destination offers. New activities introduced during the year included cricket simulators, virtual golf and wall climbing. These, along with other activities such as archery and trampoline, will be extended to other resorts in the future. In another important initiative, the Company is upgrading soft-play areas for children across all its resorts. These measures will also contribute to greater resort revenues for the Company.

With four of the Company's resorts upgraded to Gold Crown during 2015-16, it has a unique distinction of having 26 RCI Gold Crown and 2 Silver Crown resorts in India, which bears testimony to the high standards of resort facilities, amenities and services that its resorts offer. During the year, five resorts won the Platinum Award from RCI. In addition, the resort at Gangtok received the prestigious 'Best Resort (Hospitality)' award from Government of Sikkim.

Several of your Company's resorts have received awards from Trip Advisor and Holiday IQ in various categories over the years. During the year, the resort in Coorg received '2016 Traveller's Choice Hotel Award' under the category 'Top Hotels for Families – both Asia and India'; resort in Munnar received '2016 Traveller's Choice Hotel Award' under the category 'Top Hotels for Families – India'; and resort in Thekkady received 'Holiday IQ Award' for 'Top Hotel Chain' and 'Top Excellent Services'.

In the area of food and beverage (F&B), efforts are continuously made to increase the variety and make the dining experience more exciting. During the year, the Company launched new dining concepts and restaurants. One new concept is the extension of 'Fun Dining' by bringing together dining with entertainment, music and games for the whole family in an exciting ambience. New restaurants included those featuring cuisines such as Italian, BBQ and Seafood. The Company also introduced 'live counters' and 'regional speciality menus' in selected resorts, besides carrying out unique food promotions. 'Gourmet Express', the Company's innovative in-room dining offering introduced during the previous year, was rolled-out in all its resorts and has been received well by the members.

Ten of your Company's resorts have the NABCB Branch Hygiene Code (BHC) certification. This certification is awarded upon meeting prescribed standards of hygiene in all activities related to F&B – from procurement of raw materials to preparation and serving it to the customers.

Mahindra Holidays has institutionalised 'post-holiday feedback' (PHF), which encompasses all key areas of resort operations. This serves as the measure of its success in delivering quality holiday experience to the members as well as identifying and addressing their concerns. ***PHF scores have shown consistent improvement since the inception of the programme. During 2015-16, the overall PHF score stood at 4.2 compared to 4.1 in the previous year.***

Member Relations – Vacation Ownership

As an enterprise that markets what is essentially a long-duration discretionary product, member satisfaction is the key to Vacation Ownership business of the Company. During 2015-16, the Company took significant strides on its path towards excellence in member services. Deployment of technology based solutions has been an important element of its strategy, which continued to contribute tangible results.

Online services is one such area. During the year, the Company moved its website to an advanced architecture and added a host of features, which have been detailed further in the section on IT. ***Consequently, the percentage of online bookings increased to 66 per cent in 2015-16, up from 52 per cent in the previous year. In absolute terms, online bookings increased by over 75,000 during the year.*** Better online services have increased the transparency and efficiency of booking process, thereby contributing to a superior member experience. Reservation and payment related grievances also came down significantly.

Occupancy rate remained stable around 81 per cent. The Company also achieved significant success in member on-boarding process, with the service level in making the first contact of nearly 100 percent. In addition, 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 2015-16, 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. ***Customer-as-promoter score (CAPS), which is determined by IMRB, increased from 31 per cent in 2014-15 to 42 per cent in 2015-16.*** At the same time, substantial increase in referrals from members and appreciation in social media are testimony to the improvement in member satisfaction levels.

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. Accordingly, the HR function at Mahindra Holidays is organised into three key areas: customer acquisition, resort operations and corporate functions.

During the year, focus was on building capabilities through a structured approach to drive the Company's performance. This encompassed implementing changes across all components of the HR function: recruitment, employee engagement, reward and recognition, skill upgrading, talent management, organisational culture and employee relations. Key developments are discussed below.

In the area of customer acquisition, the Company introduced 'I-ExCEL', a sales training workshop for front-line sales executive, which covered 100 percent of eligible employees, and a mentoring programme where around 80 managers underwent extensive training to build capability as mentors. Over 200 executives have subsequently been identified to be trained by these mentors.

In the area of resort operations, the Company introduced a comprehensive skills training and certification programme for all key functions: F&B, food preparation, front office and housekeeping. It also rolled-out a fast track programme for top performers, with the objective of grooming supervisory and managerial talent from within the organisation for new resorts. During the year, the Company also carried out a scientific benchmarking exercise to optimise and redeploy people across functions and resorts.

On the corporate and organisational development front, the Company regularly nominates executives to participate in development programmes and workshops to enhance their skills. During the year, customised workshops were prepared to align the employees with the culture and business goals of the organisation.

Apart from the specific programmes introduced during the year, the Company continues to provide induction and operational training to its employees. **During the year, the Company provided 30,000 man days and 35,000 man days of training in the areas of customer acquisition and resort operations respectively. Overall, each employee received an average of 11.1 man days of training in 2015-16, up from 7.5 man days in the previous year.**

2015-16 was an important year where the Company transitioned to a new learning and development paradigm based on assessing and building competencies in a structured manner. Going forward, focus will be on institutionalising these initiatives across the organisation. As on March 31, 2016, there were 3,784 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 witnessed a focussed approach to TMW with participation from all functions and sections of employees. Some of the key developments during the year are discussed below.

One of the biggest achievements in the area of business excellence and quality during the year was the propagation of the Kaizen culture. In December 2015, the Company launched a Kaizen festival to sensitise employees on quality tools and techniques. Participation in the festival went beyond the customer facing functions — such as member relations (MR), resort operations and customer acquisition — and included finance, purchase, legal, marketing and HR. **As a result, the number of Kaizen projects increased over five-fold from 1,000 in 2014-15 to around 6,400 in 2015-16.** The Daily Work Management (DWM) and the plan-do-check-act (PDCA) cycle approach continue to help the MR function to reduce complaints and improve customer satisfaction. Also, resorts have been consistently able to retain and improve upon their PHF scores.

The skills of the Business Excellence (BE) team, which is responsible for in-house training and development of employees, was enhanced by conducting specialised program in quality tools such as 7QC. During the year, participants from MR function underwent training on the QC story methodology and have successfully completed improvement projects. Failure Mode and Effects Analysis (FMEA) tools continue to be utilised for proactive identification of gaps and implementation of suitable preventive actions.

The standardisation process by way of Standard Operating Procedures (SOPs) have already been actively deployed across the resorts. During the year, SOPs were created and adopted for two important support functions, viz. purchase and projects.

Audits are an integral part of process improvements. DWM and ISO audits are conducted regularly. With an increased focus on internal audits, the frequency and coverage has also increased significantly. During the year under review, the BE team had created a centralised dashboard for resorts, enabling access to hard data for preventive and corrective action. Several modules were added to the dashboard during the year, increasing its utilisation and efficacy. Overall, TMW practices are getting increasingly integrated in the business functions, and have started contributing to the Company's performance.

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.

As mentioned earlier, online services continue to be a key focus area for the Company. During 2015-16, the Company launched an upgraded website on a cloud-based architecture, which increased availability, speed, and peak load handling capacity. For members, a host of features were added: online payments using NEFT and e-wallets, waitlisted bookings, online referral and exclusive online offers. From the point of view of prospects, the new website simplified the process of getting information about products and resorts as well as raising membership related enquiries with the Company. These measures have considerably increased online usage and operational efficiencies.

The Company also launched a micro-site for its new one-year product 'Xperience breaks', which allows customers to view and buy the product online. Seamless integration with the Company's payment gateway as well as the inventory and reservation engine has ensured that customers have a smooth experience while purchasing the product and in making reservations. As an exclusively online product, features were built into the website to enable channel partners to access information and increase the visibility of the product.

During the year, the Company made significant progress in its bid to integrate its CRM, Web and SAP-based systems – with the ultimate aim of having a unified view of the customer throughout his engagement with the Company. This will help in designing and implementing customer-centric processes, and improving the overall efficiency of operations. For instance, this integration has paved the way for the Company to develop a full-feature mobile app for its members, which is expected to be launched in 2016-17.

The previous year's report discussed initiatives in the area of business analytics. During 2015-16, the Company implemented advanced models to value and prioritise leads generated from its marketing efforts, referrals and digital channels. These have now been institutionalised in the customer acquisition function resulting in better targeting of effort, and have contributed significantly to sales performance. Another area where the IT infrastructure and analytical prowess has been put to use is the increase in coverage and quality of real-time MIS and dashboards. This has resulted in considerable strengthening of controls in areas of finance, procurement and material management.

Corporate Social Responsibility (CSR)

As a part of the Mahindra Group, 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.

Apart from working with NGOs, foundations and trusts, and contributing resources for socially relevant projects, the Company also encourage community service by its employees by involving them through its 'Employee Social Options Programme'. **During the year, 1,682 employees volunteered 9,987 man hours on CSR initiatives. Overall, the Company carried out around 200 different initiatives, which directly benefitted over 18,000 people during the year.**

Some of the key CSR initiatives undertaken by the Company during 2015-16 are mentioned below:

- **Education, Skill Development and Livelihood:** The Company sponsored the education of 4,531 girls through the 'Nanhi Kali' project. In another major initiative to promote education called 'Gyandeept', 44 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 eight locations. Another important initiative of the Company is supporting skill development and generating livelihood opportunities through self-help groups (SHGs). During the year, it supported four SHGs of women across three resort locations in areas such as poultry, fish and goat farming.
- **Environment:** 31,000 trees were planted across 33 locations during the year as a part of 'Mahindra Hariyali' – an initiative of Mahindra Group for tree plantation – taking the total trees planted to 249,468 since the beginning of the project in 2010-11. Initiatives under the aegis of 'Swachh Bharat Abhiyaan' included building of 16 toilets in three schools, cleanliness drives across several resort locations and distribution of 600 dustbins in the vicinity of its resort in Mahabaleshwar, in collaboration with the Municipal Council. In other important projects, 50 solar lights were installed in a village near Kanha and a sparrow conservation initiative was carried out in nine villages around Munnar.
- **Health and Community Welfare:** The Company regularly carries out blood donation and medical check-up camps, awareness sessions in the areas of health, natural remedies, and HIV/AIDS to benefit the local communities in which it operates. During the Chennai floods, the Company, in its first response, provided eight metric tonnes of relief material to 269 families; school bags and stationery were also provided to 108 students. It also adopted four hamlets and disbursed relief material to another 329 families in collaboration with NGOs. In other initiatives during the year, the Company supported palliative care in Mumbai and Poovar, and organised road safety campaigns.

Sustainability

Sustainable development aims at achieving economic growth and improvement in well-being while preserving the natural

resources and ecosystem for future generations. As a part of the Mahindra Group ('the Group'), 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.

During the year, the Group's Sustainability Apex Council set the following long term goals for sustainability:

- Carbon neutral by 2030
- Water secure by 2030
- Zero waste by 2030
- EP 100 – double energy productivity by 2030
- RE 100 – increase renewable energy by 100 per cent by 2030

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 believe 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 effort.

Some of the key areas that have been identified for implementing sustainable practices include carbon footprint measurement, conservation of biodiversity and assessment, environment, energy and water, sourcing and community development. During the year, a number of activities were carried out across resort locations. These include use of solar power; environment-friendly energy and water saving equipment; timers and motion sensors for lighting of common areas and other loads where continuous power is not required; eco-friendly bio-block sewage treatment plants and organic waste compost machine for wet garbage process. Across the Company's resorts, all CFLs are being replaced by LED lamps.

Other than these, awareness drives were conducted for the employees and members at resorts about climate change, environment and biodiversity. Training programmes for segregation of waste were successfully implemented at several resort locations. Holidaying members also participated in various activities aimed at generating awareness on water scarcity and pollution.

The Company actively participates in the Mahindra Group's journey 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 2015-16, the number of resorts that participated in sustainability reporting of the Group increased from 7 to 14.

Financials

Table 1: Financial Information – Standalone & Consolidated

(₹ lakh)

| | Standalone | | Consolidated | |
|---|---------------|---------|-----------------|----------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Operating Income | 95,153 | 79,485 | 1,59,859 | 81,188 |
| Other Income | 1,108 | 1,271 | 523 | 1,776 |
| Total Income | 96,261 | 80,756 | 1,60,382 | 82,964 |
| Operating & Other Expenses | 71,911 | 61,506 | 1,31,314 | 63,151 |
| Financial Expenses | 8 | 25 | 1,466 | 259 |
| Depreciation | 7,133 | 6,541 | 9,753 | 6,635 |
| Total Expenditure | 79,052 | 68,072 | 1,42,533 | 70,045 |
| Profit Before Tax (Before Exceptional item) | 17,209 | 12,684 | 17,849 | 12,919 |
| Exceptional Item (Pre-Tax) | - | 2,188 | - | 2,188 |
| Provision for Tax | 5,474 | 2,594 | 5,937 | 2,704 |
| Profit After Tax (PAT) | 11,735 | 7,902 | 11,912 | 8,027 |
| Share of Profit of Associate | - | - | (1,494) | 66 |
| Minority Interest | - | - | (512) | 30 |
| Consolidated PAT | - | - | 9,906 | 8,123 |
| Diluted EPS (₹) | 13.29 | 8.98 | 11.22 | 9.23 |
| Fixed Assets | 95,397 | 86,761 | 1,36,988 | 1,00,777 |
| Cash & Marketable Securities | 8,568 | 2,620 | 17,032 | 3,164 |
| Total Debt | - | 641 | 64,337 | 12,379 |

Here are the key highlights of the financial performance of the Company:

Standalone Financial Results

The standalone results for 2015-16 include the financial performance of three (erstwhile) wholly owned subsidiary companies, which got amalgamated with the Company with effect from March 31, 2016, with an appointed date from April 1, 2015. These are: Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited.

- Total standalone income, which includes both operating and other income, grew by 19.2 per cent from ₹ 80,756 lakh in 2014-15 to ₹ 96,261 lakh in 2015-16. Income from sale of vacation ownership products, which is the largest component of the Company's operating income, grew at 21.4 per cent to ₹ 53,911 lakh. Resort income, which includes revenues from F&B, resort activities and rooms, grew at 31 per cent to ₹ 17,273 lakh.

- Total expenditure for the standalone entity grew by 16.1 per cent from ₹ 68,072 lakh in 2014-15 to ₹ 79,052 lakh in 2015-16. Employee and Sales & Marketing expenses, which account for around half of the Company's expenditure, grew at 18.5 per cent from ₹ 33,661 lakh in 2014-15 to ₹ 39,894 lakh in 2015-16. Financial expenses remained negligible. Depreciation grew by 9.1 per cent from ₹ 6,541 lakh in 2014-15 to ₹ 7,133 lakh in 2015-16.
- The Company registered a substantially higher profitability during the year. Profit before Taxes (PBT) for the standalone entity, even before considering the exceptional item in the previous year, grew at 35.7 per cent from ₹ 12,684 lakh in 2014-15 to ₹ 17,209 lakh in 2015-16. Profit after Taxes (PAT) of the standalone entity increased from ₹ 7,902 lakh in 2014-15 to ₹ 11,735 lakh in 2015-16 – representing an increase of 48.5 per cent over the previous year. Accordingly, diluted EPS for the standalone entity increased from ₹ 8.98 in 2014-15 to ₹ 13.29 in 2015-16.
- The liquidity situation of the Company remained comfortable during the year and the Company has no long-term debt.

Consolidated Financial Position

As on March 31, 2016, for the purpose of consolidated financial results of the Company, 41 Subsidiaries, 1 Joint Venture and 4 Associates were considered. This includes results of Holiday Club Resorts Oy, Finland (HCR) with effect from September 2015, which became a subsidiary after the acquisition of a majority stake by the Company through its subsidiary Covington S.à.r.l, Luxembourg. Prior to this, HCR was an Associate of the Company and the Share of Profit of Associate pertaining to HCR is for the period before September 2015.

As a consolidated entity, your Company's total income (including other income) stood at ₹ 1,60,382 lakh in 2015-16. During the year, the consolidated PAT was ₹ 9,906 lakh and the Diluted EPS was ₹ 11.22.

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. During the year under review, the Company engaged a reputed firm specialising in implementation of internal controls to test the effectiveness of existing controls (both manual and system-based) and to fix any issues related to financial reporting and key non-financial processes.

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 and the Board of Directors. 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, and the standardisation has been a significant source of comfort given the number of locations in which the Company operates.

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.

Economic Risks

Although the macroeconomic situation appears to be stable, cyclical downturns may continue to resurface in the future. Besides, even with the current environment of stable growth and benign inflation, interest rates continue to be relatively high. As a result, consumer confidence to commit resources continue to be relatively weak. As a material portion of the Company's revenue comes from discretionary spending of consumers, this can adversely 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 it to reach the right segments and at the same time ensures higher conversion to sales. The Company is also in the process of ramping up its international marketing network to increase their contribution to the sales mix. Another initiative taken during the year was introduction of a one year product 'Xperience Breaks', which allows the Company to reach out to younger prospects who are not ready to commit themselves for the longer duration offerings.

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,

both in terms of location and dates, 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, lease 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. Another financial risk that the Company is exposed to is 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 long-term 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. Besides, several improvements in control and monitoring mechanisms have been made to reduce risks of potential leakages and aid the management in this process.

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. It also believes that its proactive stance on sustainability will hold it in good stead for future development and growth.

Outlook

Mahindra Holidays performed creditably in 2015-16. The Company's strategy to generate more pull-based business and efficiencies in execution has been instrumental in delivering superior performance during the year, even as the Company faced headwinds in the form of low consumer disposition towards high-value discretionary spends.

At a fundamental level, the Company believes that penetration of vacation ownership in India is low and there is considerable room for growth. Consistent improvements in member satisfaction and ability to deliver family-friendly experiences on a larger scale have validated the Company's investments in technology and processes, and at the same time improved its competitive positioning in the leisure travel industry.

The Company's wide presence with 45 resorts offering a variety of experiences for its members provides it with an unmatched opportunity in the vacation ownership business in India. Four of its greenfield projects currently under execution are on schedule and expected to add another 500 units over the next few years.

Equally, the acquisition of HCR opens up growth opportunities in Europe and Middle East besides allowing 'Club Mahindra' members to visit HCR's resorts in Europe. Improvement in the macroeconomic performance expected in 2016-17, is likely to provide a further boost to the Company's prospects. All of these should augur well for the Company's performance in the future.

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 the countries in which the Company conduct its business and other incidental factors.

Corporate Governance Report

Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is committed to sound corporate governance practices. This has been integral to the way the Company conducts its business since its inception. The Company's corporate governance framework is a reflection of its culture, policies, relationship with stakeholders and customers, and its commitment to values. Accordingly, the Company always seek to ensure that Company's performance is driven by integrity.

Mahindra Holidays' corporate governance philosophy is built around the values of transparency, professionalism and accountability. Effective corporate governance is the manifestation of professional beliefs and values, which configures the organisational values, credo, and actions of its employees.

A Report on compliance with the 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 and the erstwhile Listing Agreement of the Stock Exchanges is given below.

Board of Directors

Board Diversity and Composition of the Board

The Board has adopted the Board Diversity Policy which sets out the approach of the diversity of the Board of Directors. In line with the same, the Company continuous 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 Company's website. Link: www.clubmahindra.com/about-us/policies/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 Independent Directors.

The composition of the Board remained unchanged during the financial year under review. As on March 31, 2016, the Board comprised of ten Directors. Mr. Arun Kumar Nanda is a Non-Executive Chairman of the Company. Mr. Kavinder Singh is Managing Director & Chief Executive Officer (CEO) and Mr. S. Krishnan is 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 Independent Directors of the Company.

All Independent Directors have the requisite qualification(s) and experience in general corporate management, finance, hospitality, telecom, financial services, vacation ownership, and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors, while participating in its decision making process. The terms and conditions of appointment of the Independent Directors have been uploaded on 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 with effect from August 2015 and prior to that he was an Executive Vice-Chairman and was drawing remuneration from it

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

Six Board Meetings were held during the financial year 2015-16 on: May 18, 2015, July 28, 2015, September 8, 2015, October 27, 2015, January 22, 2016 and March 13, 2016. The gap between two Meetings did not exceeded one hundred and twenty days. These Meetings were well attended including attendance of the Independent Directors. The Nineteenth Annual General Meeting (AGM) of the Company was held on July 28, 2015. 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 Kumar Nanda | 6 | 6 | Y |
| Mr. Vineet Nayyar | 6 | 2 | N |
| Mr. Cyrus Guzder | 6 | 6 | Y |
| Mr. Rohit Khattar | 6 | 2 | N |
| Mr. Sridar Iyengar | 6 | 6 | Y |
| Mr. Sanjeev Aga | 6 | 6 | Y |
| Mr. V. S. Parthasarathy | 6 | 6 | Y |
| Ms. Radhika Shastry | 6 | 4 | Y |
| Mr. Kavinder Singh | 6 | 5* | Y |
| Mr. S. Krishnan | 6 | 6 | Y |

* In addition, Mr. Kavinder Singh participated in one meeting through telephone / video conference call.

Details of other directorship and committee membership 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 of 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 Directorships and Committee Membership held as on March 31, 2016 are given below:

| Directors | Category | As on March 31, 2016* | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|------------------------------------|--------------------------------------|
| | | Indian Listed Companies [#] | Total Directorship [#] | Committee Memberships [^] | Committee Chairmanships [^] |
| Mr. Arun Kumar Nanda | Non-Executive Chairman | 3 | 6 | 2 | 2 |
| Mr. Vineet Nayyar | Non-Executive Director | 3 | 5 | 1 | Nil |
| Mr. Cyrus Guzder | Independent Director | 2 | 3 | 3 | 2 |
| Mr. Rohit Khattar | Independent Director | 1 | 3 | 1 | Nil |
| Mr. Sridar Iyengar | Independent Director | 2 | 5 | 5 | 5 |
| Mr. Sanjeev Aga | Independent Director | 5 | 7 | 7 | 3 |
| Mr. V. S. Parthasarathy | Non-Executive Director | 3 | 7 | 6 | 2 |
| Ms. Radhika Shastry | Independent Director | 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 & Resorts India Limited ("MHRIL").

[#] Excludes Alternate Directorships but includes Additional Directorships and Directorship in MHRIL.

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 is given below:

| Name of Directors | Category | Shares held as on March 31, 2016 | No. of Options granted | Date of Grant | Exercise Price (₹) | Vesting Period [^] |
|----------------------|------------------------|----------------------------------|------------------------|-------------------|--------------------|---|
| Mr. Arun Kumar 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 | Shares held as on March 31, 2016 | 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 Kumar Nanda.

Fresh grant under Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2014.

[^] 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 and notes thereon are sent to each Director in advance of 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. All material information is incorporated in the agenda for facilitating meaningful and focussed 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 is appraised at every meeting on the overall performance of the Company. A detailed report on operations of the Company and quarterly compliance report are also presented at the Board Meetings.

The Board reviews 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 your 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, transaction 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 and information on recruitment of senior officers just below the Board level including appointment or removal of chief financial officer and company secretary.

The Board reviews a compliance certificate issued by the Managing Director & Chief Executive Officer 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

Mr. Arun Kumar Nanda, being longest in the office, retires by rotation at the forthcoming Annual General Meeting. Mr. Nanda being eligible, has offered himself for re-appointment.

Brief resume of Mr. Nanda, Director seeking re-appointment is given below.

Mr. Arun Kumar Nanda

Mr. Arun Kumar Nanda holds a Degree in Law from the University of Calcutta, is a fellow member of the Institute of Chartered Accountants of India (FCA) and a fellow member of the Institute of Company Secretaries of India (FCS). Mr. Nanda has also participated in a Senior Executive Programme at the London Business School.

He joined the Mahindra Group in 1973 and held several important positions within the Group over the 40 years. He was inducted to the Board of Mahindra & Mahindra Ltd. (M&M) in August 1992 and resigned as Executive Director in March 2010 to focus on the social sector and create a favourable ecosystem for senior citizens. He was a non-executive director of M&M from April 2010 till August 2014.

He is currently the Chairman of Mahindra Holidays & Resorts India Limited and Mahindra Lifespace Developers Limited.

He is also the Chairman of Holiday Club Resorts Oy, Finland, Chairman on the Advisory Board of 3i Investments plc, Chairman of the Tourism & Hospitality Skill Council, Independent Director on the Board of Multi Commodity

Exchange of India Ltd., Member of the Advisory Board of TechnoServe India, and a Trustee of Integrity Action, U.K. and Helpage India. He was a Member of the Task Force set up by the B20 on Anti-Corruption which presented the policy paper to President Sarkozy at the G20 Summit held in Cannes in November 2011 and to President Putin in St. Petersburg in June 2013.

He is also Chairman Emeritus of the Indo-French Chamber of Commerce, Member of the Governing Board of the Council of EU Chambers of Commerce in India and Co-Chair of CII National Committee on Tourism and Hospitality 2016-17. He was also Chairman of CII Western Region Council for the year 2010-2011.

Mr. Nanda was honoured with an award of "Chevalier de la Legion d'Honneur" (Knight of the National Order of the Legion of Honour) by the President of the French Republic, Mr. Nicolas Sarkozy in 2008.

Mr. Arun Kumar Nanda is the recipient of the following awards:

- ◆ "Real Estate Person of the Year Award from GIREM Leadership Awards in India in 2008.

- ◆ "ICSI National Award" for Excellence in Corporate Governance for Mahindra & Mahindra as the best governed company in 2008.
- ◆ "CA Business Achiever Award - Corporate" at The Institute of Chartered Accountants of India Award 2009
- ◆ "Lifetime Achievement Award" for his outstanding contribution to the Hospitality Industry and the Service Sector by the Golden Star Awards 2010.
- ◆ "Aatithya Ratna Award" by the Business Hotels Network and Horwath HTL in 2014 for his contribution to the success of the Hospitality Industry.
- ◆ "Lifetime Achievement Award" in December 2014 at the CNBC Awaaz Real Estate Awards for his relentless pursuit of excellence and dynamic leadership that steered the growth of Mahindra Lifespaces.
- ◆ "Recognition of CAs in Social Service" for best work for Senior Citizens in August 2015 from the Institute of Chartered Accounts of India.
- ◆ "IFCA Award of Excellence" for outstanding contribution to the development of culinary profession and promotion of culinary art in India from Indian Federation of Culinary Association in September, 2015

Mr. Arun Kumar Nanda is a member of the following Board Committees:

| Name of the Company | Name of the Committee | Position Held |
|---|---|---------------|
| Mahindra Holidays & Resorts India Limited | Stakeholders Relationship Committee | Chairman |
| | Corporate Social Responsibility Committee | Chairman |
| | Nomination and Remuneration Committee | Member |
| | Risk Management Committee | Member |
| | Loans & Investment Committee | Chairman |
| | Inventory Approval Committee | Chairman |
| | Strategy and Review Committee | Chairman |
| | Committee of Directors – Investments | Chairman |
| Mahindra Lifespace Developers Limited | Stakeholders Relationship Committee | Chairman |
| | Corporate Social Responsibility Committee | Chairman |
| | Loan & Investment Committee | Chairman |
| | Nomination & Remuneration Committee | Member |
| | Share Transfer and Allotment Committee | Member |
| | Committee for Large Format Developments | Member |
| | Committee for Residential Projects in Joint Venture | Member |
| | Qualified Institutional Placement Committee | Member |
| Mahindra World City (Jaipur) Limited | Capital Issue Committee | Member |
| | Loans & Investments Committee | Member |
| Mahindra Holdings Limited | Loans & Investment Committee | Member |
| Multi Commodity Exchange of India Limited | Nomination Remuneration Committee | Member |
| | Investment Committee | Member |
| | Independent Directors Committee | Member |
| | Selection Committee | Member |
| | Corporate Social Responsibility Committee | Member |
| | Special Committee for Business Plan | Member |

Mr. Arun Kumar Nanda holds 6,94,630 Equity Shares in the Company. Further, during the year under review, the Company on the basis of recommendation of Nomination and Remuneration Committee has granted 2,00,000 Options representing 2,00,000 equity shares of ₹ 10/- each at an Exercise Price of ₹ 370/- per Option as the fresh grants under Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2014.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. Further, 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 Board as a whole. During the year under review, one Meeting of Independent Directors was held and the same was attended by three out of the five Independent Directors.

Familiarisation Programmes for Independent Directors

Regulation 25(7) of 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 SEBI Listing Regulations. As on March 31, 2016, 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 if any, 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 financial condition and results of operations;
- statement of significant related party transactions;
- 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.
- statement of deviations:
 - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - o 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 six times during the year under review and the gap between two Meetings did not exceed one hundred and twenty days. During the financial year 2015-16, the Committee met on: May 18, 2015, July 20, 2015, July 28, 2015, October 27, 2015, January 22, 2016 and March 13, 2016. All the members of the Committee attended all the meetings, except Mr. Rohit Khattar who has attended one meeting, held during 2015-16.

Invitees to the Meetings of the Audit Committee include Chairman of the Board, Managing Director & CEO, Statutory Auditors, Chief Financial Officer & Executive Director and Internal Auditor.

Nomination and Remuneration Committee

The broad terms of reference of the Committee 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 Kumar 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 the Committee, *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 four times during the year under review on: May 18, 2015, July 28, 2015, October 27, 2015 and January 22, 2016. All the members of the Committee attended all the meetings, except Mr. Vineet Nayyar and Mr. Rohit Khattar who have attended one meeting held during 2015-16.

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 the Nomination and Remuneration Committee and approved by the Board.

The performance of the Board, its committees and of every Director was evaluated by the Board and Nomination and Remuneration Committee based on a structured questionnaire duly 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. Evaluation of Independent Directors was also carried out by the entire Board of Directors, excluding the Director being evaluated. The Nomination and Remuneration Committee 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 Nomination and Remuneration Committee 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 Nomination and Remuneration Committee 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 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 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 Wholetime Directors were fixed by the Nomination and Remuneration Committee which was subsequently approved by the Board of Directors. The Shareholders have approved the remuneration paid/payable to the Managing Director & Chief Executive Officer and Chief Financial Officer & Executive Director.

During the year under review, the Non-Executive Directors were paid a commission of ₹ 100 lakh (as provided in the accounts of the year ended March 31, 2015), distributed amongst themselves as shown in the table below.

Detailed information of Directors' remuneration paid during the year 2015-16 are given below:

(₹ lakh)

| Name of Directors | Category | Sitting Fees (Note 1) | Commission | Salary, Performance pay and Perquisites | Superannuation and Provident Fund (Note 2) | Total |
|--------------------------------|------------------------|-----------------------|------------|---|--|--------|
| Mr. Arun Kumar Nanda (Note: 7) | Non-Executive Chairman | 9.00 | 54.05 | - | - | 63.05 |
| Mr. Vineet Nayyar | Non-Executive | - | - | - | - | - |
| Mr. Cyrus Guzder | Independent | 9.60 | 10.00 | - | - | 19.60 |
| Mr. Rohit Khattar | Independent | 2.60 | 10.00 | - | - | 12.60 |
| Mr. Sridar Iyengar | Independent | 9.00 | 10.00 | - | - | 19.00 |
| Mr. Sanjeev Aga | Independent | 8.10 | 10.00 | - | - | 18.10 |
| Mr. V. S. Parthasarathy | Non – Executive | - | - | - | - | - |
| Ms. Radhika Shastry | Independent | 4.00 | 5.95 | - | - | 9.95 |
| Mr. Kavinder Singh | MD & CEO | - | - | 224.35 | 16.20 | 240.55 |
| Mr. S. Krishnan | CFO & ED | - | - | 164.88 | 5.06 | 169.94 |

Notes:

- Non-Executive Chairman 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 CSR Committee, no sitting fee is paid as the sitting fee has been waived by the members of the CSR Committee.
- Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
- Salary to Mr. Kavinder Singh and Mr. S Krishnan

(₹ in lakh)

| Particulars | Kavinder Singh | S Krishnan |
|-----------------------|----------------|------------|
| Salary and Allowances | 185.45 | 120.06 |
| Perquisites | 5.10 | 3.63 |
| Performance Pay | 50.00 | 46.25 |

- The Company has not advanced loans to any Director during the year.
- The nature of employment of the Managing Director & CEO and Chief Financial Officer & 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 was approved for a period of 3 years by the shareholders.

- Performance pay to the Wholetime directors are determined by the NRC and then approved by the Board on the basis of pre-determined performance parameters.
- During the year under consideration, the Company has granted 2,00,000 Options representing 2,00,000 equity shares of ₹ 10/- each to Mr. Arun Kumar Nanda at an Exercise Price of ₹ 370/- per Option as the fresh grants under Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2014

A commission of ₹ 175 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 Kumar 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 2015-16 on: May 18, 2015, July 28, 2015, October 27, 2015 and January 22, 2016. All the members of the Committee attended all the meetings held during 2015-16.

During the year under review, 12 complaints were received from the Shareholders, all of which have been attended to/resolved. As of March 31, 2016, 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 and monitor the CSR activities of the Company in terms of compliance under provisions of the Act. The Members of the CSR Committee are Mr. Arun Kumar Nanda, as the Chairman, Mr. V.S. Parthasarathy, Mr. Cyrus Guzder and Mr. Kavinder Singh.

The Committee met four times during the financial year 2015-16 on: May 18, 2015, July 28, 2015, October 27, 2015 and January 22, 2016 and all the members of the Committee were attended these meetings.

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 Kumar Nanda, Chairman and Mr. Kavinder Singh, Managing Director & CEO as members. There were no meetings of the Committee during the financial year 2015-16 as all loans, investments and subscription/acquisition made during the year were approved by the Committee of Directors-Investments as well as by the Board in its meetings.

Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving resort property acquisition by way of outright purchase, long term lease proposals and short term inventory arrangements. Mr. Arun Kumar Nanda, Mr. Kavinder Singh and Mr. Cyrus Guzder are members of the Committee. One meeting of the Committee was held on March 13, 2016 and all members attended the same. Further, during the year under review, the Committee also approved certain transactions by passing of resolutions by circulation.

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 as well as to review the performance of the Company. Mr. Arun Kumar 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 were no meetings of the Committee during the financial year 2015-16 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 – Investments, 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 Kumar Nanda, is the Chairman and Mr. V.S. Parthasarathy, Mr. Sanjeev Aga and Mr. Cyrus Guzder are the other members of the Committee. During the year under review, the Committee met once on June 9, 2015. Except Mr. V S Parthasarathy, who attended through telephone / video conference, all other members attended the Meeting.

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 Kumar 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 were no meetings of the Committee held during 2015-16.

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 confirming the same is attached at the end of this report.

CEO and CFO Certification

Certificate issued by Mr. Kavinder Singh, Managing Director & Chief Executive Officer (MD & CEO) and Mr. S. Krishnan, Chief Financial Officer & Executive Director (CFO & ED) of the Company, for the financial year under review, was placed before the Board of Directors at its meeting held on May 17, 2016, in terms of Regulation 17(8) of 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 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, 2016, 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 the link: http://www.clubmahindra.com/sites/default/files/Policy_For_Determining_Material_Subsiidiaries.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 2015-16, 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 except those mentioned in the Directors Report. 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 the following link: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Accounting Treatment in Preparation of Financial Statements

In the preparation of the standalone and consolidated financial statements, the Company has followed the Accounting Standards, the Generally Accepted Accounting Principles in India, provision of the Act and Rules framed thereunder.

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-compliances 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 had adopted a comprehensive Code of Conduct for prevention of insider trading for its Directors and designated persons. 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.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the new PIT Regulations) became effective from May 15, 2015. In accordance with the new PIT Regulations, 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", which were made effective from May 15, 2015.

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 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 (erstwhile Clause 5A of the Listing Agreements with the Stock Exchanges), the Company has a Demat account titled "Mahindra Holidays & Resorts India Limited - Unclaimed Shares Demat Suspense Account" ("Demat Suspense Account") for holding the unclaimed shares which were allotted pursuant to Initial Public Offer (IPO) of the Company.

As on March 31, 2016, the Company has 6 shareholders with 262 unclaimed shares lying in the suspense account. The voting rights on these shares 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, 2015 | 6 | 262 |
| Number of shareholders who approached Issuer / Registrar and Share Transfer Agent for transfer of shares from suspense account during the year 2015-16 | Nil | Nil |
| 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, 2016 | 6 | 262 |

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 mandatory requirements of the SEBI Listing Regulations (w.e.f. December 1, 2015) and the Listing Agreements with Stock Exchanges (Upto November 30, 2015) 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 |
|------|-----------------|---------|---|--|
| 2013 | July 29, 2013 | 3.00 PM | Tapovan Hall, Chinmaya Heritage Centre, No.2, 13 th Avenue, Harrington Road, Chetpet, Chennai – 600 031. | No Special Resolution was 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"> 1. Appointment of and Remuneration payable to Mr. S. Krishnan, Chief Financial Officer and Executive Director of the Company. 2. Payment of Commission to Directors other than Managing Director and Whole time Director 3. Alteration of Articles of Association to align it with the provisions of the Companies Act, 2013 |

Details of Extraordinary General Meeting (EGM) / Court Convened Meeting (CCM) held during past three years and Special Resolutions passed

| Year | Date | Time | Venue | Special Resolutions Passed at EGM / CCM |
|------|---------------------|---------|--|--|
| 2013 | February 23, 2013 | 3.00 PM | Mahindra Towers, 4 th Floor, No. 17/18, Patullos Road, Chennai – 600 002. | Approval for further Issue of Shares under Institutional Placement Programme (IPP). |
| 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 meeting to be held.

No Special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

General Shareholder Information

Twentieth Annual General Meeting

Day & Date :Friday, July 29, 2016

Time :3.00 PM

Venue :Rani Seethai Hall, No. 603, Anna Salai,
Chennai - 600006.

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from July 23, 2016 to July 29, 2016, both days inclusive.

Dividend Payment Date

Dividend if declared at the Annual General Meeting will be paid on or after July 30, 2016.

Financial Year

The financial year covers the period from April 1 to March 31.

Financial Reporting for 2016-17

| | |
|---|-----------------------------|
| The First Quarter Results –June 30, 2016 | By end of July, 2016 |
| The Half Yearly Results –September 30, 2016 | By end of October, 2016 |
| Third Quarter Results – December 31, 2016 | By end of January, 2017 |
| Approval of Annual Accounts –March 31, 2017 | By second week of May, 2017 |

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. and BSE Ltd.

Presentations are also made to international and national institutional investors and analysts, which are also put up on the website of the Company.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges

| Name and address of Stock Exchanges | Stock Code / Symbol |
|---|---------------------|
| (1) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, 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

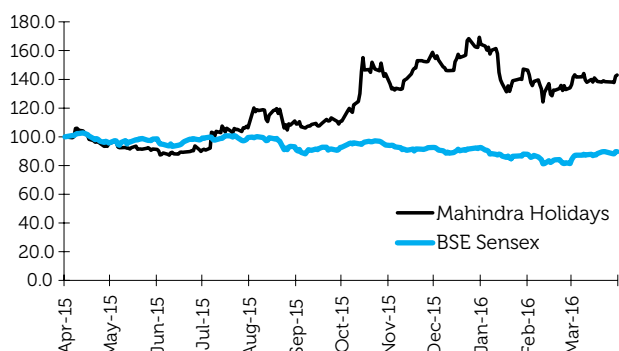
BSE and NSE – Monthly High / Low and Volumes

| | National Stock Exchange | | | BSE Limited | | |
|-----------------|-------------------------|---------|----------------|-------------|---------|----------------|
| | High (₹) | Low (₹) | Monthly Volume | High (₹) | Low (₹) | Monthly Volume |
| April, 2015 | 297.00 | 248.00 | 9,73,027 | 297.00 | 249.00 | 2,29,850 |
| May, 2015 | 266.00 | 240.10 | 5,42,683 | 265.00 | 243.00 | 1,52,117 |
| June, 2015 | 261.90 | 234.05 | 6,27,147 | 261.45 | 231.70 | 1,90,022 |
| July, 2015 | 302.80 | 242.20 | 41,59,782 | 302.60 | 243.95 | 7,70,910 |
| August, 2015 | 337.90 | 271.00 | 34,52,364 | 337.75 | 262.00 | 18,34,408 |
| September, 2015 | 312.00 | 282.20 | 12,95,011 | 311.00 | 283.85 | 6,41,893 |
| October, 2015 | 424.00 | 299.00 | 30,45,558 | 422.95 | 297.95 | 8,34,506 |
| November, 2015 | 444.00 | 350.10 | 13,57,174 | 443.75 | 352.00 | 2,84,304 |
| December, 2015 | 474.80 | 382.00 | 13,21,207 | 474.95 | 383.30 | 2,97,613 |
| January, 2016 | 464.35 | 345.15 | 9,37,651 | 463.55 | 347.50 | 1,94,566 |
| February, 2016 | 402.00 | 325.00 | 5,09,304 | 400.85 | 322.40 | 1,13,555 |
| March, 2016 | 395.00 | 357.00 | 3,15,060 | 394.00 | 361.40 | 62,639 |

Performance in comparison to BSE – Sensex, NSE Nifty and BSE 500 Index

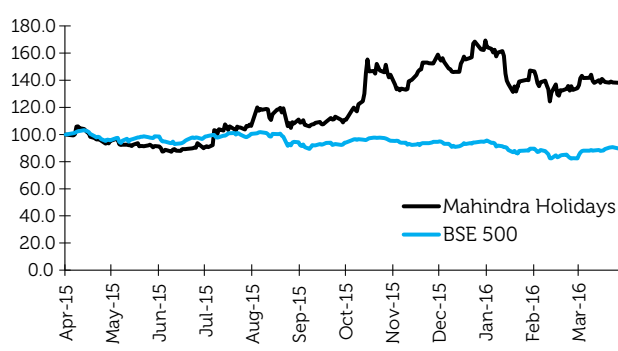
| Month | MHRIL's Closing Price on NSE on the last trading day of month (₹) | BSE Sensex at the Close of last trading day of the month | NSE Nifty at the Close of last trading day of the month | BSE 500 Index at the Close of last trading day of the month |
|-----------------|---|--|---|---|
| April, 2015 | 257.60 | 27,011.31 | 8,181.50 | 10,696.83 |
| May, 2015 | 247.70 | 27,828.44 | 8,433.65 | 11,023.76 |
| June, 2015 | 243.05 | 27,780.83 | 8,368.50 | 10,903.53 |
| July, 2015 | 287.35 | 28,114.56 | 8,532.85 | 11,233.42 |
| August, 2015 | 300.60 | 26,283.09 | 7,971.30 | 10,536.38 |
| September, 2015 | 300.25 | 26,154.83 | 7,948.90 | 10,498.27 |
| October, 2015 | 390.50 | 26,656.83 | 8,065.80 | 10,671.58 |
| November, 2015 | 431.60 | 26,145.67 | 7,935.25 | 10,580.88 |
| December, 2015 | 456.80 | 26,117.54 | 7,946.35 | 10,634.22 |
| January, 2016 | 398.60 | 24,870.69 | 7,563.55 | 10,014.03 |
| February, 2016 | 361.45 | 23,002.00 | 6,987.05 | 9,206.02 |
| March, 2016 | 386.55 | 25,341.86 | 7,738.40 | 10,185.12 |

Mahindra Holidays' Share Performance versus BSE Sensex



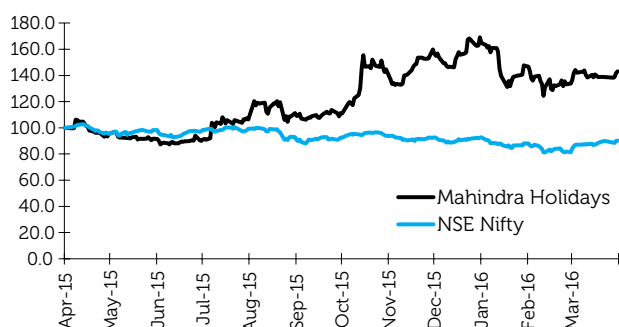
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on April 1, 2015

Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on April 1, 2015

Mahindra Holidays' Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on April 1, 2015

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, 2016, there were no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on March 31, 2016

| Category (Shares) | Number of Shareholders | % to Shareholders | Number of Shares | % to shares |
|-------------------|------------------------|-------------------|--------------------|---------------|
| 1 - 100 | 13,090 | 75.22 | 5,15,408 | 0.58 |
| 101 - 500 | 2,948 | 16.94 | 7,76,400 | 0.87 |
| 501 - 1000 | 619 | 3.56 | 4,86,805 | 0.55 |
| 1001 - 5000 | 520 | 2.99 | 11,68,979 | 1.32 |
| 5001 - 10000 | 91 | 0.52 | 6,93,075 | 0.78 |
| 10001 - 50000 | 90 | 0.52 | 21,39,518 | 2.41 |
| 50001 - 100000 | 14 | 0.08 | 10,31,577 | 1.16 |
| 100001 & above | 30 | 0.17 | 8,19,69,094 | 92.33 |
| Total: | 17,402 | 100.00 | 8,87,80,856 | 100.00 |

Shareholding Pattern as on March 31, 2016

| Category of Shareholders | Total Holdings | Holdings in Percentage |
|---|-------------------|------------------------|
| Promoters holdings | 6,65,85,642 | 75.00 |
| Foreign Portfolio Investors, Foreign Institutional Investors and Foreign Bodies | 88,58,761 | 9.98 |
| Mutual Funds | 44,08,680 | 4.97 |
| Banks, Financial Institutions & others | 23,482 | 0.03 |
| Bodies Corporate | 11,93,716 | 1.34 |
| NRIs/OCBs/Foreign Nationals | 1,61,095 | 0.18 |
| Indian Public | 75,49,480 | 8.50 |
| Total | 88,780,856 | 100.00 |

Dematerialisation of Shares

As on March 31, 2016, 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 25 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: +91 44 3988 1000
Fax: +91 44 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: +91 22 3368 4722
Fax: +91 22 3368 4721
e: investors@mahindraholidays.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 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, 2016.

Place: Mumbai
Date: May 17, 2016

Registrar and Transfer Agents

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,
Tele no: +91 40 6716 2222/6716 1551
Fax No.: +91 40 2300 1153
Toll Free no. 18003454001
e: einward.ris@karvy.com

Chennai Office:

F-11, First Floor, Akshya Plaza
108 Adithanar Salai, Egmore
Chennai - 600 002
Phone: +91 44 2858 7781

Address for Correspondence

Shareholders may correspond with the Company at its Corporate Office or with the Registrar and Transfer Agents 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: +91 22 3368 4722
Fax: +91 22 3368 4721
e: 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

Kavinder Singh

Managing Director & CEO
DIN: 06994031

INDEPENDENT AUDITOR'S CERTIFICATE

To the members of

Mahindra Holidays & Resorts India Limited

1. We have examined the compliance of conditions of Corporate Governance by **Mahindra Holidays & Resorts India Limited** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII) (E)) of the Listing Agreements of the Company with stock exchanges for the period from April 01, 2015 to November 30, 2015.
 - Clause 49(VII) (E) of the Listing Agreements of the Company with the stock exchanges for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 17, 2016

STANDALONE FINANCIAL STATEMENTS

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Mahindra Holidays & Resorts India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act.

We conducted our audit of the standalone 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 17, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Mahindra Holidays & Resorts India Limited ("the Company") as of March 31, 2016 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 a risk 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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

Mumbai, May 17, 2016

(Membership No. 19521)

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:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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.

- 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.
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- 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.
- In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.
- Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the order is not applicable.
- According to the information and explanations given to us, in respect of statutory dues:
 - The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Luxury Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Luxury Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax and Luxury tax which have not been deposited as on March 31, 2016 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 (₹) | Amount Unpaid (₹) |
|--------------------------|--------------------|---|--------------------------------------|---------------------|-------------------|
| Income Tax Act | Income Tax | Commissioner of income Tax – Appeals | 2009-10, 2011-12 & 2012-13 | 2,710,056,141 | 1,835,752,605 |
| Finance Act | Service Tax | Central Excise & Service Tax Appellate Tribunal | 2005 to 2014 | 714,839,337 | 675,238,131 |
| Tamilnadu Luxury Tax Act | Luxury Tax | Deputy Commissioner/ Commissioner – Appeals | 2002-03 to 2005-06, 2010-11, 2011-12 | 8,149,692 | 8,149,692 |
| Kerala Luxury Tax Act | Luxury Tax | Intelligence Officer – Debikulam | 2008-09 to 2010-11 | 65,930,400 | 65,930,400 |
| | | Assessing Officer | 2011-12 | 6,236,697 | 6,236,697 |
| | | High Court – Kerala | 2012-13 to 2014-15 | 227,873,625 | 227,873,625 |
| | | Appellate Commissioner | 2013-14 | 129,870 | 129,870 |

- (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 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 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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 17, 2016

BALANCE SHEET AS AT MARCH 31, 2016

(in ₹)

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|----------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 880,584,180 | 880,262,510 |
| Employee stock option outstanding | | 1,983,830 | 238,374 |
| Reserves and Surplus | 4 | 6,036,053,375 | 6,428,436,247 |
| | | 6,918,621,385 | 7,308,937,131 |
| Non-Current liabilities | | | |
| Deferred tax liabilities (net) (See Note no. 2 (vii) (a)) | 5 | 663,327,783 | 604,405,409 |
| Deferred Income - Entitlement fee | | 16,893,250,223 | 15,086,632,248 |
| Other long term liabilities | 6 | 871,797 | 50,444,931 |
| Long term provisions | 7 | 68,242,450 | 49,763,667 |
| | | 17,625,692,253 | 15,791,246,255 |
| Current liabilities | | | |
| Short term borrowings | 8 | - | 64,121,146 |
| Trade payables | 9 | | |
| Due to micro enterprises and small enterprises | | 1,760,722 | 2,699,881 |
| Due to others | | 1,262,928,419 | 1,134,408,936 |
| Deferred Income - Entitlement fee (See Note no. 2 (vii) (a)) | | 964,626,911 | 851,778,117 |
| Deferred Income - Annual subscription fee (See Note no. 2 (vii) (b)) | | 949,511,980 | 817,292,263 |
| Other current liabilities | 10 | 745,596,687 | 739,616,287 |
| Short term provisions | 11 | 536,561,248 | 429,130,053 |
| | | 4,460,985,967 | 4,039,046,683 |
| | | 29,005,299,605 | 27,139,230,069 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed Assets | 12 | | |
| Tangible assets | | 9,016,817,783 | 7,734,800,880 |
| Intangible assets | | 162,584,575 | 224,353,232 |
| Capital work in progress | 41 | 325,354,449 | 643,833,393 |
| Intangible assets under development | | 34,977,134 | 73,088,979 |
| | | 9,539,733,941 | 8,676,076,484 |
| Non-current investments | 13 | 800,311,283 | 1,415,016,691 |
| Long term loans and advances | 14 | 1,730,157,124 | 1,956,281,690 |
| Other non-current assets | 15 | 5,146,277,406 | 4,370,238,603 |
| | | 7,676,745,813 | 7,741,536,984 |
| Current assets | | | |
| Current investments | 16 | 578,877,159 | 95,826,402 |
| Inventories | 17 | 58,897,276 | 53,363,129 |
| Trade receivables | 18 | 9,919,328,953 | 8,704,466,501 |
| Cash and bank balances | 19 | 277,924,571 | 166,144,985 |
| Short term loans and advances | 20 | 835,095,280 | 1,539,486,804 |
| Other current assets | 21 | 118,696,612 | 162,328,780 |
| | | 11,788,819,851 | 10,721,616,601 |
| | | 29,005,299,605 | 27,139,230,069 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman
S. Krishnan
Chief Financial Officer &
Executive Director

Place: Mumbai
Date: May 17, 2016

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Note No. | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|----------|------------------------------|------------------------------|
| REVENUE | | | |
| Revenue from operations | 22 | 9,515,339,986 | 7,948,508,218 |
| Other income | 23 | 110,767,172 | 127,069,094 |
| Total Revenue | | 9,626,107,158 | 8,075,577,312 |
| EXPENDITURE | | | |
| Employee benefits expense | 24 | 1,915,406,718 | 1,619,766,584 |
| Finance costs | 25 | 805,228 | 2,500,122 |
| Depreciation and amortisation expense | 12 | 713,272,033 | 654,058,265 |
| Other expenses | 26 | 5,275,694,984 | 4,530,802,662 |
| Total Expenditure | | 7,905,178,963 | 6,807,127,633 |
| Profit before exceptional item and tax | | 1,720,928,195 | 1,268,449,679 |
| Exceptional item | | - | 218,797,194 |
| Profit before tax | | 1,720,928,195 | 1,049,652,485 |
| Less : Tax expense | | | |
| - Current tax | | 498,420,000 | 192,000,000 |
| - Deferred tax | | 49,052,508 | 67,410,300 |
| Profit for the year | | 1,173,455,687 | 790,242,185 |
| Earnings per share | 38 | | |
| Basic | | 13.33 | 8.98 |
| Diluted | | 13.29 | 8.98 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants**M. K. Ananthanarayanan**
PartnerPlace: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman
S. Krishnan
Chief Financial Officer &
Executive DirectorPlace: Mumbai
Date: May 17, 2016**Kavinder Singh**
Managing Director & CEO
Dinesh Shetty
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Profit before exceptional items and tax | 1,720,928,195 | 1,268,449,679 |
| Adjustments : | | |
| Depreciation and amortisation expense | 713,272,033 | 654,058,265 |
| Finance costs | 805,228 | 2,500,122 |
| Interest income | (76,969,130) | (104,571,050) |
| Dividend income | (17,602,303) | (16,477,181) |
| Profit on sale of Investment in Subsidiary | - | (6,020,863) |
| Loss on fixed assets sold/scrapped (net) | 1,211,702 | 1,327,859 |
| Provision for doubtful receivables and advances | 12,500,000 | 14,056,243 |
| | 633,217,530 | 544,873,395 |
| Operating profit before working capital changes | 2,354,145,725 | 1,813,323,074 |
| Changes in working capital : | | |
| Deferred income - Entitlement fee & Annual subscription fee | 2,051,686,486 | 1,411,300,306 |
| Trade and other receivables | (2,220,616,257) | (363,328,832) |
| Inventories | 792,788 | 42,537,573 |
| Trade and other payables | (486,606,051) | 191,581,164 |
| | (654,743,034) | 1,282,090,211 |
| Income taxes paid | (513,415,582) | (404,497,167) |
| NET CASH FROM OPERATING ACTIVITIES | 1,185,987,109 | 2,690,916,118 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of fixed assets including capital work in progress and expenditure pending allocation | (943,826,571) | (1,416,923,271) |
| Proceeds from sale of fixed assets | 6,098,672 | 6,803,144 |
| Investments in subsidiaries and joint venture | - | (459,764,997) |
| Proceeds from sale/dissolution of investments in subsidiaries | - | 6,066,366 |
| Earmarked deposits not considered as part of Cash and cash equivalents (including acquired on account of amalgamation) | 14,205,822 | (32,913,627) |
| Advances to subsidiaries and joint venture | 742,381,226 | (730,409,525) |
| Interest received | 34,280,104 | 22,208,173 |
| Dividend income | 17,602,303 | 16,477,181 |
| NET CASH (USED IN) / FROM INVESTING ACTIVITIES | (129,258,444) | (2,588,456,556) |

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Repayments of borrowings | (64,121,146) | 34,985,490 |
| Dividends paid | (355,031,744) | (355,054,872) |
| Dividend distribution tax paid | (72,294,773) | (60,353,226) |
| Loan recovered from ESOP Trust | 16,000,000 | - |
| Finance cost paid | (805,228) | (2,500,122) |
| NET CASH (USED IN) / FROM FINANCING ACTIVITIES | (476,252,891) | (382,922,730) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 580,475,774 | (280,463,168) |
| CASH AND CASH EQUIVALENTS : | | |
| Opening balance | 225,672,448 | 510,051,166 |
| Add : Acquired on account of amalgamation | 28,560,391 | 3,915,550 |
| Total | 254,232,839 | 513,966,716 |
| Closing balance | 834,708,613 | 225,672,448 |
| | 580,475,774 | (280,463,168) |
| Reconciliation of Cash and Cash equivalents with the Balance Sheet | | |
| Cash and cash equivalents as per Balance Sheet | 277,924,571 | 166,144,985 |
| Less: Bank balances not considered as Cash and cash equivalents | 22,093,117 | 36,298,939 |
| Net Cash and cash equivalents | 255,831,454 | 129,846,046 |
| Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds) | 578,877,159 | 95,826,402 |
| Cash and cash equivalents at the end of the year | 834,708,613 | 225,672,448 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman
S. Krishnan
Chief Financial Officer &
Executive Director

Place: Mumbai
Date: May 17, 2016

Kavinder Singh
Managing Director & CEO
Dinesh Shetty
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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) Basis for preparation of financial statements:

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

(ii) Use of estimates:

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

(iii) Inventories:

Inventories are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis. Cost includes the purchase price, non refundable taxes and delivery handling cost. Net realisable value is determined at the expected selling price less cost of sales.

(iv) Cash and cash equivalents:

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

(v) Cash flow statements:

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax

is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(vi) Depreciation and amortisation:

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

- (a) Leasehold land and buildings are amortised over the period of lease.
- (b) Floating cottages grouped under building are depreciated over the useful life of 25 years.
- (c) Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months.
- (d) Motor vehicles/other assets provided to employees are depreciated over a period of 48/60 months respectively.
- (e) Assets individually costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets:

- (f) Expenditure incurred towards software is amortised over a period of 36 months.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation method is revised to reflect the changed pattern, if any.

(vii) Revenue recognition:

- (a) 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. Admission fee, which is non-refundable, is recognized as income on admission of a member. Entitlement fee (disclosed under Deferred income – Entitlement fee), which entitles the vacation ownership

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

members for the vacation ownership facilities 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. Requests for cancellation of membership are accounted for when it is accepted by the Company. In respect of installments considered doubtful of recovery by the management, the membership is treated as cancelled and related revenues are de-recognised.

- (b) Annual subscription fee dues from members are recognised as income over the period of subscription as per terms agreed with the members. Subscription pertaining to the period beyond the date of the Balance Sheet is grouped under Deferred Income - Annual subscription fee.
- (c) Interest on installment sales is recognised as income on an accrual basis.
- (d) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- (e) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, 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.
- (f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.

(viii) Other Income:

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

(ix) Fixed assets - Tangible and intangible:

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent

expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Revenue expenses incurred in connection with construction of resorts insofar as such expenses relate to the period prior to the date the resort is put to use are treated as part of project cost and capitalised.

(x) Foreign currency transactions and translations:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

(xi) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(xii) 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 charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Employee Stock Option Scheme:

The compensation cost of stock option granted to employees is measured by Intrinsic Value method, which is the excess of market price of the underlying equity shares as of the date of grant over the exercise price of the option. This is recognised and amortised on straight line basis over the vesting period.

(xiii) Borrowing Cost:

Borrowing cost that are attributable to the acquisition, construction or production of qualifying

asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

(xiv) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

(xv) Leases:

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

(xvi) Earnings per share:

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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.

(xvii) Taxes on income:

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 is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

(xviii) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is

arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

(xix) Provision and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed in the notes.

(xx) Share issue expenses:

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

(xxi) 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.

(xxii) 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 / utilising the credits.

(xxiii) Operating cycle:

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realisation 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 3 : Share Capital

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|-------------------------|----------------------|-------------------------|---------------|
| | No. of shares | In ₹ | No. of shares | In ₹ |
| Authorised : | | | | |
| 100,000,000 (Previous year 100,000,000) equity shares of ₹ 10 each | 100,000,000 | 1,000,000,000 | 100,000,000 | 1,000,000,000 |
| | 100,000,000 | 1,000,000,000 | 100,000,000 | 1,000,000,000 |
| Issued, Subscribed & Paid up | | | | |
| Equity (Net of shares allotted to ESOP Trust but not exercised by employees) | | | | |
| 88,780,856 (previous year 88,780,856) equity shares of ₹ 10 each fully paid. | 88,780,856 | 887,808,560 | 88,780,856 | 887,808,560 |
| Less: 722,438 (previous year 754,605) equity shares of ₹ 10 each fully paid up allotted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ("ESOP Trust") but not exercised by employees. | 722,438 | 7,224,380 | 754,605 | 7,546,050 |
| | 88,058,418 | 880,584,180 | 88,026,251 | 880,262,510 |

Notes:

3 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, 2016, the amount of dividend proposed to be distributed to equity shareholders is ₹ 443,904,280 at ₹ 5 per share (Previous year ₹ 355,123,424 at ₹ 4 per share).
- Repayment of capital will be in proportion to the number of equity shares held.

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

| Name of shareholder | No. of shares | % held as at March 31, 2016 | No. of shares | % held as at March 31, 2015 |
|--|-------------------|--------------------------------|---------------|--------------------------------|
| Mahindra & Mahindra Limited (Holding Company) | 66,585,642 | 75.00% | 66,585,642 | 75.00% |

3 c) The reconciliation of the number of shares outstanding as at March 31, 2016 and March 31, 2015 is set out below:-

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|--|-------------------------|--------------------|-------------------------|-------------|
| | No. of Shares | In ₹ | No. of Shares | In ₹ |
| Number of shares at the beginning | 88,026,251 | 880,262,510 | 88,024,173 | 880,241,730 |
| Add: Shares issued on exercise of employee stock options | 32,167 | 321,670 | 2,078 | 20,780 |
| Number of shares at the end | 88,058,418 | 880,584,180 | 88,026,251 | 880,262,510 |

3 d) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- 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 to ESOP Trust. To the extent allotted, ESOP Trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.
- iii) The details of the Employees' Stock Option Schemes are as under:

| | |
|----------------------|--|
| Type of Arrangement | ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust. ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust. |
| Method of Settlement | By issue of shares at Exercise Price. |

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

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 April 1, 2015 | Options granted | Options vested during the year | Options exercised during the year | Options lapsed during the year | Options outstanding as on March 31, 2016 | Options vested but not exercised |
|--------------------------|---------------|---|-----------------|--------------------------------|-----------------------------------|--------------------------------|--|----------------------------------|
| Grant I (ESOS 2006) | 15/07/2006 | Closed | | | | | | |
| Grant II (ESOS 2006) | 30/03/2007 | 1,400 | - | - | - | 1,400 | - | - |
| Grant III (ESOS 2006) | 11/01/2007 | 4,234 | - | - | 2,117 | - | 2,117 | 2,117 |
| Grant V (ESOS 2006)** | 11/01/2008 | 18,838 | - | - | 1,750 | 9,148 | 7,940 | 7,940 |
| Grant VI (ESOS 2006) # | 21/02/2012 | 200,000 | - | - | 25,000 | - | 175,000 | 175,000 |
| Grant VII (ESOS 2006) ## | 21/02/2012 | 107,750 | - | 6,875 | - | 13,500 | 94,250 | 94,250 |
| Grant VIII (ESOS 2006)** | 21/02/2013 | 130,000 | - | 32,500 | - | - | 130,000 | 97,500 |
| Grant IX (ESOS 2006)** | 29/01/2014 | 35,000 | - | - | 3,300 | 26,250 | 5,450 | 5,450 |
| Grant I (ESOS 2014) | 22/01/2015 | 620,000 | - | 155,000 | - | - | 620,000 | 155,000 |
| Grant II (ESOS 2014) ** | 27/10/2015 | - | 110,000 | - | - | - | 110,000 | - |
| Grant III (ESOS 2014) | 18/02/2016 | - | 200,000 | - | - | - | 200,000 | - |
| Total | | 1,117,222 | 310,000 | 194,375 | 32,167 | 50,298 | 1,344,757 | 537,257 |

** 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- v) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to ESOP Trust including bonus shares but not exercised by the employees have been reduced from the share capital by ₹ 7,224,380 (previous year ₹ 7,546,050) and securities premium account reduced by ₹ 136,136,140 (previous year 145,180,792). The said shares will be added to the issued share capital as and when ESOP Trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from ESOP Trust is disclosed under "other current liabilities".
- vi) The Company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) and for all the other grants, the fair value method has been adopted. The intrinsic value of the shares granted under Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) based on the valuations obtained from an independent valuer is ₹ 16 per equity share as on 31st March, 2006, ₹ 52 per equity share as on 1st January 2007, 31st August 2008 and 1st November 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under Grant VI (ESOS 2006), Grant VII (ESOS 2006), Grant VIII (ESOS 2006), Grant IX (ESOS 2006) and Grant III (ESOS 2014) based on the fair value market price is ₹ 370, ₹ 323, ₹ 323, ₹ 253 and ₹ 370 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is ₹ Nil, no employee compensation cost has been charged.
- vii) In respect of the options granted under the Grant I (ESOS 2014) and Grant II (ESOS 2014) of Employee Stock Option Plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of options and the date of vesting. Consequently, employee compensation cost include ₹ 1,745,456 (previous year ₹ 238,374) being the amortisation of deferred employee compensation.
- viii) Fair Value of options based on Black Scholes option pricing model :
 - (a) The fair value of options based on the valuation of the independent valuer for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is ₹ 4.28, ₹ 16.36, ₹ 16.55 and ₹ 16.04 respectively.
 - (b) "The fair value of options based on the valuation of the 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)."
 - (c) Had the Company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is ₹ 118,351,450 and the impact on the financial statements would be :

(in ₹)

| Particulars | Year ended | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Increase in employee compensation cost | 21,471,186 | 6,339,644 |
| Decrease in profit after tax | 21,471,186 | 6,339,644 |
| Decrease in basic & diluted earnings per share | (0.24) | (0.07) |

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 I (ESOS 2006) | 15/07/2006 | 7.82% | 4.50 | Nil | Nil |
| Grant II (ESOS 2006) | 30/03/2007 | 7.92% | 5.00 | Nil | Nil |
| Grant III (ESOS 2006) | 11/01/2007 | 7.72% | 5.00 | Nil | Nil |
| Grant V (ESOS 2006) | 11/01/2008 | 7.34% | 5.00 | Nil | Nil |
| 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% |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 4 : Reserves & Surplus:

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Capital Reserve | | |
| As per last balance sheet | 1,474,577 | 1,474,577 |
| Add : On account of Amalgamation (Refer Note no. 43) | 3,000,000 | - |
| | 4,474,577 | 1,474,577 |
| Capital Redemption Reserve | | |
| On account of Amalgamation (Refer Note no. 43) | 14,580,000 | - |
| Amalgamation Reserve Account | | |
| Adjustment arising on Amalgamation (Refer Note no. 43) | 931,661,409 | 306,065,684 |
| Less : Transferred to Securities Premium Account | 931,661,409 | 306,065,684 |
| | - | - |
| Securities Premium Account | | |
| As per last balance sheet | 2,397,883,057 | 2,703,948,741 |
| Add : On account of Amalgamation (Refer Note no. 43) | 20,364,500 | - |
| Less : Adjustment arising on Amalgamation (Refer Note no. 43) | 931,661,409 | 306,065,684 |
| | 1,486,586,148 | 2,397,883,057 |
| Less : Premium on shares allotted to ESOP Trust but not exercised by employees. | 136,136,140 | 145,180,792 |
| | 1,350,450,008 | 2,252,702,265 |
| General Reserve | | |
| As per last balance sheet | 765,158,251 | 686,134,032 |
| Add : Transfer from Statement of Profit & Loss | 117,000,000 | 79,024,219 |
| Add : On account of Amalgamation (Refer Note no. 43) | 4,747,756 | - |
| | 886,906,007 | 765,158,251 |
| Add : Bonus shares issued to ESOP Trust but not exercised by employees. | 2,112,040 | 2,156,870 |
| | 889,018,047 | 767,315,121 |
| Surplus in Statement of Profit & Loss | | |
| As per last balance sheet | 3,406,944,284 | 3,768,805,861 |
| Less : On account of Amalgamation (Refer Note no. 43) | 151,596,481 | 456,076,659 |
| Less : Loss of erstwhile Bell Tower Resorts Private Limited | - | 86,974,662 |
| Less : Depreciation adjustment consequent to transition to Schedule II of The Companies Act, 2013, net of deferred tax of ₹ 52,836,157. | - | 102,610,025 |
| Add : Profit for the current year | 1,173,455,687 | 790,242,185 |
| | 4,428,803,490 | 3,913,386,700 |
| Appropriations : | | |
| Transfer to General Reserve | 117,000,000 | 79,024,219 |
| Proposed Dividend | 443,904,280 | 355,123,424 |
| Tax on Proposed Dividend | 90,368,467 | 72,294,773 |
| | 651,272,747 | 506,442,416 |
| | 3,777,530,743 | 3,406,944,284 |
| | 6,036,053,375 | 6,428,436,247 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 5 : Deferred Tax Liability (net)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Deferred tax asset | | |
| Provision for doubtful receivables | 12,596,396 | 8,270,396 |
| Provision for compensated absences | 22,825,343 | 17,814,649 |
| Others | 18,619,101 | 22,149,120 |
| | 54,040,840 | 48,234,165 |
| Deferred tax liability | | |
| Difference between book and tax depreciation | 717,368,623 | 652,639,574 |
| Deferred tax liability (net) | 663,327,783 | 604,405,409 |
| Reconciliation of Deferred Tax expenses for the year : | | |
| Increase in deferred tax liability (net) during the year | 58,922,374 | 14,574,143 |
| Less: Deferred tax liability (net) taken over on account of Amalgamation (Refer Note No. 43) | 9,869,866 | - |
| Add: Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus | - | 52,836,157 |
| Net deferred tax expense charged to statement of Profit and Loss | 49,052,508 | 67,410,300 |

Note 6 : Other Long Term Liabilities

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Retention monies payables on purchase of fixed assets, due after one year from the Balance Sheet date. | 871,797 | 50,444,931 |
| | 871,797 | 50,444,931 |

Note 7 : Long Term Provisions

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Compensated absences (Refer Note no. 36.2) | 68,242,450 | 49,763,667 |
| | 68,242,450 | 49,763,667 |

Note 8 : Short Term Borrowings

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------|-------------------------|-------------------------|
| Secured : | | |
| Loans repayable on demand | | |
| - Cash credit from banks | - | 64,121,146 |
| | - | 64,121,146 |

Loans from banks are secured by an exclusive charge on inventories, receivables and other moveable assets, both present and future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 9 : Trade Payables

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Dues to micro enterprises and small enterprises | 1,760,722 | 2,699,881 |
| Dues to others | 1,262,928,419 | 1,134,408,936 |
| | 1,264,689,141 | 1,137,108,817 |

Trade payable are dues in respect of goods purchased and services rendered in the normal course of business.

There are no overdues outstanding to micro enterprises and small enterprises any time during the year. The identification of micro enterprises and small enterprises has been done on the basis of information available with the Company. This has been relied upon by the auditors.

Note 10 : Other Current Liabilities

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Capital creditors | 132,329,523 | 236,761,005 |
| Dues to Statutory Authorities (PF,ESI & other taxes) | 66,242,300 | 70,438,521 |
| Gratuity (Refer Note no. 36.1) | 430,007 | 8,203,783 |
| Unpaid dividend* | 340,688 | 249,008 |
| Other payables** | 546,254,169 | 423,963,970 |
| | 745,596,687 | 739,616,287 |

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31, 2016.

** Other payables mainly represent the Commission payable to non-whole time directors, amounts received from ESOP Trust on issue of shares, provision for estimated cost of offers made to members on acquisition, deferred rent on rent equalization, renovation and resort pre-opening expenses.

Note 11 : Short Term Provisions

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Provision for compensated absences (Refer Note no. 36.2) | 2,288,501 | 1,711,856 |
| Provision for Proposed Dividend | 443,904,280 | 355,123,424 |
| Provision for Tax on Proposed Dividend | 90,368,467 | 72,294,773 |
| | 536,561,248 | 429,130,053 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 12 : Fixed Assets

(in ₹)

| Description of Assets | Gross block (at cost) | | | | | Depreciation/Amortisation | | | | | Net block | | |
|------------------------------|-----------------------|---------------------------------------|-------------|--------------------|-----------------------|---------------------------|---------------------------------------|--------------|---------------------|--------------------|-------------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions on account of Amalgamation* | Adjustments | Deductions | As at March 31, 2016 | As at April 1, 2015 | Additions on account of Amalgamation* | Adjustments | Transfer to Reserve | For the year | Deductions/ Adjustments | As at March 31, 2016 | As at March 31, 2015 |
| A : Tangible Assets | | | | | | | | | | | | | |
| Land | 1,071,281,822 | 84,492,919 | - | - | 1,568,167,407 | - | - | - | - | - | - | 1,568,167,407 | 1,071,281,822 |
| Land - Leasehold | 1,021,491,999 | 8,275,505 | - | - | 1,071,281,822 | - | - | - | - | - | - | 1,071,281,822 | 1,021,491,999 |
| | 864,000 | - | - | - | 864,000 | 130,809 | - | (1,287) | - | 8,641 | - | 725,837 | 735,191 |
| | 864,000 | - | - | - | 864,000 | 122,169 | - | - | - | 8,641 | - | 130,809 | 741,832 |
| Buildings | 5,391,394,321 | 473,279,345 | - | 4,172,863 | 6,378,926,859 | 495,357,459 | 34,268,358 | (11,725) | - | 121,227,148 | 807,756 | 6,62,574,476 | 4,896,037,062 |
| Buildings - Leasehold | 4,269,301,390 | 323,704,073 | - | 798,389,058 | 5,391,394,821 | 372,912,429 | - | - | 7,774,998 | 80,401,674 | - | 4,995,357,459 | 3,896,388,961 |
| | 15,608,588 | - | - | - | 15,608,588 | 11,094,612 | - | - | - | 234,703 | - | 4,279,273 | 4,513,976 |
| | 15,608,588 | - | - | - | 15,608,588 | 10,859,909 | - | - | - | 234,703 | - | 4,513,976 | 4,748,679 |
| Plant and Equipments | 1,843,456,434 | 110,515,867 | (715,881) | 37,276,771 | 2,078,080,211 | 790,065,905 | 47,892,613 | 2,560,692 | - | 231,693,985 | 34,553,822 | 1,040,420,838 | 1,053,390,529 |
| | 1,435,357,259 | 179,541,359 | - | 33,430,517 | 1,643,456,434 | 425,117,632 | 61,917,167 | - | 93,637,815 | 241,390,806 | 32,197,515 | 790,065,905 | 1,010,239,627 |
| Furniture and Fixtures | 1,367,646,245 | 79,492,960 | 4,423,007 | 30,728,603 | 1,520,641,643 | 766,120,810 | 38,109,936 | 1,167,360 | - | 163,160,112 | 30,370,970 | 582,454,395 | 601,525,435 |
| | 1,145,479,627 | 75,830,432 | - | 3,207,040 | 1,367,646,245 | 547,655,421 | 48,104,212 | - | 22,066,911 | 151,501,306 | 3,207,040 | 601,525,435 | 597,924,206 |
| | 91,703,317 | 5,074,481 | - | 3,405,257 | 110,117,518 | 31,075,322 | 3,202,997 | (386) | - | 13,238,634 | 2,672,335 | 65,273,086 | 60,627,995 |
| | 76,224,963 | 757,766 | - | 8,207,451 | 91,703,317 | 20,026,826 | 388,019 | - | 353,660 | 11,741,465 | 1,434,648 | 60,627,995 | 56,198,139 |
| Office Equipment | 227,497,480 | 840,426 | (3,707,126) | 13,418,177 | 225,291,666 | 180,806,610 | 387,070 | (3,725,587) | - | 21,304,547 | 12,825,538 | 39,144,564 | 46,690,870 |
| | 209,546,478 | 1,248,857 | - | 2,696,996 | 227,497,480 | 127,743,883 | 153,360 | - | 31,184,419 | 24,289,753 | 2,544,505 | 46,690,870 | 81,822,895 |
| Sub Total A | 10,009,452,407 | 753,695,998 | - | 88,340,775 | 11,897,697,692 | 2,274,651,527 | 136,391,946 | (933) | - | 550,867,770 | 81,030,401 | 9,016,817,783 | 7,734,800,880 |
| <i>Previous Year</i> | <i>8,173,874,306</i> | <i>589,357,992</i> | <i>-</i> | <i>47,542,004</i> | <i>10,009,452,407</i> | <i>1,504,437,968</i> | <i>144,831,116</i> | <i>-</i> | <i>155,017,803</i> | <i>509,748,348</i> | <i>39,383,708</i> | <i>7,734,800,880</i> | <i>6,669,436,338</i> |
| B : Intangible Assets | | | | | | | | | | | | | |
| Software | 485,687,659 | - | - | 100,636,539 | 586,324,198 | 261,334,427 | - | 933 | - | 162,404,263 | - | 423,739,623 | 224,353,232 |
| | 401,707,072 | 8,027,202 | - | 66,435,769 | 485,687,659 | 175,433,078 | 7,598,822 | - | 428,379 | 144,309,917 | 66,435,769 | 224,353,232 | 226,273,994 |
| Development Expenditure | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-Compete Fees | 38,540,065 | - | - | 38,540,065 | - | 38,540,065 | - | - | - | 38,540,065 | - | - | - |
| Vacation ownership weeks | 20,000,000 | - | - | 20,000,000 | - | 20,000,000 | - | - | - | 20,000,000 | - | - | - |
| Sub Total B | 485,687,659 | - | - | 100,636,539 | 586,324,198 | 261,334,427 | - | 933 | - | 162,404,263 | - | 423,739,623 | 224,353,232 |
| <i>Previous Year</i> | <i>466,474,073</i> | <i>8,027,202</i> | <i>-</i> | <i>142,389,154</i> | <i>485,687,659</i> | <i>240,200,081</i> | <i>7,598,822</i> | <i>-</i> | <i>428,379</i> | <i>144,309,917</i> | <i>131,202,772</i> | <i>261,334,427</i> | <i>226,273,994</i> |
| TOTAL (A+B) | 10,495,140,066 | 753,695,998 | - | 88,340,775 | 12,484,021,890 | 2,535,985,954 | 136,391,946 | - | - | 713,272,033 | 81,030,401 | 9,179,402,358 | 7,959,154,112 |
| <i>TOTAL Previous Year</i> | <i>8,640,348,381</i> | <i>597,385,194</i> | <i>-</i> | <i>178,744,776</i> | <i>10,495,140,066</i> | <i>1,744,638,049</i> | <i>152,429,938</i> | <i>-</i> | <i>155,446,182</i> | <i>654,058,265</i> | <i>170,866,480</i> | <i>7,959,154,112</i> | <i>6,895,710,332</i> |

Notes:

Figures in italics are in respect of the previous year.

*Refer Note no. 43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 13 : Non current investments (At cost unless otherwise specified)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Long term Investments (Un-Quoted) : | | |
| Investment in Equity Shares (non trade, fully paid up) | | |
| Mahindra World City Developers Ltd. (1 equity share of ₹ 10 each) | 10 | 10 |
| Investment in Equity Shares (trade, fully paid up) | | |
| Subsidiaries : | | |
| Heritage Bird (M) Sdn. Bhd. (300,002 shares of one Ringgit each) | 4,026,772 | 4,026,772 |
| Mahindra Hotels and Residences India Ltd. (49,994 equity shares of ₹ 10 each) | 499,940 | 499,940 |
| Divine Heritage Hotels Private Limited - Amalgamated with the Company during the year (Refer Note no. 43) (700,000 Shares of ₹ 10/- each) | - | 92,497,545 |
| Gables Promoters Private Limited (49,678,600 (previous year 13,200,000) Shares of ₹ 10/- each) (Refer Note (b) below) | 501,164,037 | 136,378,036 |
| Holiday on Hills Resort Private Limited - Amalgamated with the Company during the year (Refer Note no. 43) (1,000,000 Shares of ₹ 10/- each) | - | 438,739,417 |
| MH Boutique Hospitality Limited (49,000 shares of THB 100 each) | 9,538,138 | 9,538,138 |
| Infinity Hospitality Group Company Limited (734,850 shares of THB 100 each) | 268,110,663 | 268,110,663 |
| Competent Hotels Private Limited - Amalgamated with the Company during the year (Refer Note no. 43) (308,300 shares of ₹ 100/- each) | - | 448,254,447 |
| MHR Holdings (Mauritius) Limited (145,000 shares of Eur 1/- each) | 11,510,550 | 11,510,550 |
| Joint venture : | | |
| Arabian Dreams Hotel Aparments LLC (147 shares of AED 1,000/- each) | 5,211,172 | 5,211,172 |
| Others : | | |
| Mahindra Hotels and Resorts Limited (20,011 shares of ₹ 10/- each) | 1 | 1 |
| Investment in Preference Shares (non trade fully paid up) | | |
| Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each) (Refer Note (a) below) | 250,000 | 250,000 |
| | 800,311,283 | 1,415,016,691 |

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

at the option of the holder be convertible into fully paid equity shares of the face value of ₹ 10 each anytime after thirty six months from the date of allotment.

- b) During the year 36,478,600 equity shares of ₹ 10 each were allotted at par by Gables Promoters Private Limited in lieu of outstanding ICD of ₹ 364,786,000 by conversion as on March 21, 2016.

Note 14 : Long Term Loans & Advances (Unsecured, considered good)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Payments towards income tax (net of provisions) | 1,148,560,262 | 1,133,564,680 |
| Security deposits | 421,051,037 | 499,548,861 |
| Capital advances | 83,102,146 | 242,336,294 |
| Loans and advances to related parties (Refer Note no. 44) | 77,443,679 | 80,831,855 |
| | 1,730,157,124 | 1,956,281,690 |

Note 15 : Other Non-Current Assets (Unsecured, considered good)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Long term trade receivables - due for payment after one year from the date of Balance Sheet | 5,146,277,406 | 4,370,238,603 |
| | 5,146,277,406 | 4,370,238,603 |

Note 16 : Current investments (At lower of cost and fair value)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2015 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Units | Value | Units | Value |
| Investment in Mutual Funds (unquoted) | | | | |
| Units : | | | | |
| Birla Sun Life Floating Rate Fund - STP - Reg - Dly Dividend | 602,246 | 60,259,181 | - | - |
| Birla Sun Life Savings Fund | - | - | 200,463 | 20,105,882 |
| DWS Ultra Short Term Fund - DDRE | - | - | 2,095,991 | 20,997,428 |
| ICICI Prudential Liquid - Reg - Dly Dividend | 769,568 | 77,032,923 | - | - |
| ICICI Prudential Liquid Reg DDRE | - | - | 125,488 | 12,556,820 |
| Kotak Floater - ST - Reg - Dly Dividend | 145,618 | 147,310,148 | - | - |
| HDFC Liquid Fund - Dly Dividend | 144,418 | 147,280,658 | - | - |
| Tata Liquid Fund - Reg - Dly Dividend | 68,762 | 76,637,142 | - | - |
| Franklin India Ultra Short Bond Fund - SIP-DDRE | - | - | 2,109,683 | 21,264,132 |
| Reliance Medium Term Fund - DDRE | - | - | 1,222,641 | 20,902,140 |
| Tata Money Market Fund - Reg - Dly Dividend | 70,157 | 70,263,526 | - | - |
| ICICI Liquid Plan Retail Growth | 268 | 93,581 | - | - |
| | | 578,877,159 | | 95,826,402 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 17 : Inventories (At lower of cost & net realisable value)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------|-------------------------|-------------------------|
| Stores: | | |
| Food, beverages and smokes | 10,465,524 | 10,342,893 |
| Operating supplies | 48,431,752 | 43,020,236 |
| | 58,897,276 | 53,363,129 |

Note 18 : Trade Receivables (Unsecured)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Trade receivables outstanding for more than six months from the date they are due for payment | | |
| Considered good | 3,610,935,291 | 3,655,908,491 |
| Considered doubtful | 11,397,352 | 11,397,352 |
| Less: Allowance for trade receivables | 11,397,352 | 11,397,352 |
| | 3,610,935,291 | 3,655,908,491 |
| Others considered good (Refer note below) | 6,308,393,662 | 5,048,558,010 |
| | 9,919,328,953 | 8,704,466,501 |

Note:

Others include outstanding for less than six months from the date they are due for payment and amounts due within one year from the date of Balance Sheet

Note 19 : Cash & Cash equivalents

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Cash on hand | 7,851,667 | 6,463,927 |
| | 7,851,667 | 6,463,927 |
| Balances with Banks | | |
| Current accounts | 240,082,679 | 123,382,119 |
| Deposit account - with original maturity of less than 3 months | 7,897,108 | - |
| Deposit account - others | 21,730,583 | 2,503,902 |
| Earmarked accounts | | |
| Margin money deposits (towards guarantees) | 21,846 | 33,469,453 |
| Unpaid dividend accounts | 340,688 | 325,584 |
| | 270,072,904 | 159,681,058 |
| | 277,924,571 | 166,144,985 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 20 : Short Term Loans & Advances (Unsecured, Considered good - unless otherwise stated)

(in ₹)

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|--------------------|----------------------|---------------|
| | | | | |
| Inter corporate deposits, loan & advances to subsidiaries (Refer Note no. 44) | | 438,396,707 | | 1,177,389,757 |
| Loan to ESOP Trust | | 109,000,000 | | 125,000,000 |
| Balances with Statutory Authorities | | 47,857,628 | | 372,516 |
| Others (Prepaid expenses, claims receivable) | | 120,191,997 | | 127,950,963 |
| Advances to suppliers /employees : | | | | |
| Considered good | 119,648,948 | | 108,773,568 | |
| Considered doubtful | 25,000,000 | | 12,500,000 | |
| Less: Provision for doubtful advances | 25,000,000 | | 12,500,000 | |
| | | 119,648,948 | | 108,773,568 |
| | | 835,095,280 | | 1,539,486,804 |

Note 21 : Other Current Assets (Unsecured, Considered good)

(in ₹)

| Particulars | As at | As at |
|---|--------------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Interest accrued on Inter corporate deposits, loans and advances : | | |
| Subsidiaries | 117,890,570 | 161,356,232 |
| Others | 806,042 | 972,548 |
| | 118,696,612 | 162,328,780 |

Note 22 : Revenue from operations

(in ₹)

| Particulars | Year ended | Year ended |
|--|----------------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Income from operations : | | |
| Income from sale of vacation ownership | 5,391,124,369 | 4,439,384,806 |
| Income from resorts : | | |
| - Room rentals | 303,226,968 | 163,195,382 |
| - Food and beverages | 1,054,517,118 | 855,594,421 |
| - Wine and liquor | 34,674,570 | 28,345,093 |
| - Others | 334,922,450 | 270,965,571 |
| Annual subscription fee | 1,729,675,217 | 1,556,098,019 |
| Income from travel services | - | 22,795,344 |
| | 8,848,140,692 | 7,336,378,636 |
| Other operating income : | | |
| Interest income on instalment sales | 659,005,996 | 597,985,963 |
| Income from securitization (Refer Note no. 27) | (2,439,518) | 6,575,718 |
| Miscellaneous income | 10,632,816 | 7,567,901 |
| | 667,199,294 | 612,129,582 |
| | 9,515,339,986 | 7,948,508,218 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 23 : Other income

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| Dividend income : | | |
| Dividend income from current investments | 17,602,303 | 16,477,181 |
| Interest income : | | |
| On deposits with bank | 5,478,088 | 3,607,746 |
| On others - related parties | 71,491,042 | 100,963,304 |
| Others | 16,195,739 | 6,020,863 |
| | 110,767,172 | 127,069,094 |

Note 24 : Employee benefits expense

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 1,687,370,632 | 1,436,175,956 |
| Contribution to Provident & other funds | 80,979,332 | 60,774,348 |
| Staff welfare | 147,056,754 | 122,816,280 |
| | 1,915,406,718 | 1,619,766,584 |

Note 25 : Finance costs

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|-----------------------------------|------------------------------|------------------------------|
| Interest on short term borrowings | 805,228 | 2,500,122 |
| | 805,228 | 2,500,122 |

Note 26 : Other expenses

(in ₹)

| Particulars | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|---|---------------------------|--|---------------------------|-------------|
| Food Beverages and smokes consumed | | | | |
| Opening stock | 10,342,893 | | 10,860,164 | |
| Add: Purchases | 327,771,895 | | 262,379,099 | |
| Add: On account of Amalgamation (Refer Note no. 43) | 961,649 | | 639,513 | |
| | 339,076,437 | | 273,878,776 | |
| Less: Closing stock | 10,465,524 | | 10,342,893 | |
| | 328,610,913 | | | 263,535,883 |
| Operating supplies | 343,809,111 | | | 313,781,866 |
| Power and fuel | 326,525,064 | | | 284,376,535 |
| Rent (including lease rentals) | 727,189,811 | | | 597,343,272 |
| Rates and taxes | 39,615,265 | | | 35,447,992 |
| Insurance | 19,848,770 | | | 32,420,558 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 26 : Other expenses (Contd.)

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|---------------------------|---------------------------|
| Repairs and maintenance : | | |
| - Buildings and Resorts | 93,968,802 | 116,362,315 |
| - Office equipment | 28,599,684 | 32,775,233 |
| - Others | 264,050,714 | 223,986,901 |
| Communication | 101,497,890 | 88,511,094 |
| Software charges | 25,402,054 | 20,290,626 |
| Consultancy charges | 197,710,146 | 120,010,268 |
| Sales commission | 278,433,728 | 252,450,793 |
| Sales promotion expenses | 1,678,217,315 | 1,337,291,873 |
| Discounts | 117,359,874 | 156,588,073 |
| Travelling | 187,382,644 | 184,764,226 |
| Service charges | 199,190,480 | 209,042,072 |
| Provision for doubtful receivables and advances | 12,500,000 | 14,056,243 |
| Auditors' remuneration : | | |
| Audit fees | 5,300,000 | 5,300,000 |
| Other services | 3,836,425 | 2,100,000 |
| Reimbursement of expenses/levies | 71,665 | 35,501 |
| Director's fees | 4,230,000 | 3,230,000 |
| Commission to non whole time directors | 17,500,000 | 10,000,000 |
| Loss on exchange fluctuation (net) | - | 5,904,388 |
| Loss on fixed assets sold/Write-off (net) | 1,211,702 | 1,327,859 |
| Bank charges | 95,762,756 | 82,957,289 |
| Expenditure on corporate social responsibility (Refer Note no. 40) | 28,014,710 | 30,397,176 |
| Miscellaneous | 149,855,461 | 106,514,626 |
| | 5,275,694,984 | 4,530,802,662 |

27 Securitisation:

The Company has been securitising amounts receivable including future interest receivable thereon. 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.

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---------------------------|---------------------------|
| Value of Accounts receivable | - | 586,013,212 |
| Less: Future interest receivable | - | 123,953,981 |
| Principal amount of receivables | - | 462,059,231 |
| Consideration received | - | 500,000,000 |
| Profit on securitisation | - | 37,940,769 |
| Less: Reversals in respect of cancelled members | 2,439,518 | 31,365,051 |
| Income/(Loss) from securitisation | (2,439,518) | 6,575,718 |

28 The Company did not enter into any derivative contracts during the year. There are no losses on long term contracts entered into by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

29 Lease commitments:

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:

(in ₹)

| Particulars | Year ended March 31, | |
|-------------------------------|----------------------|---------------|
| | 2016 | 2015 |
| Future minimum lease payments | | |
| - Not later than one year | 345,609,923 | 385,764,907 |
| - Later than one year | 1,163,033,289 | 1,508,643,212 |

30 Capital commitments:

(in ₹)

| Particulars | As at March 31, | |
|--|--------------------|-------------|
| | 2016 | 2015 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 450,234,795 | 241,222,451 |

31 CIF Value of Imports:

(in ₹)

| Particulars | Year ended March 31, | |
|---------------|----------------------|------------|
| | 2016 | 2015 |
| Capital goods | 10,608,979 | 48,834,258 |

32 Expenditure in foreign currency:

(in ₹)

| Particulars | Year ended March 31, | |
|--------------------|----------------------|------------|
| | 2016 | 2015 |
| Salaries | 54,679,361 | 43,245,765 |
| Travel | 8,507,050 | 7,432,834 |
| Consultancy | 9,111,870 | 15,867,297 |
| Marketing expenses | 85,681,123 | 54,255,064 |
| Lease rent | 139,255,466 | 91,959,105 |
| Others | 33,284,311 | 30,635,864 |

33 Earnings in foreign currency:

(in ₹)

| Particulars | Year ended March 31, | |
|--|----------------------|------------|
| | 2016 | 2015 |
| Room rentals and restaurant sales | 4,299,157 | 5,601,985 |
| Interest (including Inter corporate deposits, loan & advances to subsidiaries and joint venture) | 44,536,498 | 43,277,579 |
| Other receipts in foreign currency | 13,997,640 | 39,010,059 |

34 Particulars of consumption:

(in ₹)

| Particulars | 2015-16 | | 2014-15 | |
|---|------------------|--------------------|------------------|---------------|
| | % of total value | Consumption ₹ | % of total value | Consumption ₹ |
| Provisions, beverages (excluding wine, liquor and smokes) | 96 | 314,880,339 | 97 | 255,532,928 |
| Wine, Liquor and Smokes | 4 | 13,730,574 | 3 | 8,002,955 |
| Indigenous | 100 | 328,610,913 | 100 | 263,535,883 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

35 Contingent Liabilities:

| Particulars | As at March 31, | |
|--|----------------------|---------------|
| | 2016 | 2015 |
| (A) Receivables securitised, with recourse: Certain specified Receivables have been securitised with a bank for availing finance. In case a member defaults in payment to the bank, the bank would have recourse to the Company. In such cases, the Company has recourse to the customer. | 683,531,332 | 1,867,971,631 |
| (B) Claims against the Company not acknowledged as debts: | | |
| (i) Luxury tax claimed on members' stay at resorts (inclusive of penalty) | 308,190,414 | 251,052,544 |
| (ii) Service tax claimed on interest on installments and other items (inclusive of penalty where quantified in demand) Interest (estimated) [₹ 156,594,381 (2015: ₹ 120,780,224)] | 714,839,337 | 638,770,100 |
| (iii) Income tax matters in dispute | | |
| (a) Pertaining to Revenue Recognition (timing differences)* <u>Assessment Years 1998-99 to Assessment Year 2010-11</u> The matter has been decided in favour of the Company by the appellate authorities, the Department has filed an appeal before the Madras High Court; Tax (excluding interest) | 2,714,060,681 | 1,978,570,362 |
| <u>Assessment Years 2011-12 to Assessment Year 2012-13</u> Company's appeal before the CIT(A) is pending; Tax (including interest of ₹ 483,585,612) | 1,789,436,843 | 2,753,180,338 |
| b) Pertaining to other matters (mainly timing differences)* <u>From Assessment Year 2005-06 onwards</u> Company's appeal before Appellate authorities is pending; Tax (including interest of ₹ 76,297,746) * 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. | 326,917,723 | 324,338,723 |
| 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) Guarantees given by the Company for subsidiaries: | | |
| Value in EURO | | |
| Amount of guarantees given | 68,100,000 | 11,200,000 |
| Outstanding amount against guarantees | 54,550,000 | 10,924,562 |
| Value in INR | | |
| Amount of guarantees given | 5,105,457,000 | 757,736,000 |
| Outstanding amount against guarantees | 4,089,613,500 | 739,101,242 |
| (D) Other matters under appeal: | | |
| i) Property Related: | | |
| (a) 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 has 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 | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

that it is agricultural land and cannot be used for commercial purposes. The Company has 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.

- (b) With respect to the land underlying the resort at Tungi:

The Collector Pune, vide his order, has cancelled the Non-Agricultural ("NA") status of the land. Against this order, the Company has filed an appeal before the Additional Divisional Commissioner (ADC), Pune challenging the cancellation of the NA status of the land. The matter is pending for orders. The Company has also filed a Civil Suit at Civil Court, Pune against the State of Maharashtra and others, inter alia, seeking declaration that the proceedings and orders in respect of the cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and sought other reliefs. An ad-interim stay has been granted against the 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;

In respect of certain claims of a neighboring property owner, the Company has filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against him 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 neighboring 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 neighboring property owner are currently pending before the Civil Court, Pune.

- (c) Pursuant to a "public interest litigation" filed before the Gujarat High Court, the officials of the Forest and Revenue departments undertook an inspection of all resorts (including the Company's resort) at Gir in March 2015. Consequently, the Forest Department has alleged certain irregularities and sealed some structures / rooms in April 2015. The Company has denied the alleged violations and made its representations before a Committee constituted by the Gujarat High Court and the matter is pending hearing.

None of the matters contained in (a) to (c) above affect the routine operations of the resorts.

ii) Others:

- (a) The Company had 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 ₹ 125,614,668 as damages for termination of the Contract. The Company has made a counter claim of ₹ 200,356,002 towards liquidated damages and other losses. The matter is pending before the Arbitrator.
- (b) 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 ₹ 18,993,169. 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.
- (c) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims ₹ 94,901,717/- (previous year: ₹ 82,650,033/-).

36 Employee Benefits:

36.1 Defined benefit plans

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The following table sets out the funded status of the defined benefit scheme and amount recognised in the financial statements.

(in ₹)

| Particulars | | 2015-16 | 2014-15 |
|-------------|---|-------------------------|-------------------------|
| a. | Net Asset/ (Liability) recognized in the balance sheet | | |
| | Present value of funded obligation | 40,209,111 | 31,772,222 |
| | Fair value of plan assets | 39,779,104 | 23,568,439 |
| | Net asset/ (Liability) | (430,007) | (8,203,783) |
| b. | Expense recognized in the Statement of profit and loss | | |
| | Current service cost | 9,710,524 | 7,732,041 |
| | Interest cost | 2,490,785 | 2,333,285 |
| | Expected return on plan assets | (2,967,918) | (1,983,342) |
| | Actuarial (gains) / losses | 1,545,245 | (1,309,717) |
| | Total expense | 10,778,636 | 6,772,267 |
| c. | Change in present value of obligation | | |
| | Present value of defined benefit obligation as at the beginning of the year | 31,772,222 | 27,951,110 |
| | Add: On account of Amalgamation (Refer Note no. 44) | 1,607,123 | - |
| | Current service cost | 9,710,524 | 7,732,041 |
| | Interest cost | 2,490,785 | 2,333,285 |
| | Actuarial (gains) /losses | (840,723) | (1,342,752) |
| | Benefits paid | (4,530,820) | (4,901,462) |
| | Present value of defined benefit obligation as at the end of the year | 40,209,111 | 31,772,222 |
| d. | Change in fair value of plan assets | | |
| | Plan assets at the beginning of the year | 23,568,439 | 21,034,394 |
| | Add: On account of Amalgamation (Refer Note no.44) | 1,138,483 | - |
| | Expected return on plan assets | 2,967,918 | 1,983,342 |
| | Actuarial gains /(losses) | (2,385,967) | (33,035) |
| | Contributions by employer | 19,021,051 | 5,485,200 |
| | Benefits paid | (4,530,820) | (4,901,462) |
| | Plan assets at the end of the year | 39,779,104 | 23,568,439 |
| e. | Principal actuarial assumptions | | |
| | Discount rate | 7.75% | 8.00% |
| | Expected return on plan assets | 9.30% | 9.30% |
| | Salary Escalation | 5.00% | 5.00% |
| | Attrition | 1%-3% | 1%-3% |
| | Mortality table | IALM (2006-2008) ULT | IALM (2006-2008) ULT |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| | | | | | | |
|----|--|--------------------|-------------|--------------|--------------|-------------|
| | Discount rate is based on prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market. | | | | | |
| f. | Experience Adjustment to the extent provided by actuary: | 2016 | 2015 | 2014 | 2013 | 2012 |
| | Present value of commitments | 40,209,111 | 31,772,222 | 27,951,110 | 27,354,662 | 19,152,550 |
| | Fair value of the Plans | 39,779,104 | 23,568,439 | 21,034,394 | 17,104,972 | 12,655,898 |
| | Surplus / (Deficit) | (430,009) | (8,203,783) | (6,916,716) | (10,249,690) | (6,496,652) |
| | Experience adjustment on plan liabilities | (2,066,855) | (5,465,888) | (15,152,629) | 56,790 | 56,790 |
| | Experience adjustment on plan assets | (2,385,967) | (33,035) | 5,522 | 1,923,330 | 1,923,330 |
| g. | In the absence of the relevant information from the actuary/insurer, the above details do not include the composition of plan assets. The estimated amount of contribution in the immediate next year is ₹ 95 lacs. | | | | | |

36.2 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences are given below.

| Particulars | | 2015-16 | 2014-15 |
|-------------|--|-------------------------------------|----------------------------|
| | Principal actuarial assumptions | | |
| a. | Discount rate | 7.75% | 8.00% |
| b. | Salary Escalation | 5.00% | 5.00% |
| c. | Attrition | 1%-3% | 1%-3% |
| d. | Mortality table | IALM (2006-2008) ULT | IALM (2006-2008) ULT |

37 Segment Reporting:

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 business and geographic reportable segments for the purpose of Accounting Standard 17 on Segment Reporting.

38 Earnings per share:

| Particulars | 2015-16 | 2014-15 |
|---|----------------------|-------------|
| Net profit after tax (in ₹) | 1,173,455,687 | 790,242,186 |
| Weighted average number of Equity Shares used in computing basic earnings per share (Nos.) | 88,035,064 | 88,025,625 |
| Weighted average number of Equity Shares used in computing diluted earnings per share (Nos.) on account of ESOP | 88,293,782 | 88,045,717 |
| Earnings Per Share – Basic (in ₹) | 13.33 | 8.98 |
| Earnings per share – Diluted (in ₹) | 13.29 | 8.98 |
| Par value of shares (in ₹) | 10.00 | 10.00 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

39 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------|----------------------|---------------|----------------------|---------------|
| | Amount in FCY | Amount In INR | Amount in FCY | Amount In INR |
| Payables: | | | | |
| MYR | - | - | 198,309 | 3,334,044 |
| EURO | 7,719 | 580,968 | 1,394 | 91,630 |
| THB | 22,140,459 | 41,454,186 | 15,222,588 | 29,186,121 |
| AED | 63,987 | 1,066,647 | 332,415 | 5,586,152 |
| Receivables: | | | | |
| USD | 17,810 | 1,173,104 | - | - |
| MYR | 4,488,201 | 76,703,351 | 4,763,836 | 80,091,522 |
| THB | 197,522,444 | 373,317,419 | 192,533,643 | 368,441,686 |
| AED | 5,863,110 | 105,812,173 | 6,010,714 | 102,338,746 |

40 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 ₹ 27,189,781/-
- Amount spent during the year on:

(in ₹)

| Particulars | In Cash | Yet to be paid in cash | Total |
|---|------------|------------------------|------------|
| (i) Construction/Acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 28,014,710 | - | 28,014,710 |

41 Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

(in ₹)

| Particulars | As at March 31, | |
|--|--------------------|-------------|
| | 2016 | 2015 |
| Capital Work-in-progress (including on account of amalgamation ₹ 4,705,036 - Refer Note no. 43) | 325,354,449 | 643,833,393 |
| Expenditure during construction pending allocation included in (CWIP) above: | | |
| Salaries, Wages & Bonus | 70,050,084 | 103,049,793 |
| Staff welfare Expenses | 922,595 | 1,347,999 |
| Power & Fuel | 81,340 | 209,957 |
| Rent | 561,763 | 826,294 |
| Rates & Taxes | 834,451 | 1,599,922 |
| Repairs-Others | 1,527,137 | 2,062,029 |
| Travelling | 7,286,378 | 14,589,371 |
| Communication | 825,154 | 1,683,121 |
| Printing & Stationery | 366,834 | 677,558 |
| Insurance | - | 27,162 |
| Consultancy Charges | 13,643,202 | 22,639,925 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | As at March 31, | |
|-------------------|--------------------|--------------------|
| | 2016 | 2015 |
| Freight | 1,056,505 | 1,549,319 |
| Interest - Others | 30,102 | 77,702 |
| Bank Charges | 77,760 | 181,780 |
| Miscellaneous | 3,495,302 | 6,172,926 |
| Total | 100,758,607 | 156,694,858 |

42 Joint Venture Disclosures:

i. Interest in Joint Ventures:

| Name of the Jointly Controlled Entity | Country of Incorporation | Proportion of ownership interest | |
|---|--------------------------|----------------------------------|-----------|
| | | 2015-2016 | 2014-2015 |
| Arabian Dreams Hotel Apartments LLC, Dubai (since March 26, 2013) | United Arab Emirates | 49% | 49% |

ii. Interest in assets, liabilities, income, expenses and capital commitment with respect to the Jointly controlled entity:

(in ₹)

| Particulars | 2015-2016 | 2014-2015 |
|--|------------|------------|
| Liabilities : | | |
| Short term borrowings | 51,847,965 | 50,145,986 |
| Other liabilities | 4,471,404 | 2,815,313 |
| Assets : | | |
| Fixed Assets | 1,093,916 | 925,998 |
| Short term loans and advances | 11,022,801 | 9,625,810 |
| Trade receivables | 2,435,559 | 3,307,550 |
| Cash and cash equivalents | 4,522,885 | 4,640,149 |
| Income | 81,286,349 | 59,335,221 |
| Expenses | 81,991,650 | 77,436,897 |
| Contingent liabilities / Capital commitments | NIL | NIL |

43 Details of Amalgamations and Arrangements:

In terms of the Scheme of Amalgamation and Arrangement, ('the Scheme'), erstwhile Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited, wholly owned subsidiaries of the Company (referred to as 'transferor companies'), engaged in the business of rendering resort facilities) have been merged with the Company ('Transferee Company'), upon which the entire business, including all assets, liabilities and reserves of the Transferor Companies stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under the 'pooling of interest method' and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date.

The Scheme filed by the Company has been approved by the Hon'ble High Courts of judicature at New Delhi, Rajasthan (Jaipur Bench), Himachal Pradesh (Shimla) and Chennai with an Appointed Date of April 1, 2015 and effective date of March 31, 2016 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 2013 have been completed.

There was no allotment of shares to the Transferor Companies' equity shareholders since the Transferor Companies were wholly owned subsidiaries of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Details of assets, liabilities and reserves acquired on amalgamation and treatment of the difference between the Share capital of the Transferor Company and cost of investment in the books of the Transferee Company are summarized below: (in ₹)

| Particulars | On the appointed date as at April 1, 2015 | | | |
|---|---|--|--|---------------------|
| | Competent Hotels Private Limited | Divine Heritage Hotels Private Limited | Holiday on Hills Resorts Private Limited | Total |
| Value of assets, liabilities and reserves acquired at their book values as at the Appointed Date: | | | | |
| Fixed assets | 58,941,763 | 263,374,631 | 312,867,367 | 635,183,761 |
| Other assets | 31,175,212 | 6,803,170 | 28,314,791 | 66,293,173 |
| Inter-Company assets (Cancelled upon merger) | 2,363,655 | - | - | 2,363,655 |
| Liabilities | (17,840,552) | (8,198,360) | (4,733,567) | (30,772,479) |
| Inter-Company liabilities (Cancelled upon merger) | - | (340,234,197) | (393,908,138) | (734,142,335) |
| Net Assets taken over | 74,640,078 | (78,254,756) | (57,459,547) | (61,074,225) |
| General Reserve | (4,747,756) | - | - | (4,747,756) |
| Capital Reserve | - | - | (3,000,000) | (3,000,000) |
| Capital Redemption Reserve | (14,580,000) | - | - | (14,580,000) |
| Securities Premium Account | - | (20,364,500) | - | (20,364,500) |
| (Surplus)/Deficit in Statement of profit & loss | (24,482,322) | 105,619,256 | 70,459,547 | 151,596,481 |
| Reserves taken over | (43,810,078) | 85,254,756 | 67,459,547 | 108,904,225 |
| Carrying value of investments in the books of the Transferee Company | 448,254,447 | 92,497,545 | 438,739,417 | 979,491,409 |
| Less: Share capital of the transferor Company | 30,830,000 | 7,000,000 | 10,000,000 | 47,830,000 |
| Difference adjusted in the 'Amalgamation Reserve Account' and the same transferred to 'Securities Premium Account' on the Appointed Date as per the approved scheme. | 417,424,447 | 85,497,545 | 428,739,417 | 931,661,409 |

Details of Amalgamations and Arrangements during the previous year:

In terms of the Scheme of Amalgamation and Arrangement, ('the Scheme'), the erstwhile Bell Tower Resorts Private Limited (a wholly owned subsidiary of the Company)(referred to as 'Transferor Company'), had been merged with the Company ('Transferee Company'), upon which the entire business, including all assets and liabilities of the Transferor Company stood transferred to and vested in the Transferee Company. The amalgamation had been accounted under the 'pooling of interest method' and the assets and liabilities transferred were recorded at their book values as on the Appointed Date.

The Scheme filed by the Company had been approved by the Hon'ble High Court of Bombay at Goa on May 2,2014 and by the Hon'ble High Court of Madras on June 23, 2014 with the Appointed Date of April 1, 2013 and an effective date of July 31, 2014 ('the Effective Date'), being the date on which the copies of the orders of the Hon'ble High Court has been filed with the Registrar of Companies.

There was no allotment of shares to the Transferor Company's equity shareholders since the Transferor Company was a wholly owned subsidiary of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and cost of investment by the Transferee Company in the Transferor Companies are summarized below :

(in ₹)

| Particulars | | On the appointed date - As at April 1, 2013 | |
|--|------------|--|--------------------|
| Value of assets and liabilities acquired at their book values as at the Appointed Date.: | | | |
| Fixed assets | | 464,113,654 | |
| Add : Other assets taken over | | 47,867,344 | |
| Less : Other liabilities taken over | | (768,670,917) | |
| Net Assets | | | (256,689,919) |
| Add: Deficit in statement of Profit & Loss adjusted in the Surplus in statement of Profit & Loss | | | 456,076,659 |
| Share Capital of the transferor company | A | | 199,386,740 |
| Less :Carrying value of investments in the books of the Transferee Company | B | | 505,452,424 |
| Difference between A and B above adjusted in the 'Amalgamation Reserve Account' and the same transferred to 'Securities Premium Account' on the Appointed Date as per the Scheme. | A-B | | 306,065,684 |

Further, the loss of the transferor Company for the year ended March 31, 2014 had been adjusted against the Surplus in Statement of Profit and Loss at the beginning of the year.

44 Related Party Transactions:

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

| | | |
|----|--|---|
| A. | Holding Company | Mahindra & Mahindra Limited |
| B. | Subsidiary Companies | Mahindra Hotels & Residences India Limited Gables Promoters Private Limited Divine Heritage Hotels Private Limited (till March 31, 2015)* Holiday on Hills Resorts Private Limited (till March 31, 2015)* Competent Hotels Private Limited (till March 31, 2015)* Mahindra Holidays and Resorts USA Inc. (till May 19, 2014) Heritage Bird (M) Sdn Bhd. Infinity Hospitality Group Company Limited ** MH Boutique Hospitality Limited *** MHR Holdings (Mauritius) Limited Covington S.a.r.l (Step down subsidiary) |
| C. | Fellow Subsidiaries with whom the company has transactions during the year | Bristlecone India Limited Defence Land Systems India Limited Mahindra Automobile Distributor Private Limited Mahindra Consulting Engineers Limited Mahindra EPC Services Private Limited Mahindra First Choice Services Limited Mahindra First Choice Wheels Limited Mahindra Integrated Township Limited Mahindra Intergrated Business Solutions Private Limited Mahindra Intertrade Limited |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| | | |
|----|---|--|
| | | Mahindra Life Space Developers Limited Mahindra Logistics Limited Mahindra Residential Developers Limited Mahindra Retail Private Limited Mahindra Shubhlabh Services Limited Mahindra Two Wheelers Limited Mahindra World City (Jaipur) Limited Mahindra World City Developers Limited Tech Mahindra Limited Mahindra Defence Systems Limited Mahindra Rural Housing Finance Limited Mahindra Bebanco Developers Limited |
| D. | Other entities under the control of the company | Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust |
| E. | Entity in which the company has joint control | Arabian Dreams Hotels Apartments LLC |
| F. | Key Management Personnel | Mr. Kavinder Singh (Managing Director & CEO) Mr. Dinesh Shetty (Company Secretary) Mr. S Krishnan (Chief Financial Officer & Executive Director) |

* Merged with the company with appointed date from April 1, 2015.

** By virtue of management control. Further MH Boutique Hospitality Limited holds balance 51% equity.

*** By virtue of management control.

(ii) Related Party Transactions and balances:

(in ₹)

| Particulars | March 31, 2016 | March 31, 2015 |
|---------------------------------------|----------------|----------------|
| <u>Holding company</u> | | |
| Transactions during the year : | | |
| Sale of services | 2,567,030 | 379,867,057 |
| Purchases of fixed assets | 6,919,525 | 1,277,046 |
| Purchase of services | 65,530,598 | 9,759,648 |
| Dividend paid/Proposed | - | 266,342,568 |
| Balances as at : | | |
| Outstanding: Payable | 135,596,191 | 82,955,486 |
| Outstanding: Receivable | 10,483,122 | 16,918,336 |
| <u>Subsidiary companies</u> | | |
| Transactions during the year : | | |
| Investments made: | | |
| Gables Promoters Private Limited | 364,786,000 | - |
| Competent Hotels Pvt Ltd | - | 448,254,447 |
| MHR Holdings (Mauritius) Limited | - | 11,510,550 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | March 31, 2016 | March 31, 2015 |
|---|----------------------|-------------------|
| (in ₹) | | |
| ICD, loans and advances given: | | |
| Divine Heritage Hotels Private Limited | - | 107,733,000 |
| Holiday on Hills Resorts Private Limited | - | 3,280,000 |
| Gables Promoters Private Limited | 178,000,000 | 104,180,000 |
| Mahindra Hotels & Residences India Ltd | 50,000 | - |
| MHR Holdings (Mauritius) Limited | 18,742,500 | - |
| Gables Promoters Private Limited (Conversion of ICD to Investment) | (364,786,000) | - |
| Purchase of services: | | |
| Divine Heritage Hotels Private Limited | - | 13,179,568 |
| Holiday on Hills Resorts Private Limited | - | 25,255,000 |
| Heritage Bird (M) Sdn Bhd. | 14,092,062 | 15,886,536 |
| Infinity Hospitality Group Company Limited | 41,433,233 | 15,131,532 |
| Competent Hotels Private Limited | - | 4,346,250 |
| Interest Income: | | |
| Divine Heritage Hotels Private Limited | - | 16,464,888 |
| Heritage Bird (M) Sdn Bhd. | 6,568,598 | 7,407,485 |
| Gables Promoters Private Limited | 26,951,789 | 13,449,115 |
| Holiday on Hills Resorts Private Limited | - | 27,771,721 |
| Infinity Hospitality Group Company Limited | 24,116,001 | 24,708,810 |
| MH Boutique Hospitality Limited | 4,928,818 | 5,049,976 |
| Mahindra Hotels & Residences India Ltd | 2,764 | - |
| MHR Holdings (Mauritius) Limited | 1,159,555 | - |
| Commission on Corporate Guarantee: | | |
| MHR Holdings (Mauritius) Limited | 12,136,818 | 2,288,868 |
| Covington S.a.r.l | 3,368,702 | - |
| Dividend Income: | | |
| Mahindra Holidays and Resorts USA Inc. | - | 6,020,863 |
| Corporate guarantees given on behalf of: | | |
| MHR Holdings (Mauritius) Limited - Euro 50,000,000 (F2015: Euro 11,200,000) | 3,748,500,000 | 757,736,000 |
| Covington S.a.r.l - Euro 11,000,000 | 824,670,000 | - |
| Balances as at : | | |
| Investment : | | |
| Mahindra Hotels & Residences India Limited | 499,940 | 499,940 |
| Heritage Bird (M) Sdn Bhd. | 4,026,772 | 4,026,772 |
| Divine Heritage Hotels Private Limited | - | 92,497,545 |
| Gables Promoters Private Limited | 501,164,036 | 136,378,036 |
| Holiday on Hills Resorts Private Limited | - | 438,739,417 |
| Infinity Hospitality Group Company Limited | 268,110,663 | 268,110,663 |
| MH Boutique Hospitality Limited | 9,538,138 | 9,538,138 |
| Competent Hotels Private Limited | - | 448,254,447 |
| MHR Holdings (Mauritius) Limited | 11,510,550 | 11,510,550 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|-------------------|-------------------|
| Loans and Advances: | | |
| Mahindra Hotels & Residences India Limited | 740,333 | 740,333 |
| Heritage Bird (M) Sdn Bhd. | 73,572,450 | 72,377,382 |
| Heritage Bird (M) Sdn Bhd.(Interest accrued on above loan) | 3,130,896 | 7,714,140 |
| ICD Outstanding: | | |
| Divine Heritage Hotels Private Limited | - | 276,433,000 |
| Holiday on Hills Resorts Private Limited | - | 295,551,000 |
| Gables Promoters Private Limited | 25,000,000 | 211,786,000 |
| Infinity Hospitality Group Company Limited | 258,930,000 | 262,164,570 |
| MH Boutique Hospitality Limited | 52,919,357 | 53,587,142 |
| Mahindra Hotels & Residences India Ltd | 50,000 | - |
| MHR Holdings (Mauritius) Limited | 18,742,500 | - |
| Interest accrued but not due: | | |
| Divine Heritage Hotels Private Limited | - | 26,567,551 |
| Holiday on Hills Resorts Private Limited | - | 59,587,138 |
| Gables Promoters Private Limited | 37,016,300 | 12,759,691 |
| Infinity Hospitality Group Company Limited | 46,973,292 | 42,340,132 |
| MH Boutique Hospitality Limited | 14,495,322 | 10,349,842 |
| Mahindra Hotels & Residences India Ltd | 2,764 | - |
| MHR Holdings (Mauritius) Limited | 1,177,295 | - |
| Outstanding: Receivable | | |
| Divine Heritage Hotels Private Limited | - | 17,233,646 |
| MHR Holdings (Mauritius) Limited | 16,185,457 | 2,615,600 |
| Covington S.a.r.l | 3,857,207 | - |
| Deposits Given: | | |
| Divine Heritage Hotels Private Limited | - | 20,000,000 |
| Holiday on Hills Resorts Private Limited | - | 38,770,000 |
| Outstanding: Payable | | |
| Infinity Hospitality Group Company Limited | 41,454,186 | 29,186,121 |
| Heritage Bird (M) Sdn Bhd. | - | 3,334,044 |
| Competent Hotels Private Limited | - | 2,363,655 |
| Outstanding: Corporate guarantees on behalf of | | |
| MHR Holdings (Mauritius) Limited - Euro 57,100,000 (F2015: Euro 11,200,000) | 4,280,787,000 | 757,736,000 |
| Covington S.a.r.l - Euro 11,000,000 | 824,670,000 | - |
| <u>Loan outstanding against above guarantees:</u> | | |
| MHR Holdings (Mauritius) Limited (Euro 44,550,000) | 3,339,913,500 | 739,101,242 |
| Covington S.a.r.l (Euro 10,000,000) | 749,700,000 | - |
| Fellow Subsidiaries | | |
| Transactions during the year : | | |
| Sale of services: | | |
| Mahindra Intertrade Ltd | 92,874 | 1,524,399 |
| Mahindra First Choice Wheels Ltd | - | 1,048,192 |
| Mahindra Lifespace Developers Ltd | - | 4,314,190 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | March 31, 2016 | March 31, 2015 |
|--|-------------------|-------------------|
| Mahindra Two Wheelers Limited | 365,270 | 3,546,120 |
| Mahindra Shubhlabh Services Limited. | - | 452,907 |
| Mahindra Integrated Township Ltd | - | 103,163 |
| Mahindra World City Developers Ltd | - | 1,098,155 |
| Mahindra World City (Jaipur) Ltd | - | 1,277,067 |
| Mahindra Defence Systems Limited | - | 4,008,576 |
| Bristlecone India Limited. | 324,425 | 779,342 |
| Defence Land Systems India Private Limited | - | 1,628,657 |
| Mahindra Consulting Engineers Limited | - | 2,039,304 |
| Mahindra EPC Services Private Limited | - | 3,592,864 |
| Mahindra Logistics Limited | 271,098 | 5,079,542 |
| Mahindra First Choice Services Ltd | - | 1,951,282 |
| Mahindra Automobile Distributor Pvt Ltd | - | 27,553 |
| Tech Mahindra Limited | - | 72,399,623 |
| Mahindra Residential Developers Limited | - | 100,000 |
| Mahindra Rural Housing Finance Limited | 218,841 | - |
| Purchase of Fixed Assets: | | |
| Mahindra Two Wheelers Limited | - | 232,976 |
| Mahindra Retail Private Limited | 53,573 | - |
| Purchase of services: | | |
| Mahindra Integrated Business Solutions Private Limited | 418,552 | - |
| Mahindra Defence Systems | 245,000 | 599,077 |
| Mahindra Consulting Engineers Limited. | 720,000 | 375,000 |
| Bristlecone India Limited. | 17,189,593 | 2,594,974 |
| Tech Mahindra Ltd | 167,537,502 | 184,282,854 |
| Balances as at : | | |
| Outstanding: Payable | | |
| Mahindra Retail Pvt Ltd | - | 70,508 |
| Tech Mahindra Ltd | 14,070,765 | 19,804,676 |
| Bristlecone India Limited | - | 2,701,996 |
| Outstanding: Receivable | | |
| Mahindra Lifespace Developers Ltd | 2,281,933 | 2,401,145 |
| Mahindra Consulting Engineers Limited | - | 140,722 |
| Mahindra Intertrade Limited. | - | 194,076 |
| Mahindra Shubhlabh Services Limited. | - | 59,088 |
| Mahindra Two Wheelers Limited | 645,298 | 645,298 |
| Mahindra Defence Systems Limited | - | 84,270 |
| Mahindra Logistics Limited | 261,924 | 821,175 |
| Mahindra First Choice Services Ltd | 39,713 | 39,713 |
| Mahindra Bebanco Developers Limited | 70,851 | 70,851 |
| Tech Mahindra Limited | 1,148,431 | 506,391 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|--------------------|-------------------|
| Entity in which the company has joint control | | |
| Transactions during the year : | | |
| Investments made: | - | - |
| ICD, loans and advances given | - | 30,872,900 |
| Purchase of services | 94,355,253 | 51,365,851 |
| Interest Income | 7,763,525 | 6,111,309 |
| Balances as at : | | |
| Investment | 5,211,172 | 5,211,172 |
| Outstanding: Receivable | 4,831,734 | 14,718,823 |
| ICD Outstanding | 82,754,849 | 77,868,045 |
| Interest accrued but not due | 18,225,593 | 9,751,878 |
| Other entities under the control of the company | | |
| Balances as at : | | |
| Outstanding: Receivable | | |
| Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust | 109,000,000 | 125,000,000 |
| Key Management Personnel | | |
| Transactions during the year : | | |
| Managerial remuneration: | | |
| Mr. Kavinder Singh | 24,055,008 | 7,894,958 |
| Mr. Dinesh Shetty | 5,405,720 | 4,660,098 |
| Mr. S Krishnan | 16,994,789 | 9,508,914 |

45 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosure. The figures are not comparable with the previous year on account of the amalgamations that were given effect to in the current year.

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Chief Financial Officer &
Executive Director

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 17, 2016

CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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 jointly controlled entity, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 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-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 jointly controlled entity as at March 31, 2016, their consolidated profits and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of all subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of ₹ 111,697.30 lakhs as at March 31, 2016, total revenues of ₹ 64,704.04 lakhs and net cash flows amounting to ₹ 7,284.14 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 1,493.62 lakhs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of an associate (converted to subsidiary w.e.f. September 2, 2015), whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, 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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 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 March 31, 2016 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 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity.
 - ii. Provision has been made in the consolidated 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.

Mumbai, May 17, 2016

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 on the corresponding reports of the auditors of such companies incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 17, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

(in ₹)

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|----------|----------------------|----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 880,584,180 | 880,262,510 |
| Employee stock option outstanding | | 1,983,830 | 238,374 |
| Reserves and Surplus | 4 | 5,820,023,466 | 6,370,737,194 |
| | | 6,702,591,476 | 7,251,238,078 |
| | | 750,853,569 | 3,515,546 |
| Minority Interest | | | |
| Non-Current liabilities | | | |
| Long term borrowings | 5 | 6,321,274,502 | 1,173,814,250 |
| Deferred tax liabilities (net) | 6(a) | 696,343,743 | 614,275,273 |
| Deferred Income - Entitlement fee (See note 2 (vii) (a)) | | 16,893,250,223 | 15,086,632,248 |
| Other long term liabilities | 7 | 407,996,990 | 57,762,836 |
| Long term provisions | 8 | 68,242,450 | 50,867,323 |
| | | 24,387,107,908 | 16,983,351,930 |
| Current liabilities | | | |
| Short term borrowings | 9 | 112,455,000 | 64,121,146 |
| Trade payables | 10 | | |
| Due to micro enterprises and small enterprises | | 1,760,722 | 2,699,881 |
| Due to others | | 2,573,727,881 | 1,114,553,874 |
| Deferred Income - Entitlement fee (See note 2 (vii) (a)) | | 964,626,911 | 851,778,117 |
| Deferred Income - Annual Subscription fee (See note 2 (vii) (d)) | | 949,511,980 | 817,292,263 |
| Other current liabilities | 11 | 2,275,404,474 | 780,785,238 |
| Short term provisions | 12 | 536,561,248 | 429,161,080 |
| | | 7,414,048,216 | 4,060,391,599 |
| | | 39,254,601,169 | 28,298,497,153 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed Assets | 13 | | |
| Tangible assets | | 12,338,859,637 | 8,908,168,690 |
| Intangible assets | | 607,342,057 | 223,935,009 |
| Capital work in progress | 42 | 714,564,504 | 872,557,311 |
| Intangible assets under development | | 38,030,266 | 73,088,979 |
| | | 13,698,796,464 | 10,077,749,989 |
| Goodwill on consolidation | 36 | 468,861,178 | 1,183,216,229 |
| Non-current investments | 14 | 26,148,483 | 1,335,785,068 |
| Deferred tax assets (net) | 6(b) | 100,105,717 | - |
| Long term loans and advances | 15 | 1,695,784,192 | 1,845,444,118 |
| Other Non-current assets | 16 | 5,262,334,789 | 4,370,238,603 |
| | | 7,084,373,181 | 7,551,467,789 |
| Current assets | | | |
| Current investments | 17 | 578,877,159 | 95,826,402 |
| Inventories | 18 | 4,580,005,643 | 59,839,816 |
| Trade receivables | 19 | 10,925,388,313 | 8,713,816,362 |
| Cash and cash equivalents | 20 | 1,124,293,834 | 220,563,274 |
| Short term loans and advances | 21 | 783,892,252 | 390,071,112 |
| Other current assets | 22 | 10,113,145 | 5,946,180 |
| | | 18,002,570,346 | 9,486,063,146 |
| | | 39,254,601,169 | 28,298,497,153 |

See accompanying notes forming part of the financial statements

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

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

S. Krishnan
Chief Financial Officer &
Executive Director

Place: Mumbai
Date: May 17, 2016

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Note No. | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|----------|------------------------------|------------------------------|
| REVENUE | | | |
| Revenue from operations | 23 | 15,985,869,290 | 8,118,820,506 |
| Other Income | 24 | 52,341,023 | 177,588,560 |
| Total Revenue | | 16,038,210,313 | 8,296,409,066 |
| EXPENDITURE | | | |
| Employee benefits expense | 25 | 3,578,676,363 | 1,683,891,168 |
| Finance costs | 26 | 146,579,856 | 25,850,839 |
| Depreciation and amortisation expense | 13 | 975,298,780 | 663,507,229 |
| Other expenses | 27 | 9,552,778,466 | 4,631,273,902 |
| Total Expenditure | | 14,253,333,465 | 7,004,523,138 |
| Profit before exceptional item and tax | | 1,784,876,848 | 1,291,885,928 |
| Exceptional item | | - | 218,797,194 |
| Profit before tax | | 1,784,876,848 | 1,073,088,734 |
| Less : Tax expense | | | |
| - Current tax | | 498,420,000 | 192,650,000 |
| - Overseas tax | | 3,344,650 | 549,975 |
| - Deferred tax | | 91,905,396 | 77,162,222 |
| Profit after tax before share of Profit/(Loss) of Associate and Minority Interest | | 1,191,206,802 | 802,726,537 |
| Add : Share in profit/(loss) of associate | | (149,362,086) | 6,562,052 |
| Profit after tax before Minority Interest | | 1,041,844,716 | 809,288,589 |
| (Add)/Less Share of profit/(loss) attributable to minority interest | | (51,207,080) | 2,979,893 |
| Profit for the year | | 990,637,636 | 812,268,482 |
| Earnings per share | | | |
| Basic | | 11.25 | 9.23 |
| Diluted | | 11.22 | 9.23 |
| See accompanying notes forming part of the financial statements | | | |

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

M.K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

S. Krishnan
Chief Financial Officer &
Executive Director

Place: Mumbai
Date: May 17, 2016

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Profit before exceptional item and tax | 1,784,876,848 | 1,291,885,928 |
| Adjustments : | | |
| Depreciation and amortisation expenses | 975,298,780 | 663,507,229 |
| Finance costs | 146,579,856 | 25,850,839 |
| Interest income | (22,206,206) | (6,882,464) |
| Dividend income | (17,602,303) | (16,477,181) |
| Loss / (Profit) on fixed assets sold/scrapped (net) | (12,337,181) | 3,755,868 |
| Bad debts | 17,115,844 | - |
| Provision for doubtful debts | 16,664,208 | 14,056,243 |
| | 1,103,512,998 | 683,810,534 |
| Operating profit before working capital changes | 2,888,389,846 | 1,975,696,462 |
| Changes in working capital : | | |
| Deferred income - Advance towards members' facilities | 2,051,686,486 | 1,411,300,306 |
| Trade and other receivables | (1,939,816,951) | (969,077,945) |
| Inventories | (22,210,604) | 45,829,401 |
| Trade and other payables | (130,959,673) | (58,000,934) |
| | (41,300,742) | 430,050,828 |
| Income taxes paid | (629,889,671) | (398,137,812) |
| NET CASH FROM OPERATING ACTIVITIES | 2,217,199,433 | 2,007,609,478 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of fixed assets including capital work in progress and expenditure pending allocation | (1,870,410,996) | (1,349,501,652) |
| Proceeds from sale of fixed assets | 158,803,407 | 12,209,009 |
| Purchase of investments | (25,898,472) | (1,328,973,005) |
| Consideration paid on acquisition of subsidiary | (2,701,326,249) | (449,033,330) |
| Bank balance not considered as part of cash and cash equivalents | (12,089,841) | (4,133,328) |
| Interest received | 18,039,241 | 6,599,754 |
| Dividend income | 17,602,303 | 16,477,181 |
| NET CASH (USED IN) / FROM INVESTING ACTIVITIES | (4,415,280,607) | (3,096,355,371) |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds from borrowings | 3,323,192,621 | 1,208,266,326 |
| Dividends paid | (355,031,744) | (355,054,872) |
| Dividend distribution tax paid | (72,294,773) | (60,353,226) |
| Payment (to)/from Minority Interest holders | 747,338,023 | - |
| Loan recovered from ESOP Trust | 16,000,000 | - |
| Finance costs | (152,132,653) | (13,639,248) |
| NET CASH (USED IN) / FROM FINANCING ACTIVITIES | 3,507,071,474 | 779,218,980 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 1,308,990,300 | (309,526,913) |
| CASH AND CASH EQUIVALENTS : | | |
| Opening balance | 277,090,737 | 574,788,764 |
| Addition to opening Cash and Cash equivalents due to acquisition | 65,701,176 | 11,828,886 |
| Total | 342,791,913 | 586,617,650 |
| Closing balance | 1,651,782,213 | 277,090,737 |
| | 1,308,990,300 | (309,526,913) |
| Reconciliation of Cash and Cash equivalents with the Consolidated Balance Sheet | | |
| Cash and cash equivalents as per Balance Sheet | 1,124,293,834 | 220,563,274 |
| Less: Bank balances not considered as Cash and cash equivalents | 51,388,780 | 39,298,939 |
| Net Cash and cash equivalents | 1,072,905,054 | 181,264,335 |
| Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds) | 578,877,159 | 95,826,402 |
| Cash and cash equivalents at the end of the year | 1,651,782,213 | 277,090,737 |
| See accompanying notes forming part of the financial statements | | |

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

M.K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 17, 2016

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

S. Krishnan
Chief Financial Officer &
Executive Director

Place: Mumbai
Date: May 17, 2016

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1.1 Corporate Information

The Company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

1.2 Basis of preparation of Consolidated Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies

Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 | Extent of Holding as at March 31, | | Subsidiary/Jointly controlled entity/ Associate since |
|---|--------------------------|-----------------------------------|---------|---|
| | | 2016 | 2015 | |
| Subsidiary Companies: | | | | |
| Mahindra Holidays & Resorts USA Inc. | USA | 0.00% | 100.00% | November 4, 2003** |
| Mahindra Hotels and Residences India Limited | India | 100.00% | 100.00% | April 26, 2007 |
| Heritage Bird (M) Sdn Bhd | Malaysia | 100.00% | 100.00% | March 3, 2008 |
| Divine Heritage Hotels Private Limited^ | India | 0.00% | 100.00% | August 9, 2012 |
| Holiday on Hills Resorts Private Limited^ | India | 0.00% | 100.00% | October 25, 2012 |
| Competent Hotels Private Limited^ | India | 0.00% | 100.00% | June 18, 2014 |
| Gables Promoters Private Limited | India | 100.00% | 100.00% | August 24, 2012 |
| MH Boutique Hospitality Limited * | Thailand | 49.00% | 49.00% | November 2, 2012 |
| Infinity Hospitality Group Company Limited * | Thailand | 73.99% | 73.99% | November 5, 2012 |
| MHR Holdings (Mauritius) Limited | Mauritius | 100.00% | 100.00% | July 11, 2014 |
| Covington S.á.r.l### | Luxembourg | 100.00% | 100.00% | July 17, 2014 ## |
| HCR Management Oy### | Finland | 100.00% | 18.70% | September 2, 2015 |
| Holiday Club Resorts Oy###@ | Finland | 85.61% | 22.34% | September 2, 2015 |
| Holiday Club Sweden AB~ | Sweden | 85.61% | | September 2, 2015 |
| Ownership Service Sweden AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Semesterby A AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Semesterby B AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Semesterby C AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Semesterby D AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Villa 1 AB~ | Sweden | 85.61% | | September 2, 2015 |
| Are Villa 2 AB~ | Sweden | 85.61% | | September 2, 2015 |
| Holiday Club Canarias Investment S.L.U.~ | Spain | 85.61% | | September 2, 2015 |
| Holiday Club Canarias Sales & Marketing S.L.U.~ | Spain | 85.61% | | September 2, 2015 |
| Holiday Club Canarias Resort Management S.L.U.~ | Spain | 85.61% | | September 2, 2015 |
| Holiday Club Resorts Rus LLC~ | Russia | 85.61% | | September 2, 2015 |
| Suomen Vapaa-aikakiinteistöt Oy~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Himos Gardens~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Himoksen Tähti 2 Oy~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Tunturinrivi~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Vanha Ykköstii~ | Finland | 85.61% | | September 2, 2015 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Name of the company | Country of incorporation | Extent of Holding as at March 31, | | Subsidiary/Jointly controlled entity/ Associate since |
|---|--------------------------|-----------------------------------|--------|---|
| | | 2016 | 2015 | |
| Kiinteistö Oy Katinnurkka~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Tenetinlahti~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Mällösniemi~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Rauhan Ranta 1~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Rauhan Ranta 2~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Tiurunniemi~ | Finland | 85.61% | | September 2, 2015 |
| Saimaa Gardens Arena Oy ~*** | Finland | 85.61% | | January 19, 2016 |
| Kiinteistö Oy Rauhan Liikekiinteistöt 1~ | Finland | 85.61% | | September 2, 2015 |
| Supermarket Capri Oy~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Kylpylätorni 1~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Spa Lofts 2~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Spa Lofts 3~ | Finland | 85.61% | | September 2, 2015 |
| Kiinteistö Oy Kuusamon Pulkajärvi 1~ | Finland | 85.61% | | September 2, 2015 |
| Caribia Service Oy~ | Finland | 85.61% | | September 2, 2015 |
| Holiday Club Sport and Spahotels AB (Visionsbolaget 10088 AB) w.e.f Dec 1, 2015~ (effective % - 43.66%, actual holding - 51%) | Sweden | 43.66% | | December 1, 2015 |
| Jointly controlled entity | | | | |
| Arabian Dreams Hotels Apartments LLC | Dubai | 49.00% | 49.00% | March 26, 2013 |
| Associate | | | | |
| Kiinteistö Oy Seniori-Saimaa € | Finland | 26.67% | | September 2, 2015 |
| Saima Adventures Oy € | Finland | 25.68% | | September 2, 2015 |
| Koy Sallan Kylpylä €*~ | Finland | 41.95% | | September 2, 2015 |

* By virtue of management control.

** Mahindra Holidays and Resorts USA Inc. was dissolved voluntarily on 19th May, 2014.

^ Divine Heritage Hotels Private Limited, Holiday on Hills Resorts Private Limited and Competent Hotels Private Limited got merged with the Company effective from March 31, 2016 with the appointed date of April 1, 2015. Consequent to this these companies ceased to be subsidiaries of the Company in the current year.

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

@ 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 entity used in the consolidation are drawn up to the same reporting date as that of the holding company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1.2a. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financials Statements to Schedule III to the Companies Act, 2013

(in ₹)

| S No. | Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
|----------|--|--|------------------------|---------------------------------------|----------------------|
| | | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount |
| 1 | Parent : Mahindra Holidays & Resorts India Limited | 92.82% | 6,918,621,391 | 115.73% | 1,146,503,925 |
| 2 | Subsidiaries : | | | | |
| | a. Indian : | | | | |
| | Gables Promoters (P) Ltd | -0.63% | (46,597,379) | -0.49% | (4,861,492) |
| | Mahindra Hotels and Residences India Ltd | -0.02% | (1,354,988) | -0.01% | (71,211) |
| | b. Foreign : | | | | |
| | Heritage Bird (M) Sdn Bhd | -0.08% | (6,204,399) | -0.26% | (2,574,846) |
| | MH Boutique Hospitality Ltd | -0.13% | (9,778,412) | -0.60% | (5,960,805) |
| | Infinity Hospitality Group Company Ltd | -0.62% | (46,011,284) | 0.54% | 5,360,111 |
| | Covington S.a.r.l. | 20.66% | 1,539,840,013 | -9.80% | (97,117,170) |
| | MHR Holdings (Mauritius) Ltd | -24.55% | (1,829,788,826) | -10.83% | (107,261,028) |
| | Holiday Club Resorts Oy (as per consolidated financial statements) | 3.04% | 226,711,853 | 24.92% | 246,853,029 |
| | Holiday Club Resorts Management OY | -0.04% | (2,981,851) | -0.18% | (1,769,954) |
| 3 | Minority interests | 10.07% | 750,853,569 | -3.65% | (36,139,910) |
| 4 | Share of profit/(loss) in associate | 0.00% | - | -15.08% | (149,362,086) |
| 5 | Joint ventures (as per proportionate consolidation) : | | | | |
| | a. Foreign : | | | | |
| | Arabian Dreams Hotels Apartments LLC | -0.53% | (39,864,642) | -0.30% | (2,960,927) |
| | TOTAL | 100% | 7,453,445,045 | 100% | 990,637,636 |

Investment in Guestline Hospitality Management and Development Services Limited (GHMDSL):

The Company holds 25,000,7% participating optionally convertible preference shares of ₹ 10/- each in GHMDSL amounting to ₹ 250,000, out of its total share capital (including equity share capital) of ₹ 500,600 (49.94%) .The Company has not considered the financials of GHMDSL for consolidation since the above investment is acquired and held exclusively with a view to its subsequent disposal in the future.

1.3 Principles of Consolidation

The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income, expenses, after eliminating intra-group transactions and any unrealised gains or losses on the balances remaining within the group in accordance with Accounting Standard - 21 (AS 21) on "Consolidated Financial Statements" notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006.

The difference between the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary on the date of investment is recognised in the financial statements as Goodwill or Capital Reserve as appropriate. The 'Goodwill' /

'Capital Reserve' is determined separately for each subsidiary company / jointly controlled entity and such amounts are not set off between different entities.

Goodwill on consolidation is tested for impairment on an annual basis.

The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except in case of Consolidation goodwill of HCR Oy which is amortised over the period of ten years and tested for impairment annually . Also Refer note 2(i).

The consolidated financial statements include the share of profit in an associate company which has been accounted for using equity method as per AS

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

23 "Accounting for Investments in Associates in Consolidated Financial Statements". Accordingly, the share of profit of the associate company has been added to the cost of investments.

The Company's interest in the Jointly Controlled entity is consolidated as per Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures", on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealized profits/losses on intra group transactions.

Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

2 Significant Accounting Policies

(i) Basis for preparation of accounts:

The consolidated financial statements of Mahindra Holidays & Resorts India Limited ("the Company"), its subsidiaries and jointly controlled entity have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of estimates:

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

(iii) Inventories:

Inventories are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis. Cost includes the purchase price, non refundable taxes and delivery handling cost. Net realisable value is determined at the expected selling price less cost of sales.

Construction work in progress in case of "Villa timeshare products" of HCR Oy, an overseas subsidiary includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the company.

Vacation ownership weeks held by HCR Oy is held at lower of cost and net realisable value and cost is determined based on specific identification to a property.

(iv) Cash and cash equivalents:

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

(v) Cash flow statements:

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

(vi) Depreciation and amortisation:

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

- (a) Leasehold land and buildings are amortised over the period of lease.
- (b) Floating cottages grouped under building are depreciated over the useful life of 25 years.
- (c) Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months.
- (d) Motor vehicles/other assets provided to employees are depreciated over a period of 48/60 months respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- (e) Assets individually costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets

- (f) Expenditure incurred towards software is amortised over a period of 36 months.
- (g) Group goodwill in case of HCR Oy is amortised over 10 years, since the useful life of the acquired operations are considered to be at least 10 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation method is revised to reflect the changed pattern, if any.

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

(vii) Revenue recognition:

- (a) 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. Admission fee, which is non-refundable, is recognized as income on admission of a member. Entitlement fee (disclosed under Deferred income – Entitlement fee), which entitles the vacation ownership members for the vacation ownership facilities 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. Requests for cancellation of membership are accounted for when it is accepted by the Company. In respect of instalments considered doubtful of recovery by the management, the membership is treated as cancelled and related revenues are de-recognized.
- (b) Revenue from "sale of vacation ownership weeks" is recognised 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 recognised 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 estimated total projects 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 is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

- (d) Annual subscription fee dues from members are recognised as income over the period of subscription as per terms agreed with the members. Subscription pertaining to the period beyond the date of the Balance Sheet is grouped under Deferred Income - Annual subscription fee.
- (e) Interest on instalment sales is recognised as income on an accrual basis.
- (f) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- (g) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, 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.
- (h) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.
- (i) Rental income from retail premises in case of HCR Oy are recognized on a straight-line basis over the rental period.

(viii) Other Income:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(ix) Fixed assets - Tangible and intangible:

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Revenue expenses incurred in connection with construction of resorts insofar as such expenses relate to the period prior to the date the resort is put to use are treated as part of project cost and capitalised.

Cost of renovation in case of HCR Oy:

Ordinary repair and maintenance costs are expensed as they incur. Significant renovations or additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company.

(x) Foreign currency transactions and translations:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Integral Operations :

Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items (other than

derivative contracts) of the Company's integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Consolidated Statement of Profit and Loss.

With respect to long-term foreign currency monetary items, the Company has adopted para 46 / 46A of AS 11 as follows :

The exchange differences arising on settlement / restatement of long-term borrowings in case of two overseas subsidiaries is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Consolidated Statement of Profit and Loss. The unamortised exchange difference is carried under Reserves and surplus as "Foreign currency monetary item translation difference account". A monetary liability is termed as a long-term foreign currency monetary item, if the liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Non-integral Operations :

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. All assets and liabilities of non-integral foreign operations are translated at the year-end rates. The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

Change in classification of foreign operation:

When a foreign operation that is integral to the operations of the Company is reclassified as a non-integral operation, exchange differences arising on the translation of non-monetary items at the date of such reclassification are accumulated in the "Foreign currency translation reserve" account. When a non-integral foreign operation is reclassified as an integral foreign operation, the translated amounts for non-monetary items at the date of the change are treated as the historical cost for those items in the period of change and subsequent periods. Exchange differences that have been deferred are not recognised as income

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

or expense until the disposal of the operation. Subsequent to the date of change in classification of the foreign operation, transactions and balances in such operations are accounted as per the accounting policy applicable to the new classification.

(xi) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(xii) Employee benefits:

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

Defined Contribution Plan:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan:

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 at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the

end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Employee Stock Option Scheme:

The compensation cost of stock option granted to employees is measured by Intrinsic Value method, which is the excess of market price of the underlying equity shares as of the date of grant over the exercise price of the option. This is recognised and amortised on straight line basis over the vesting period.

(xiii) Borrowing Costs:

Borrowing cost that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

(xiv) Leases:

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(xv) Earnings per share:

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) 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.

(xvi) Taxes on income:

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 is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets

and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

(xvii) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

(xviii) Provision & contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed in the notes.

(xix) Share issue expenses:

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

(xx) Insurance claims:

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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 / utilising the credits.

(xxii) Government Grants:

Grants received by the Company are recorded as other operating income in the Profit and Loss statement during the periods in which the related expenses are incurred. Grants for acquisition of fixed assets are recorded in the Balance Sheet as deferred income and recognized in the Profit and Loss statement as revenue over the asset's systematical depreciation period.

(xxiii) Derivative instruments and hedge accounting:

The Company's overseas subsidiaries enter into derivative contracts in the nature of interest rate swaps to hedge the interest rate risk on its borrowings. The companies have applied hedge accounting principles set out in Accounting Standard 30 'Financial Instruments : Recognition and Measurement' (AS 30) to such contracts by marking them to market at each reporting date; Changes in the fair value of the contracts are recognised in the Statement of Profit and Loss.

(xxiv) Operating cycle:

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realisation 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 3 : Share Capital

| Particulars | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2015 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | No. of shares | in ₹ | No. of shares | in ₹ |
| Authorised : 100,000,000 (Previous year 100,000,000) equity shares of ₹ 10 each | 100,000,000 | 1,000,000,000 | 100,000,000 | 1,000,000,000 |
| | 100,000,000 | 1,000,000,000 | 100,000,000 | 1,000,000,000 |
| Issued, Subscribed & Paid up : Equity : (Net of shares allotted to ESOP Trust but not exercised by employees) 88,780,856 (previous year 88,780,856) equity shares of ₹ 10 each fully paid. | 88,780,856 | 887,808,560 | 88,780,856 | 887,808,560 |
| Less: 722,438 (previous year 754,605) equity shares of ₹ 10 each fully paid up allotted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ("ESOP Trust") but not exercised by employees. | 722,438 | 7,224,380 | 754,605 | 7,546,050 |
| | 88,058,418 | 880,584,180 | 88,026,251 | 880,262,510 |

Notes:

3 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, 2016, the amount of dividend proposed to be distributed to equity shareholders is ₹ 443,904,280 at ₹ 5 per share (Previous year ₹ 355,123,424 at ₹ 4 per share).
- Repayment of capital will be in proportion to the number of equity shares held.

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

| Name of share holder | No. of shares | % held as at March 31, 2016 | No. of shares | % held as at March 31, 2015 |
|--|-------------------|--------------------------------|---------------|--------------------------------|
| Mahindra & Mahindra Limited (Holding Company) | 66,585,642 | 75.00% | 66,585,642 | 75.00% |

3 c) The reconciliation of the number of shares outstanding as at March 31, 2016 and March 31, 2015 is set out below:-

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|--|-------------------------|--------------------|-------------------------|-------------|
| | No. of Shares | in ₹ | No. of Shares | in ₹ |
| No of Shares at the beginning | 88,026,251 | 880,262,510 | 88,024,173 | 880,241,730 |
| Add: Shares issued on exercise of employee stock options | 32,167 | 321,670 | 2,078 | 20,780 |
| Number of shares at the end | 88,058,418 | 880,584,180 | 88,026,251 | 880,262,510 |

- 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.
- 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 to 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

iii) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.
ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
Method of Settlement By issue of shares at Exercise Price.

| Particulars | Date of Grant | Exercise price (in ₹) | 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 | refer note (a) below | Minimum of 25 and a maximum of all the options vested but not exercised till that date. | |
| Grant II (ESOS 2006) | 30/03/2007 | 52.00 | 19.50 | 4 | 122,235 | 5 yrs from the date of each vesting | 25% each on expiry of 12,24,36 and 48 months from the date of grant. | | |
| Grant III (ESOS 2006) | 11/01/2007 | 52.00 | 19.50 | 4 | 56,700 | | | | |
| Grant V (ESOS 2006)** | 11/01/2008 | 52.00 | 52.00 | 4 | 261,590 | | | | |
| Grant VI (ESOS 2006) # | 21/02/2012 | 370.00 | - | 4 | 400,000 | | | | |
| Grant VII (ESOS 2006) ## | 21/02/2012 | 323.00 | - | 4 | 186,500 | | | | |
| 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 | | | | refer note (b) below |
| Grant II (ESOS 2014) ** | 27/10/2015 | 365.00 | - | 4 | 110,000 | | | | |
| Grant III (ESOS 2014) | 18/02/2016 | 370.00 | - | 4 | 200,000 | | | | |

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 April 1, 2015 | Options granted | Options vested during the year | Options exercised during the year | Options lapsed during the year | Options outstanding as on March 31, 2016 | Options vested but not exercised |
|--------------------------|---------------|---|-----------------|--------------------------------|-----------------------------------|--------------------------------|--|----------------------------------|
| Grant I (ESOS 2006) | 15/07/2006 | Closed | | | | | | |
| Grant II (ESOS 2006) | 30/03/2007 | 1,400 | - | - | - | 1,400 | - | - |
| Grant III (ESOS 2006) | 11/01/2007 | 4,234 | - | - | 2,117 | - | 2,117 | 2,117 |
| Grant V (ESOS 2006)** | 11/01/2008 | 18,838 | - | - | 1,750 | 9,148 | 7,940 | 7,940 |
| Grant VI (ESOS 2006) # | 21/02/2012 | 200,000 | - | - | 25,000 | - | 175,000 | 175,000 |
| Grant VII (ESOS 2006) ## | 21/02/2012 | 107,750 | - | 6,875 | - | 13,500 | 94,250 | 94,250 |
| Grant VIII (ESOS 2006)** | 21/02/2013 | 130,000 | - | 32,500 | - | - | 130,000 | 97,500 |
| Grant IX (ESOS 2006)** | 29/01/2014 | 35,000 | - | - | 3,300 | 26,250 | 5,450 | 5,450 |
| Grant I (ESOS 2014) | 22/01/2015 | 620,000 | - | 155,000 | - | - | 620,000 | 155,000 |
| Grant II (ESOS 2014) ** | 27/10/2015 | - | 110,000 | - | - | - | 110,000 | - |
| Grant III (ESOS 2014) | 18/02/2016 | - | 200,000 | - | - | - | 200,000 | - |
| Total | | 1,117,222 | 310,000 | 194,375 | 32,167 | 50,298 | 1,344,757 | 537,257 |

** 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.

v) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to ESOP Trust including bonus shares but not exercised by the employees have been reduced from the share capital by ₹ 7,224,380 (previous year ₹ 7,546,050) and securities premium account reduced by ₹ 136,136,140 (previous year 145,180,792). The said shares will be added to the issued share capital as and when ESOP Trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from ESOP Trust is disclosed under "other current liabilities".

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- vi) The Company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) and for all the other grants, the fair value method has been adopted. The intrinsic value of the shares granted under Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) based on the valuations obtained from an independent valuer is ₹ 16 per equity share as on 31st March, 2006, ₹ 52 per equity share as on 1st January, 2007, 31st August, 2008 and 1st November 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under Grant VI (ESOS 2006), Grant VII (ESOS 2006), Grant VIII (ESOS 2006), Grant IX (ESOS 2006) and Grant III (ESOS 2014) based on the fair value market price is ₹ 370, ₹ 323, ₹ 323, ₹ 253 and ₹ 370 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is ₹ Nil, no employee compensation cost has been charged.
- vii) In respect of the options granted under the Grant I (ESOS 2014) and Grant II (ESOS 2014) of Employee Stock Option Plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of options and the date of vesting. Consequently, employee compensation cost include ₹ 1,745,456 (previous year ₹ 238,374) being the amortisation of deferred employee compensation.
- viii) Fair Value of options based on Black Scholes option pricing model :
- (a) The fair value of options based on the valuation of the independent valuer for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is ₹ 4.28, ₹ 16.36, ₹ 16.55 and ₹ 16.04 respectively.
- (b) The fair value of options based on the valuation of the 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).
- (c) Had the Company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is ₹ 118,351,450 and the impact on the financial statements would be :

(in ₹)

| Particulars | Year ended | |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Increase in employee compensation cost | 21,471,186 | 6,339,644 |
| Decrease in profit after tax | 21,471,186 | 6,339,644 |
| Decrease in basic & diluted earnings per share | (0.24) | (0.07) |

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 I (ESOS 2006) | 15/07/2006 | 7.82% | 4.50 | Nil | Nil |
| Grant II (ESOS 2006) | 30/03/2007 | 7.92% | 5.00 | Nil | Nil |
| Grant III (ESOS 2006) | 11/01/2007 | 7.72% | 5.00 | Nil | Nil |
| Grant V (ESOS 2006) | 11/01/2008 | 7.34% | 5.00 | Nil | Nil |
| 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% |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
Note 4 : Reserves & Surplus

(in ₹)

| Particulars | | As at March 31, 2016 | | As at March 31, 2015 |
|---|---------------------|-------------------------|----------------------|-------------------------|
| Capital Reserve | | | | |
| As per last balance sheet | | 1,474,577 | | 1,474,577 |
| Add: On account of Amalgamation (Refer Note no. 43) | | 3,000,000 | | - |
| | | <u>4,474,577</u> | | <u>1,474,577</u> |
| Capital Redemption Reserve | | | | |
| As per last balance sheet | | - | | - |
| On account of Amalgamation (Refer Note no. 43) | | 14,580,000 | | - |
| | | <u>14,580,000</u> | | <u>-</u> |
| Securities Premium Account | | | | |
| As per last balance sheet | | 2,397,883,057 | | 2,703,948,741 |
| Add: On account of Amalgamation (Refer Note no. 43) | | 20,364,500 | | - |
| Less: Goodwill written off on amalgamation (Refer Note no. 43) | 956,210,982 | | 635,437,438 | |
| Less: Deficit relating as on the date of acquisition (included in the Goodwill above) adjusted in Surplus in the Statement of profit & loss. (Refer Note -no. 43) | <u>(24,549,573)</u> | <u>931,661,409</u> | <u>(329,371,754)</u> | <u>306,065,684</u> |
| | | <u>1,486,586,148</u> | | <u>2,397,883,057</u> |
| Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not exercised by employees (see note below) | | <u>136,136,140</u> | | <u>145,180,792</u> |
| | | <u>1,350,450,008</u> | | <u>2,252,702,265</u> |
| Foreign Currency Translation Reserve | | | | |
| As per last balance sheet | | - | | - |
| Add: Additions/(deletion) during the year (See Note no 2(x)) | | 16,337,249 | | - |
| | | <u>16,337,249</u> | | <u>-</u> |
| Foreign Currency Monetary Item Translation Difference | | | | |
| As per last balance sheet | | - | | - |
| Add: Additions/(deletion) during the year (See Note no 2(x)) | | (76,204,706) | | - |
| | | <u>(76,204,706)</u> | | <u>-</u> |
| General Reserve | | | | |
| As per last balance sheet | | 765,158,251 | | 686,134,032 |
| Add : Transfer from Statement of profit and loss | | 117,000,000 | | 79,024,219 |
| Add: On account of amalgamation (Refer Note no. 43) | | 4,747,756 | | - |
| | | <u>886,906,007</u> | | <u>765,158,251</u> |
| Add : Bonus shares issued to the ESOP Trust but not exercised by employees | | 2,112,040 | | 2,156,870 |
| | | <u>889,018,047</u> | | <u>767,315,121</u> |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Surplus in Statement of Profit & Loss | | |
| As per last balance sheet | 3,349,245,231 | 3,478,180,345 |
| Less : Deficit as on the date of acquisition (included in the Goodwill above) adjusted in Surplus in the Statement of profit & loss. | 67,241,829 | 329,371,754 |
| Less: Depreciation adjustment consequent to transition to Schedule II of The Companies Act 2013 net of deferred tax of ₹ NIL (PY 52,836,157) . | - | 105,389,426 |
| Add: Profit for the current year | 990,637,636 | 812,268,482 |
| | 4,272,641,038 | 3,855,687,647 |
| Appropriations : | | |
| Transfer to General Reserve | 117,000,000 | 79,024,219 |
| Proposed Dividend | 443,904,280 | 355,123,424 |
| Tax on Proposed Dividend | 90,368,467 | 72,294,773 |
| | 651,272,747 | 506,442,416 |
| | 3,621,368,291 | 3,349,245,231 |
| | 5,820,023,466 | 6,370,737,194 |

Note 5 : Long Term Borrowings

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Secured : (Refer Note no 5.2) | | |
| - Term loan from banks | 1,598,547,675 | - |
| - Term loan from others | 296,585,668 | - |
| Unsecured : (Refer Note no 5.3) | | |
| - Term loan from banks | 3,565,330,822 | 734,056,750 |
| - Term loan from others | 860,810,337 | 439,757,500 |
| | 6,321,274,502 | 1,173,814,250 |

5.1 Term loans are availed by overseas subsidiaries.

5.2 Term loan from banks and others are secured by a charge on unsold vacation ownership inventory weeks and mortgage of specific properties. These loans are repayable between 2018-2024 and carry an interest rate pegged to EURIBOR.

5.3 Term loan from others include an interest free loan from RCI amounting to INR 749,700,000 (PY 439,757,500) and is repayable on August 14, 2019 . Other loans are repayable between 2016-2021 and carry an interest rate pegged to EURIBOR.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 6(a) : Deferred Tax Liability (net)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Deferred tax asset | | |
| Provision for doubtful receivables | 12,596,396 | 8,270,396 |
| Provision for compensated absences | 22,825,343 | 17,814,649 |
| Others | 18,619,101 | 22,149,120 |
| | 54,040,840 | 48,234,165 |
| Deferred tax liability | | |
| Difference between book and tax depreciation | 726,191,392 | 662,391,496 |
| Others | 24,193,191 | - |
| Less: On account of Amalgamation (Refer Note no. 43) | - | 117,942 |
| Deferred tax liability (net) | 696,343,743 | 614,275,273 |

Note 6(b) : Deferred Tax Asset (net)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Deferred tax asset | | |
| Difference between book and tax depreciation | 54,318,539 | - |
| Others | 45,787,178 | - |
| Deferred tax assets (net) | 100,105,717 | - |

Note 7 : Other Long Term Liabilities

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Income received in advance | 352,903,357 | - |
| Liability for mark to market losses on derivative instruments | 36,923,325 | - |
| Retention monies payables on purchase of fixed assets* | 16,038,986 | 57,762,836 |
| Security deposit payable | 2,131,322 | - |
| | 407,996,990 | 57,762,836 |

*Due after one year from the date of the Balance Sheet.

Note 8 : Long Term Provisions

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Gratuity | - | 663,604 |
| Compensated absences (Refer Note no. 33.2) | 68,242,450 | 50,203,719 |
| | 68,242,450 | 50,867,323 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 9 : Short Term Borrowings

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------|-------------------------|-------------------------|
| Secured: | | |
| Loans repayable on demand | | |
| - From Banks* | 112,455,000 | 64,121,146 |
| | 112,455,000 | 64,121,146 |

*Loan from banks are foreign currency loan secured by an exclusive charge on the investments of the company.

Note 10 : Trade Payables

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Dues to micro enterprises and small enterprises | 1,760,722 | 2,699,881 |
| Dues to others | 2,573,727,881 | 1,114,553,874 |
| | 2,575,488,603 | 1,117,253,755 |

Notes:

- The particulars regarding dues to Micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- Trade payable are dues in respect of project vendors, goods purchased and services received in the normal course of business.

Note 11 : Other Current Liabilities

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Current maturities of long-term debts (Refer Note no. 5.2 and 5.3) | 612,384,348 | - |
| Advance from customers | 384,984,370 | - |
| Income received in advance | 253,843,172 | - |
| Liability for mark to market losses on derivatives instruments | 39,078,637 | - |
| Capital creditors | 132,329,523 | 236,761,005 |
| Dues to Statutory Authorities (PF,ESI & other taxes) | 175,927,196 | 86,953,968 |
| Gratuity (Refer Note no 33.1) | 790,305 | 8,008,819 |
| Unpaid dividend* | 340,688 | 249,008 |
| Interest accrued but not due on borrowings | 6,658,794 | 12,211,591 |
| Other payables** | 669,067,441 | 436,600,847 |
| | 2,275,404,474 | 780,785,238 |

Notes:

- * There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund during the year.
- ** Other payables mainly represent the Commission payable to non-whole time directors, amounts received from ESOP Trust on issue of shares, provision for estimated cost of offers made to members on acquisition, deferred rent on rent equalization under AS-19, renovation, interest accrued and pre-opening expenses in respect of resorts.

Note 12 : Short Term Provisions

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Compensated absences (Refer Note no 33.2) | 2,288,501 | 1,742,883 |
| Proposed Dividend | 443,904,280 | 355,123,424 |
| Tax on Proposed Dividend | 90,368,467 | 72,294,773 |
| | 536,561,248 | 429,161,080 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
 Note 13 : Fixed Assets

| Description of Assets | Gross block (at cost) | | | | | | Depreciation/Amortisation | | | | | | Net block | |
|------------------------------|-----------------------|-------------------------------------|--------------------|----------------------|--------------------|-----------------------|---------------------------|---------------------------------------|--------------------|---------------------|-------------------|-----------------------|-----------------------|----------------------|
| | As at April 1, 2015 | Addition on account of Acquisition* | Adjustments** | Additions | Deductions | As at March 31, 2016 | As at April 1, 2015 | Additions on account of acquisitions* | Adjustments** | Transfer to Reserve | For the year | Deductions | As at March 31, 2016 | As at March 31, 2015 |
| A : Tangible Assets | | | | | | | | | | | | | | |
| Land | 1,498,794,651 | - | - | 412,392,666 | - | 1,911,187,317 | - | - | - | - | - | - | 1,911,187,317 | 1,498,794,651 |
| Land - Leasehold | 1,454,202,183 | 2,578,150 | - | 42,014,318 | - | 1,498,794,651 | - | - | - | - | - | - | 1,498,794,651 | 1,454,202,183 |
| Buildings | 6,100,195,861 | 1,864,873,162 | (14,880,730) | 687,053,980 | 4,172,853 | 8,633,069,420 | 588,224,088 | 356,869,464 | 43,726,555 | - | 807,737 | - | 7,473,624,129 | 5,511,971,773 |
| Buildings - Leasehold | 5,238,887,535 | 62,919,268 | - | 798,389,058 | - | 6,100,195,861 | 465,505,479 | 43,107,942 | 7,774,998 | - | - | - | 5,511,971,773 | 4,773,382,056 |
| Plant and Equipments | 15,608,588 | 556,303,433 | 4,036,059 | 112,632,491 | - | 688,580,571 | 11,094,612 | 373,344,798 | 4,494,514 | - | - | - | 254,709,997 | 4,513,976 |
| Furniture and Fittings | 1,437,941,778 | 18,244,269 | - | 105,282,641 | 3,078,603 | 1,532,036,254 | 772,615,525 | 16,332,293 | 37,499,588 | - | - | - | 588,737,252 | 665,326,253 |
| Vehicles | 96,892,261 | - | 212,788 | 16,744,777 | 3,405,257 | 110,444,569 | 34,392,778 | 212,403 | - | - | - | - | 65,273,089 | 62,499,483 |
| Office Equipment | 80,720,595 | 685,760 | - | 23,693,337 | 8,207,451 | 96,892,261 | 22,693,366 | 528,067 | 465,196 | - | - | - | 62,499,483 | 58,027,229 |
| Sub Total A | 11,284,663,975 | 4,225,097,926 | 152,643,810 | 1,700,654,128 | 228,970,912 | 17,134,048,927 | 2,376,495,285 | 1,600,396,457 | 148,341,305 | 752,458,929 | 82,504,686 | 2,926,516 | 12,338,859,637 | 8,908,168,690 |
| Previous Year | 9,915,333,237 | 120,259,667 | - | 1,306,073,587 | 57,002,516 | 11,284,663,975 | 1,635,174,484 | 85,421,932 | 157,797,204 | 519,139,304 | 41,037,639 | - | 8,908,168,690 | 8,260,158,753 |
| B : Intangible Assets | | | | | | | | | | | | | | |
| Software | 480,725,322 | 327,521,116 | 8,540,858 | 104,326,610 | - | 921,113,906 | 256,790,313 | 130,683,028 | 7,642,553 | - | - | - | 332,610,507 | 223,935,009 |
| Development Expenditure | 404,597,217 | - | - | 142,563,874 | 66,435,769 | 480,725,322 | 178,429,778 | - | 428,379 | 144,367,925 | 66,435,769 | - | 223,935,009 | 226,167,439 |
| Non-Compete Fees | 38,540,065 | - | - | - | 38,540,065 | 830,879,113 | 38,540,065 | - | - | - | 38,540,065 | - | 274,731,550 | - |
| Vacation ownership weeks | 20,000,000 | - | - | - | 20,000,000 | - | 20,000,000 | - | - | - | 20,000,000 | - | - | - |
| Goodwill | 6,226,938 | 774,233,267 | 5,418,375 | 51,227,471 | - | 830,879,113 | 6,226,938 | 521,693,192 | 5,002,025 | 29,452,346 | 6,226,938 | - | 274,731,550 | - |
| Sub Total B | 480,725,322 | 1,101,754,383 | 13,959,233 | 155,554,081 | - | 1,751,993,019 | 256,790,313 | 652,376,220 | 12,644,578 | 222,839,851 | - | - | 607,342,037 | 223,935,009 |
| Previous Year | 469,364,220 | - | - | 142,563,874 | 131,202,772 | 480,725,322 | 243,196,781 | - | 428,379 | 144,367,925 | 131,202,772 | - | 223,935,009 | 226,167,439 |
| TOTAL (A+B) | 11,765,389,297 | 5,326,812,309 | 166,603,043 | 1,856,208,209 | 228,970,912 | 18,886,041,946 | 2,633,285,598 | 2,252,774,677 | 160,985,883 | 975,298,780 | 82,504,686 | 12,946,201,694 | 9,132,103,699 | 8,486,326,192 |
| TOTAL Previous Year | 10,384,697,457 | 120,259,667 | - | 1,448,637,461 | 188,203,288 | 11,765,389,297 | 1,898,371,265 | 85,421,932 | 158,225,583 | 663,507,229 | 172,240,411 | 2,633,285,598 | 9,132,103,699 | 8,486,326,192 |

Notes:

Figures in italics are in respect of the previous year.

* Assets and accumulated depreciation of Holiday Club Resort Oy as on the date of acquisition i.e. September 2, 2015.

** Adjustments includes transfer in/(out), translation adjustments for Holiday Club Resorts Oy and Indian GAAP adjustments for overseas subsidiaries.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 14 : Non current investments (at cost unless otherwise specified)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Long term Investments (Un-Quoted) : | | |
| Investment in Equity Shares (non trade, fully paid up): | | |
| Mahindra World City Developers Ltd. (1 equity share of ₹ 10/- each) | 10 | 10 |
| Mahindra Hotels and Resorts Limited (20,011 shares of ₹ 10 each) | 1 | 1 |
| Holiday Management Oy, Finland (Refer Note (b) below) (23,248 shares of EUR 3/-each) | - | 40,981,825 |
| Kiinteistö Oy Katinkullan Pallohalli (5947 shares of EUR 0.21/- each) | 13,395,330 | - |
| Elisa Communications A-shares (300 shares of EUR 0.50/- each) | 266,743 | - |
| M itsenäiset kauppiat Oy (2 shares of EUR 204/- each) | 74,970 | - |
| Investment in Preference Shares (non trade fully paid up): | | |
| Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each) (Refer Note (a) below) | 250,000 | 250,000 |
| Investment in Associate (Refer Note no 40): | | |
| Holiday Club Resorts Finland (Refer Note (b) below) | - | 1,294,553,232 |
| Kiinteistö Oy Seniori Saimaa | 12,161,429 | - |
| Holiday Club Adventures Oy | - | - |
| Koy Sallan Kylpylä €* - | - | - |
| | 26,148,483 | 1,335,785,068 |
| Aggregate value of unquoted investments | 26,148,483 | 1,335,785,068 |

Note:

- a) The preference shares of Guestline Hospitality Management and Development Services Limited will 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 ₹ 10 each anytime after thirty six months from the date of allotment.
- b) Consequent to additional investment by Covington in HCRM (HCR Management OY) and in HCRO (Holiday club Resorts OY), these companies became subsidiaries of the Company during the financial year 2015-2016.

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

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Payments towards Income Tax (net of provisions) | 1,176,601,842 | 1,140,382,217 |
| Security deposits | 422,608,166 | 443,129,306 |
| Capital advances | 93,141,687 | 261,932,595 |
| Loans and advances to others | 3,432,497 | - |
| | 1,695,784,192 | 1,845,444,118 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 16 : Other Non-Current Assets (Unsecured, considered good)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Long term trade receivables due for payment after one year from the date of Balance Sheet | 5,262,334,789 | 4,370,238,603 |
| | 5,262,334,789 | 4,370,238,603 |

Note 17 : Current investments

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2015 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Units | Value | Units | Value |
| Investment in Mutual Funds | | | | |
| Units : | | | | |
| HDFC Liquid Fund - Dly Dividend | 144,418 | 147,280,658 | - | - |
| Birla Sun Life Savings Fund | - | - | 200,463 | 20,105,882 |
| Birla Sun Life Floating Rate Fund - STP - Reg - Dly Dividend | 602,246 | 60,259,181 | - | - |
| DWS Ultra Short Term Fund - DDRE | - | - | 2,095,991 | 20,997,428 |
| ICICI Prudential Liquid - Reg - Dly Dividend | 769,568 | 77,032,923 | - | - |
| ICICI Prudential Liquid Reg DDRE | - | - | 125,488 | 12,556,820 |
| Kotak Floater - ST - Reg - Dly Dividend | 145,618 | 147,310,148 | - | - |
| Franklin India Ultra Short Bond Fund - SIP- DDRE | - | - | 2,109,683 | 21,264,132 |
| Reliance Medium Term Fund - DDRE | - | - | 1,222,641 | 20,902,140 |
| Tata Liquid Fund - Reg - Dly Dividend | 68,762 | 76,637,142 | - | - |
| Tata Money Market Fund - Reg - Dly Dividend | 70,157 | 70,263,526 | - | - |
| ICICI Liquid Plan Retail Growth | 268 | 93,581 | - | - |
| | | 578,877,159 | | 95,826,402 |

Note 18 : Inventories (At lower of cost & net realisable value)

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Vacation Ownership Units: | | |
| Vacation ownership weeks (including vacation ownership villas) | 3,755,423,624 | - |
| Cost of associated land | 581,669,289 | - |
| Construction work in progress | 129,729,216 | - |
| Stores : | | |
| Food, beverages and smokes | 64,269,404 | 14,953,635 |
| Operating supplies | 48,914,110 | 44,886,181 |
| | 4,580,005,643 | 59,839,816 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 19 : Trade Receivable

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Trade Receivables outstanding for more than six months from the date they are due for payment : | | |
| Secured, considered good* | 31,092,233 | - |
| Unsecured, considered good | 3,698,615,478 | 3,660,727,147 |
| Considered doubtful | 124,339,807 | 11,397,352 |
| Less: Provision for doubtful trade receivables | 124,339,807 | 11,397,352 |
| | 3,729,707,711 | 3,660,727,147 |
| Others (Refer Note below) : | | |
| Secured, considered good* | 503,165,728 | - |
| Unsecured, considered good | 6,692,514,874 | 5,053,089,215 |
| Considered doubtful | 1,158,811 | - |
| Less: Provision for doubtful trade receivables | 1,158,811 | - |
| | 7,195,680,602 | 5,053,089,215 |
| | 10,925,388,313 | 8,713,816,362 |

Note:

Others include outstanding for less than six months from the date they are due for payment and amounts due within one year from the date of Balance Sheet.

* Secured against right of repossession of vacation ownership weeks.

Note 20 : Cash & Cash equivalents

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Cash on hand | 8,050,610 | 7,142,272 |
| | 8,050,610 | 7,142,272 |
| Balances with Banks: | | |
| Current accounts | 1,056,957,336 | 156,318,279 |
| Deposit account - with maturity of less than 3 months | 7,897,108 | 17,803,784 |
| Deposit account - others | 22,730,583 | 5,503,902 |
| Earmarked accounts: | | |
| Margin money deposits | 28,317,509 | 33,469,453 |
| Unpaid dividend accounts | 340,688 | 325,584 |
| | 1,116,243,224 | 213,421,002 |
| | 1,124,293,834 | 220,563,274 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 21 : Short Term Loans & Advances (Unsecured, considered good)

(in ₹)

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|--------------------|----------------------|--------------------|
| Inter corporate deposits, loans & advances to joint venture | | 42,204,978 | | 39,712,702 |
| Loan to ESOP Trust | | 109,000,000 | | 125,000,000 |
| Balances with Statutory Authorities-Service Tax | | 81,176,400 | | 1,094,810 |
| Advances to suppliers /employees : | | | | |
| Considered good | 146,542,679 | | 87,882,713 | |
| Considered doubtful | 25,000,000 | | 12,500,000 | |
| Less: Provision for doubtful advances | 25,000,000 | | 12,500,000 | |
| | | 146,542,679 | | 87,882,713 |
| Others (claims and prepaid expenses) | | 404,968,195 | | 136,380,887 |
| | | 783,892,252 | | 390,071,112 |

Note 22 : Other Current Assets

(in ₹)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|----------------------|----------------------|
| Interest accrued on Inter corporate deposits, loans and advances: | | |
| Others | 10,113,145 | 5,946,180 |
| | 10,113,145 | 5,946,180 |

Note 23 : Revenue from Operations

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|---------------------------|---------------------------|
| Revenue from operations : | | |
| Income from operations : | | |
| Income from sale of vacation ownership | 5,391,124,369 | 4,441,799,715 |
| Income from sale of vacation ownership weeks | 1,918,875,439 | - |
| Income from sale of vacation ownership weeks in villas | 793,394,700 | - |
| Income from Resorts : | | |
| - Room rentals | 1,367,390,672 | 231,899,936 |
| - Food and beverages | 2,066,992,114 | 926,264,921 |
| - Wine and liquor | 34,674,570 | 30,921,292 |
| - Others | 1,261,223,997 | 298,832,759 |
| Annual Subscription Fee | 1,974,065,335 | 1,556,098,019 |
| Income from travel services | - | 22,795,344 |
| | 14,807,741,196 | 7,508,611,986 |
| Other Operating Income : | | |
| Interest Income on Instalment sales | 659,005,996 | 597,985,963 |
| Income from securitization (Refer Note no. 28) | (2,439,518) | 6,575,718 |
| Commission on customer financing from banks | 35,286,733 | - |
| Commission on membership from RCI | 41,150,699 | - |
| Income from sale of land inventory | 141,083,003 | - |
| Service revenue | 15,122,254 | - |
| Miscellaneous income | 288,918,927 | 5,646,839 |
| | 1,178,128,094 | 610,208,520 |
| | 15,985,869,290 | 8,118,820,506 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 24 : Other income

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| Dividend income: | | |
| Dividend income from current investments | 17,602,303 | 16,477,181 |
| Dividend income from non-current investments | 8,579 | 180,236 |
| Interest income: | | |
| On deposits with bank | 5,504,905 | 3,751,573 |
| On others | 16,701,301 | 3,130,891 |
| Gain on exchange fluctuation (net) | - | 154,048,679 |
| Miscellaneous income | 186,754 | - |
| Gain on sale of fixed assets (net) | 12,337,181 | - |
| | 52,341,023 | 177,588,560 |

Note 25 : Employee benefits expense

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 3,012,039,461 | 1,486,896,946 |
| Contribution to Provident & other funds | 264,609,268 | 62,522,586 |
| Staff welfare | 302,027,634 | 134,471,636 |
| | 3,578,676,363 | 1,683,891,168 |

Note 26 : Finance costs

(in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|-----------------------|------------------------------|------------------------------|
| Interest on : | | |
| Long term borrowings | 144,758,204 | 23,350,717 |
| Short term borrowings | 1,821,652 | 2,500,122 |
| | 146,579,856 | 25,850,839 |

Note 27 : Other expenses

(in ₹)

| Particulars | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|---|---------------------------|----------------------|---------------------------|--------------------|
| Vacation ownership weeks, vacation ownership weeks in villas including construction work in progress and cost of associated land : | | | | |
| Opening stock | - | | - | |
| Addition on acquisition | 4,497,955,224 | | - | |
| Add: Purchases | 441,988,598 | | - | |
| | 4,939,943,822 | | - | |
| Less: Closing stock | 3,755,423,624 | | - | |
| | | 1,184,520,198 | | |
| Food beverages and smokes consumed : | | | | |
| Opening stock | 14,953,635 | | 12,255,511 | |
| Addition on acquisition | 35,709,493 | | 2,894,684 | |
| Add: Purchases | 654,132,779 | | 284,898,906 | |
| | 704,795,907 | | 300,049,101 | |
| Less: Closing stock | 64,269,404 | | 14,953,635 | |
| | | 640,526,503 | | 285,095,466 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 27 : Other expenses (Contd.)

(in ₹)

| Particulars | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|--|---------------------------|----------------------|---------------------------|----------------------|
| | | | | |
| Operating supplies | | 385,368,187 | | 352,169,726 |
| Power and fuel | | 676,442,903 | | 305,819,787 |
| Rent (including lease rentals) | | 1,299,725,660 | | 527,194,056 |
| Rates and taxes | | 51,895,185 | | 42,666,468 |
| Insurance | | 20,152,710 | | 33,391,765 |
| Repairs and maintenance : | | | | |
| -Buildings and resorts | | 227,635,238 | | 120,549,398 |
| -Office equipment | | 97,025,233 | | 35,292,856 |
| -Others | | 543,974,366 | | 235,994,575 |
| Communication | | 105,429,482 | | 90,854,980 |
| Software charges | | 25,402,054 | | 20,290,626 |
| Consultancy charges | | 213,516,432 | | 137,363,319 |
| Sales commission | | 280,294,646 | | 255,760,701 |
| Discounts | | 117,626,636 | | 156,588,073 |
| Sales promotion expenses | | 2,117,024,563 | | 1,336,530,288 |
| Travelling | | 238,687,720 | | 187,734,537 |
| Service charges | | 675,445,344 | | 233,241,084 |
| Bad debt expenses | | 17,115,844 | | - |
| Provision for doubtful debts and advances | | 16,664,208 | | 14,056,243 |
| Auditors' remuneration: | | | | |
| Audit fees | | 26,199,712 | | 7,816,146 |
| Other services | | 9,000,015 | | 2,100,000 |
| Reimbursement of expenses/levies | | 71,665 | | 35,501 |
| Director's fees | | 4,640,522 | | 3,995,480 |
| Commission to non whole time directors | | 17,500,000 | | 10,000,000 |
| Loss on exchange fluctuation (net) | | 95,143,191 | | - |
| Loss on fixed assets sold/write-off (net) | | - | | 3,755,868 |
| Bank charges | | 97,240,083 | | 84,998,480 |
| Expenditure on Corporate Social Responsibility (Refer Note no. 41) | | 28,014,710 | | 30,908,617 |
| Miscellaneous | | 340,495,456 | | 117,069,862 |
| | | 9,552,778,466 | | 4,631,273,902 |

28 Securitisation:

The Company has been securitising amounts receivable including future interest receivable thereon. 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.

(in ₹)

| Particulars | Year ended March 31, | |
|---|----------------------|-------------|
| | 2016 | 2015 |
| Value of Accounts receivable | - | 586,013,212 |
| Less: Future interest receivable | - | 123,953,981 |
| Principal amount of receivables | - | 462,059,231 |
| Consideration received | - | 500,000,000 |
| Profit on securitisation | - | 37,940,769 |
| Less: Reversals in respect of cancelled members | 2,439,518 | 31,365,051 |
| Income from securitisation | (2,439,518) | 6,575,718 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

29 HCR and MHR Hotels had entered into interest rate swap agreements to manage interest rate risk exposures. The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying borrowing amount. The full fair value of the hedging derivative is classified as current/non-current liability based on the maturity term of the hedged. For the hedged instruments with maturity within one year are classified as current and those beyond one year are classified as Non- Current. The total number of interest swaps outstanding as on March 31, 2016 is ten.

30 Lease commitments:

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.

(in ₹)

| Particulars | Year ended March 31, | |
|---|----------------------|---------------|
| | 2016 | 2015 |
| Future minimum lease payments | | |
| Not later than one year | 366,255,662 | 385,764,907 |
| Later than one year but not later than five years | 1,102,881,603 | 1,244,671,130 |
| Later than five years | 270,420,881 | 263,972,082 |

31 Capital commitments:

(in ₹)

| Particulars | As at March 31, | |
|--|--------------------|-------------|
| | 2016 | 2015 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 643,408,551 | 438,836,014 |

32 Contingent Liabilities:

(in ₹)

| Particulars | As at March 31, | |
|---|----------------------|---------------|
| | 2016 | 2015 |
| (A) Receivables securitised, with recourse. | | |
| Certain specified Receivables have been securitised with a bank for availing finance. In case a member defaults in payment to the bank, the bank would have recourse to the Company. In such cases, the Company has recourse to the customer. | 683,531,332 | 1,867,971,631 |
| (B) Claims against the Company not acknowledged as debts | | |
| i) Luxury tax claimed on members' stay at resorts (inclusive of penalty) | 308,190,414 | 251,052,544 |
| ii) Service tax claimed on interest on instalments and other items (inclusive of penalty where quantified in demand) | 714,839,337 | 638,770,100 |
| Interest (estimated) [₹ 156,594,381 (2015: ₹ 120,780,224)] | | |
| iii) Income tax matters in dispute | | |
| (a) Pertaining to Revenue Recognition (timing differences)* | | |
| <u>Assessment Years 1998-99 to Assessment Year 2010-11</u> | | |
| The matter has been decided in favour of the Company by the appellate authorities, the Department has filed an appeal before the Madras High Court; Tax (excluding interest) | 2,714,060,681 | 1,978,570,362 |
| <u>Assessment Years 2011-12 to Assessment Year 2012-13</u> | | |
| Company's appeal before the CIT(A) is pending; Tax (including interest of ₹ 483,585,612) | 1,789,436,843 | 2,753,180,338 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | As at March 31, | |
|---|--------------------|-------------|
| | 2016 | 2015 |
| <p>b) Pertaining to other matters (mainly timing differences)* From Assessment Year 2005-06 onwards Company's appeal before Appellate authorities is pending; Tax (including interest of ₹ 76,297,746) * 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.</p> | 326,917,723 | 324,338,723 |
| <p>Notes:</p> <p>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.</p> <p>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 1 and 2 above in respect of assessments remaining to be completed may not be material.</p> | | |

(C) Other matters under appeal

i) Property Related

- (a) 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 has 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 has 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.
- (b) With respect to the land underlying the resort at Tungi:
 The Collector Pune, vide his order, has cancelled the Non-Agricultural ("NA") status of the land. Against this order, the Company has filed an appeal before the Additional Divisional Commissioner (ADC), Pune challenging the cancellation of the NA status of the land. The matter is pending for orders. The Company has also filed a Civil Suit at Civil Court, Pune against the State of Maharashtra and others, inter alia, seeking declaration that the proceedings and orders in respect of the cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and sought other reliefs. An ad-interim stay has been granted against the 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;
 In respect of certain claims of a neighbouring property owner, the Company has filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against him 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.
- (c) Pursuant to a "public interest litigation" filed before the Gujarat High Court, the officials of the Forest and Revenue departments undertook an inspection of all resorts (including the Company's resort) at Gir in March 2015. Consequently, the Forest Department has alleged certain irregularities and sealed some structures / rooms in April 2015. The Company has denied the alleged violations and made its representations before a Committee constituted by the Gujarat High Court and the matter is pending hearing.
- None of the matters contained in (a) to (c) above affect the routine operations of the resorts.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

ii) Other Matters under appeal

- (a) The Company had 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 ₹ 125,614,668 as damages for termination of the Contract. The Company has made a counter claim of ₹ 200,356,002 towards liquidated damages and other losses. The matter is pending before the Arbitrator.
- (b) 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 ₹ 18,993,169. 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.
- (c) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims ₹ 94,901,717/-(previous year: ₹ 82,650,033/-).

(D) Other contingent liabilities and Commitments with respect to HCR OY and its subsidiaries:

- (a) Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than March 31, 2022. The buyback price on March 31, 2022 has been agreed to be 4,750,000 euros.
- (b) Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for 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.
- (c) 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.
- (d) Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Pohjola Pankki Oyj (Pohjola Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives Pohjola Financing the right to call in the financing or to terminate the financing contract. If Pohjola 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 Pohjola 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 Pohjola Pankki 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.

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:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

If Sampo Financing terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies:

If Sampo Financing claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement. The purchase price is 30 % of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue. For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100 % buyback commitment is applied.

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.

- (e) 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.
- (f) 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.
- (g) Group company Kiinteistö Oy Himoksen Tähti 2 has given the city of Jämsä completion commitments regarding land areas. If the company fails to meet the completion commitments, the parent company has committed to pay the city of Jämsä a contractual penalty of 127,408.60 €.
- (h) 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.
- (i) Group company Kiinteistö Oy Rauhan Liikekiinteistöt 1 is obliged to annually review the tax deductions made from the real estate investment for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year time period. The maximum amount of the obligation was 2,377,090.80 euros on March 31, 2016.
- (j) 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, Holiday Club Resorts Oy has 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.
- (k) 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.
- (l) Holiday Club Sweden AB has regarding Holiday Club Sport And Spa Hotels AB committed to a shareholders' agreement with terms of put and call options by which Holiday Club Sweden AB could be obliged to purchase other shareholders' shares in the companies. These options may actualize no sooner than 2021.
- (m) 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 382,000 euros.
- (n) 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.
- (o) 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 8,666.46 euros and Kiinteistö Oy Kelotähti will be liable for the contract price towards Skanska Talonrakennus Oy (5 million euros).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- (p) 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.
- (q) 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 850,000 euros total.
- (r) 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 April 8, 2016 and the rest will be purchased by October 15, 2016. The sales price of the shares is 1 million euros total.
- (s) Holiday Club Resorts Oy has guaranteed a bank loan of Kiinteistö Oy Rauhan Liikekiinteistöt 1, a 100 % owned subsidiary. The remaining loan capital is 5.75 million euros.
- (t) 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 12,000,000 SEK. Holiday Club Sweden AB owns 51 % of the Holiday Club Sport and Spa Hotels AB's shares.
- (u) Holiday Club Resorts Oy has given a commitment to purchase its own shares from its personnel.
- (v) 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.

33 Employee Benefits**33.1 Defined benefit plans**

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 following table sets out the funded status of the defined benefit scheme and amount recognised in the financial statements.

| | | (in ₹) | |
|--------------------|---|------------------------|-------------|
| | | As at March 31, | |
| Particulars | | 2016 | 2015 |
| a. | Net Asset/ (Liability) recognized in the balance sheet | | |
| | Present value of funded obligation | 40,209,111 | 33,379,345 |
| | Fair value of plan assets | 39,779,104 | 24,706,922 |
| | Net asset/ (Liability) | (430,007) | (8,672,423) |
| b. | Expense recognized in the Statement of profit and loss | | |
| | Current service cost | 9,710,524 | 7,923,017 |
| | Interest cost | 2,490,785 | 2,398,734 |
| | Expected return on plan assets | (2,967,918) | (1,983,342) |
| | Actuarial (gains) / losses | 1,545,245 | (1,099,681) |
| | Total expense | 10,778,636 | 7,238,728 |
| c. | Change in present value of obligation | | |
| | Present value of defined benefit obligation as at the beginning of the year | 33,379,345 | 28,745,921 |
| | Add: Defined benefit obligation pertaining to newly acquired subsidiary | - | 1,408,964 |
| | Less: Defined benefit obligation merged with the Company | - | (647,197) |
| | Current service cost | 9,710,524 | 7,923,017 |
| | Interest cost | 2,490,785 | 2,398,734 |
| | Actuarial (gains) /losses | (840,723) | (1,132,718) |
| | Benefits paid | (4,530,820) | (5,317,376) |
| | Present value of defined benefit obligation as at the end of the year | 40,209,111 | 33,379,345 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | | As at March 31, | | | | |
|--|---|----------------------------|----------------------------|--------------|--------------|-------------|
| | | 2016 | 2015 | | | |
| d. | Change in fair value of plan assets | | | | | |
| | Plan assets at the beginning of the year | 24,706,922 | 21,034,394 | | | |
| | Add: Fair value of assets pertaining to newly acquired subsidiary | - | 1,533,119 | | | |
| | Expected return on plan assets | 2,967,918 | 1,983,342 | | | |
| | Actuarial gains /(losses) | (2,385,967) | (33,035) | | | |
| | Contributions by employer | 19,021,051 | 5,506,478 | | | |
| | Benefits paid | (4,530,820) | (5,317,376) | | | |
| | Plan assets at the end of the year | 39,779,104 | 24,706,922 | | | |
| e. | Principal actuarial assumptions | | | | | |
| | Discount rate | 7.75% | 8.00% | | | |
| | Expected return on plan assets | 9.30% | 9.30% | | | |
| | Salary Escalation | 5.00% | 5.00% | | | |
| | Attrition | 1%-3% | 1%-3% | | | |
| | Mortality table | IALM (2006-2008) ULT | IALM (2006-2008) ULT | | | |
| Discount rate is based on prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market. | | | | | | |
| f. | Experience Adjustment to the extent provided by actuary | As at March 31, | | | | |
| | | 2,016 | 2015 | 2014 | 2013 | 2012 |
| | Present value of defined benefit obligation | 40,209,111 | 33,379,345 | 28,745,921 | 27,910,215 | 19,152,550 |
| | Fair value of the Plans | 39,779,104 | 24,706,922 | 21,034,394 | 17,104,972 | 12,655,898 |
| | Surplus / (Deficit) | (430,009) | (8,672,423) | (7,711,526) | (10,805,243) | (6,496,652) |
| | Experience adjustment on plan liabilities | (2,066,855) | (5,423,646) | (15,263,749) | 47,436 | 56,790 |
| | Experience adjustment on plan assets | (2,385,967) | (33,035) | 5,522 | 1,923,330 | 1,923,330 |
| g | In the absence of the relevant information from the actuary/insurer, the above details do not include the composition of plan assets. The estimated amount of contribution in the immediate next year is ₹ 95 Lacs. | | | | | |

33.2 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences in respect of the holding company are given below.

| Particulars | | 2016 | 2015 |
|-------------|--|----------------------------|----------------------------|
| | Principal actuarial assumptions | | |
| a. | Discount rate | 7.75% | 8.00% |
| b. | Salary Escalation | 5.00% | 5.00% |
| c. | Attrition | 1%-3% | 1%-3% |
| d. | Mortality table | IALM (2006-2008) ULT | IALM (2006-2008) ULT |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

34 Segment Reporting:

The Company has a single reportable segment namely sale of Vacation Ownership and other services for the purpose of Accounting Standard 17 on Segment Reporting. Business segment is considered as the primary segment.

(in ₹)

| Secondary segment information: | As at March 31, | |
|--|-----------------------|----------------|
| | 2016 | 2015 |
| India | | |
| Sales | 9,515,339,986 | 8,118,820,506 |
| Segment assets | 26,948,471,447 | 24,480,523,858 |
| Capital expenditure incurred during the year | 1,101,876,168 | 1,798,652,923 |
| Outside India | | |
| Sales | 6,470,529,304 | - |
| Segment assets | 10,524,502,238 | 23,050,676 |
| Capital expenditure incurred during the year | 768,534,829 | - |
| Total | | |
| Sales | 15,985,869,290 | 8,118,820,506 |
| Segment assets | 37,472,973,685 | 24,503,574,534 |
| Capital expenditure incurred during the year | 1,870,410,997 | 1,798,652,923 |

35 Earnings per share:

(in ₹)

| Particulars | As at March 31, | |
|---|--------------------|-------------|
| | 2016 | 2015 |
| Net profit after tax (in ₹) | 990,637,636 | 812,268,482 |
| Weighted average number of Equity Shares used in computing basic earnings per share (Nos.) | 88,035,064 | 88,025,625 |
| Weighted average number of Equity Shares used in computing diluted earnings per share (Nos.) on account of ESOP | 88,293,782 | 88,045,717 |
| Earnings Per Share – Basic (in ₹) | 11.25 | 9.23 |
| Earnings per share – Diluted (in ₹) | 11.22 | 9.23 |
| Nominal value of shares (in ₹) | 10.00 | 10.00 |

36 Goodwill on consolidation:

(in ₹)

| Particulars | As at March 31, | |
|---|----------------------|---------------|
| | 2016 | 2015 |
| Opening Balance | 1,183,216,229 | 1,427,161,620 |
| Add: On acquisition/ additional investment in subsidiaries/ jointly controlled entity | 241,855,930 | 391,492,047 |
| Less: On disposal/merger of subsidiary | (956,210,981) | (635,437,438) |
| Closing Balance | 468,861,178 | 1,183,216,229 |

37 The effect of acquisition/disposal of subsidiaries:

From September 2, 2015, Holiday Club Resorts Oy, Finland (HCR) and HCR Management Oy (HCRM) have become subsidiaries of the Company (step down subsidiaries). Prior to this date HCR was an associate company.

During the year ended March 31, 2016, Holiday Club Sport and Spa AB (earlier known as Visionsbolaget 10088 AB) and Saimaa Gardens Arena Oy, became subsidiaries and Kiinteistö Oy Sallan Kylpylä became an associate of Holiday Club Resorts Oy, Finland (HCR) and in turn subsidiaries/associate of the Company. Further, the 21 erstwhile subsidiaries of HCR/ Company ceased to be subsidiaries of HCR/Company, consequent to merger with HCR (16 companies), liquidation (1 Company) and sale (4 companies).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Mahindra Holidays and Resorts USA Inc. has been dissolved voluntarily on May 19, 2014.

The difference between the proceeds from disposal of investment in subsidiaries and net investment held in those companies as on the date of disposal have been recorded as gain on sale of investment in subsidiaries.

The net effect of acquisition/disposal of subsidiaries on the financial position and results as included in the Consolidated Financial Statements is given below:

| Particulars | 2015-2016 | | 2014-2015 | |
|----------------------------|---------------|----------|---------------|-------------|
| | Acquisition | Disposal | Acquisition | Disposal |
| Liabilities: | | | | |
| Non Current liabilities | 2,619,711,721 | - | 1,433,158,896 | - |
| Current liabilities | 2,956,956,919 | - | 28,759,501 | 350,784 |
| Assets: | | | | |
| Non Current Assets | 3,626,260,815 | - | 811,489,563 | - |
| Current Assets | 6,686,818,252 | - | 1,203,343,314 | 350,784 |
| Revenue | 6,681,216,870 | - | 46,335,234 | 4,698 |
| Expenses | 6,362,716,877 | - | 33,318,589 | 1,198,804 |
| Profit / (Loss) before tax | 318,499,993 | - | 13,016,646 | (1,194,106) |
| Profit / (Loss) after tax | 254,874,384 | - | 2,180,378 | (1,194,106) |

38 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise in respect of the company are given below:

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------|----------------------|-------------|----------------------|-------------|
| | Amount in FCY | Amount in ₹ | Amount in FCY | Amount in ₹ |
| Payables: | | | | |
| EURO | 7,719 | 580,968 | 1,394 | 91,630 |
| AED | 63,987 | 1,066,647 | 332,415 | 5,586,152 |
| Receivables: | | | | |
| USD | 17,810 | 1,173,104 | - | - |

39 Joint Venture Disclosure:

Interest in assets, liabilities, income, expenses and capital commitment with respect to the Jointly controlled entity, Arabian Dreams Hotels Apartments LLC included in the Consolidated Financials ,is as follows:

| Particulars | 2015-2016 | | 2014-2015 | |
|--|---------------|-------------|---------------|-------------|
| | Amount in FCY | Amount in ₹ | Amount in FCY | Amount in ₹ |
| Liabilities : | | | | |
| Short term borrowings | 51,847,965 | | 50,145,986 | |
| Other liabilities | 4,471,404 | | 2,815,313 | |
| Assets : | | | | |
| Fixed Assets | 1,093,916 | | 925,998 | |
| Short term loans and advances | 11,022,801 | | 9,625,810 | |
| Trade receivables | 2,435,559 | | 3,307,550 | |
| Cash and cash equivalents | 4,522,885 | | 4,640,149 | |
| Income | 81,286,349 | | 59,335,221 | |
| Expenses | 81,991,650 | | 77,436,897 | |
| Contingent liabilities / Capital commitments | NIL | | NIL | |

| Name of the other venturer | Percentage of Holding | |
|--------------------------------------|-----------------------|-----------|
| | 2015-2016 | 2014-2015 |
| Mr. Adel Ahmad Al Sheikh A Bin Hafez | 51% | 51% |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

40 Investment in associate:

(in ₹)

| Particulars | 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% | 71,221,500 | - | 12,161,429 |
| Koy Sallan Kylpylä | 49 | 41.95% | 32,327,064 | - | - |
| Holiday Club Adventures Oy | 30 | 25.68% | 56,228 | - | - |

Investment in associate previous year

(in ₹)

| Particulars | No of equity shares held | % of holding | Original cost of Investment | Amount of Goodwill / (Capital reserve) in original cost | Carrying amount of Investments |
|------------------------------|--------------------------|--------------|-----------------------------|---|--------------------------------|
| Holiday Club Resorts Finland | 707,777 | 22.34% | 1,302,332,185 | 288,807,214 | 1,294,553,232 |

41 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 ₹ 27,189,781/-
- Amount spent during the year on:

(in ₹)

| Particulars | In Cash | Yet to be paid in cash | Total |
|---|------------|------------------------|------------|
| (i) Construction/Acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 28,014,710 | - | 28,014,710 |

42 Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

(in ₹)

| Particulars | Year ended March 31, | |
|--------------------------|----------------------|-------------|
| | 2016 | 2015 |
| Capital Work-in-progress | 714,564,504 | 872,557,311 |

Expenditure during construction pending allocation included in (CWIP) above:

| | | |
|-------------------------|------------|-------------|
| Salaries, Wages & Bonus | 70,050,084 | 103,049,793 |
| Staff welfare Expenses | 922,595 | 1,347,999 |
| Power & Fuel | 81,340 | 209,957 |
| Rent | 561,763 | 826,294 |
| Rates & Taxes | 834,451 | 1,599,922 |
| Repairs-Others | 1,527,137 | 2,062,029 |
| Travelling | 7,286,378 | 14,589,371 |
| Communication | 825,154 | 1,683,121 |
| Printing & Stationery | 366,834 | 677,558 |
| Insurance | - | 27,162 |
| Consultancy Charges | 13,643,202 | 22,639,925 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | Year ended March 31, | |
|-------------------|----------------------|--------------------|
| | 2016 | 2015 |
| Freight | 1,056,505 | 1,549,319 |
| Interest - Others | 30,102 | 6,172,926 |
| Bank Charges | 77,760 | 77,702 |
| Miscellaneous | 3,495,302 | 181,780 |
| Total | 100,758,607 | 156,694,858 |

43 Details of Amalgamations and Arrangements:

In terms of the Scheme of Amalgamation and Arrangement, ('the Scheme'), erstwhile Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited, wholly owned subsidiaries of the Company (referred to as 'transferor companies'), engaged in the business of rendering resort facilities) have been merged with the Company ('Transferee Company'), upon which the entire business, including all assets, liabilities and reserves of the Transferor Companies stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under the 'pooling of interest method' and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date.

The Scheme filed by the Company has been approved by the Hon'ble High Courts of judicature at New Delhi, Rajasthan and Chennai with an Appointed Date of April 1, 2015 and effective date of March 31, 2016 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 2013 have been completed.

There was no allotment of shares to the Transferor Companies' equity shareholders since the Transferor Companies were wholly owned subsidiaries of the Company.

Consequent to this, Goodwill on consolidation amounting to ₹ 956,210,982 has been written off against the securities premium account of the company.

(in ₹)

| Particulars | On the appointed date as at April 1, 2015 | | | |
|---|---|--|--|--------------------|
| | Competent Hotels Private Limited | Divine Heritage Hotels Private Limited | Holiday on Hills Resorts Private Limited | Total |
| Carrying value of investments in the books of the Transferee Company | 448,254,447 | 92,497,545 | 438,739,417 | 979,491,409 |
| Less: Share capital of the transferor Company | 30,830,000 | 7,000,000 | 10,000,000 | 47,830,000 |
| | 417,424,447 | 85,497,545 | 428,739,417 | 931,661,409 |
| General Reserve of the transferor Company | (4,747,756) | - | - | (4,747,756) |
| Capital Reserve of the transferor Company | - | - | (3,000,000) | (3,000,000) |
| Capital Redemption Reserve of the transferor Company | (14,580,000) | - | - | (14,580,000) |
| Securities Premium Account of the transferor Company | - | (20,364,500) | - | (20,364,500) |
| Surplus/(Deficit) in Statement of profit/(loss) | 52,462,596 | 26,910,515 | (12,131,282) | 67,241,829 |
| | 33,134,840 | 6,546,015 | (15,131,282) | 24,549,573 |
| | 450,559,287 | 92,043,560 | 413,608,135 | 956,210,982 |

Details of Amalgamations and Arrangements during the previous year

- In terms of the Scheme of Amalgamation and Arrangement, ('the Scheme'), the erstwhile Bell Tower Resorts Private Limited (a wholly owned subsidiary of the Company)(referred to as 'Transferor Company'), has been merged with the Company ('Transferee Company'), upon which the entire business, including all assets and liabilities of the Transferor Company stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under the 'pooling of interest method' and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date .

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The Scheme filed by the Company has been approved by the Hon'ble High Court of Bombay at Goa on May 2, 2014 and by the Hon'ble High Court of Madras on June 23, 2014 with the Appointed Date of April 1, 2013 and an effective date of July 31, 2014 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 1956 have been completed.

The current year figures are to that extent not strictly comparable to those of previous year.

- ii. There was no allotment of shares to the Transferor Company's equity shareholders since the Transferor Company was a wholly owned subsidiary of the Company.
- iii. Consequent to this, Goodwill on Consolidation amounting to ₹ 63,54,37,438 has been written-off against the securities premium account of the Company.

44 Related Party Transactions:

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

| | | |
|----|--|--|
| A. | Holding Company | Mahindra & Mahindra Limited |
| B. | Fellow Subsidiaries with whom the company has transactions during the year | Bristlecone India Limited Defence Land Systems India Limited Mahindra Automobile Distributor Private Limited Mahindra Consulting Engineers Limited Mahindra EPC Services Private Limited Mahindra First Choice Services Limited Mahindra First Choice Wheels Limited Mahindra Integrated Township Limited Mahindra Intergrated Business Solutions Private Limited Mahindra Intertrade Limited Mahindra Life Space Developers Limited Mahindra Logistics Limited Mahindra Residential Developers Limited Mahindra Retail Private Limited Mahindra Shubhlabh Services Limited Mahindra Two Wheelers Limited Mahindra World City (Jaipur) Limited Mahindra World City Developers Limited Tech Mahindra Limited Mahindra Defence Systems Limited Mahindra Rural Housing Finance Limited Mahindra Bebanco Developers Limited |
| C. | Other entities under the control of the company | Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust |
| D. | Key Management Personnel | Mr. Kavinder Singh (Managing Director & CEO) Mr. Dinesh Shetty (Company Secretary) Mr. S Krishnan (Chief Financial Officer & Executive Director) |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(ii) Related Party Transactions and balances

(in ₹)

| Particulars | March 31, 2016 | March 31, 2015 |
|--|--------------------|-------------------|
| <u>Holding company</u> | | |
| Transactions during the year : | | |
| Sale of services | 2,567,030 | 379,867,057 |
| Purchases of fixed assets | 6,919,525 | 1,277,046 |
| Purchase of services | 65,530,598 | 9,759,648 |
| Dividend paid/Proposed | - | 266,342,568 |
| Balances as at : | | |
| Outstanding: Payable | 135,596,191 | 82,955,486 |
| Outstanding: Receivable | 10,483,122 | 16,918,336 |
| <u>Fellow Subsidiaries</u> | | |
| Transactions during the year : | | |
| Sale of services: | | |
| Mahindra Intertrade Ltd | 92,874 | 1,524,399 |
| Mahindra First Choice Wheels Ltd | - | 1,048,192 |
| Mahindra Lifespace Developers Ltd | - | 4,314,190 |
| Mahindra Two Wheelers Limited | 365,270 | 3,546,120 |
| Mahindra Shubhlabh Services Limited. | - | 452,907 |
| Mahindra Integrated Township Ltd | - | 103,163 |
| Mahindra World City Developers Ltd | - | 1,098,155 |
| Mahindra World City (Jaipur) Ltd | - | 1,277,067 |
| Mahindra Defence Systems Limited | - | 4,008,576 |
| Bristlecone India Limited. | 324,425 | 779,342 |
| Defence Land Systems India Private Limited | - | 1,628,657 |
| Mahindra Consulting Engineers Limited | - | 2,039,304 |
| Mahindra EPC Services Private Limited | - | 3,592,864 |
| Mahindra Logistics Limited | 271,098 | 5,079,542 |
| Mahindra First Choice Services Ltd | - | 1,951,282 |
| Mahindra Automobile Distributor Pvt Ltd | - | 27,553 |
| Tech Mahindra Limited | - | 72,399,623 |
| Mahindra Residential Developers Limited | - | 100,000 |
| Mahindra Rural Housing Finance Limited | 218,841 | - |
| Purchase of Fixed Assets: | | |
| Mahindra Two Wheelers Limited | - | 232,976 |
| Mahindra Retail Private Limited | 53,573 | - |
| Purchase of services: | | |
| Mahindra Integrated Business Solutions Private Limited | 418,552 | - |
| Mahindra Defence Systems | 245,000 | 599,077 |
| Mahindra Consulting Engineers Limited. | 720,000 | 375,000 |
| Bristlecone India Limited. | 17,189,593 | 2,594,974 |
| Tech Mahindra Ltd | 167,537,502 | 184,282,854 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|--------------------|-------------------|
| Balances as at : | | |
| Outstanding: Payable | | |
| Mahindra Retail Pvt Ltd | - | 70,508 |
| Tech Mahindra Ltd | 14,070,765 | 19,804,676 |
| Bristlecone India Limited | - | 2,701,996 |
| Outstanding: Receivable | | |
| Mahindra Lifespace Developers Ltd | 2,281,933 | 2,401,145 |
| Mahindra Consulting Engineers Limited | - | 140,722 |
| Mahindra Intertrade Limited. | - | 194,076 |
| Mahindra Shubhlabh Services Limited. | - | 59,088 |
| Mahindra Two Wheelers Limited | 645,298 | 645,298 |
| Mahindra Defence Systems Limited | - | 84,270 |
| Mahindra Logistics Limited | 261,924 | 821,175 |
| Mahindra First Choice Services Ltd | 39,713 | 39,713 |
| Mahindra Bebanco Developers Limited | 70,851 | 70,851 |
| Tech Mahindra Limited | 1,148,431 | 506,391 |
| Other entities under the control of the company | | |
| Balances as at : | | |
| Outstanding: Receivable | | |
| Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust | 109,000,000 | 125,000,000 |
| Key Management Personnel | | |
| Transactions during the year : | | |
| Managerial remuneration: | | |
| Mr. Kavinder Singh | 24,055,008 | 7,894,958 |
| Mr. Dinesh Shetty | 5,405,720 | 4,660,098 |
| Mr. S Krishnan | 16,994,789 | 9,508,914 |

45 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosure. The figures are not comparable with the previous year on account of the acquisitions and amalgamations that were given effect to in the current year.

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S. Krishnan
Chief Financial Officer &
Executive Director

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 17, 2016

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 | 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 | Cables Promoters (P) Ltd | | INR | 496,786,000 | (5,433,313) | 570,495,716 | 79,143,029 | - | 12,082 | (4,861,491) | - | (4,861,491) | - | 100% |
| 2 | Mahindra Hotels and Residences India Ltd | | INR | 500,000 | (1,354,988) | 20,300 | 875,288 | - | - | (71,211) | - | (71,211) | - | 100% |
| 3 | Heritage Bird (M) Sdn Bhd | | MYR | 5,127,034 | (12,965,004) | 73,959,914 | 81,797,884 | - | 15,471,252 | (1,276,999) | (87,159) | (1,364,158) | - | 100% |
| 4 | MH Boutique Hospitality Ltd | | THB | 18,900,000 | (17,205,954) | 71,938,168 | 70,244,103 | 71,820,000 | 441 | (5,115,737) | - | (5,115,737) | - | 49% |
| 5 | Infinity Hospitality Group Company Ltd | | THB | 283,500,000 | (204,318,001) | 400,126,536 | 320,944,536 | - | 82,115,867 | 918,217 | - | 918,217 | - | 73.99% |
| 6 | Covington Sà.r.l. | | EUR | 937,125 | 1,672,038,966 | 4,010,606,367 | 2,337,630,276 | 4,005,751,534 | - | (57,645,408) | - | (57,645,408) | - | 100% |
| 7 | MHR Holdings (Mauritius) Ltd | | EUR | 10,870,650 | (91,935,711) | 3,302,660,157 | 3,383,725,218 | 1,737,992,025 | - | (79,949,957) | - | (79,949,957) | - | 100% |
| 8 | Holiday Club Resorts Oy | | EUR | 896,577,176 | 3,217,350,998 | 8,965,892,312 | 4,851,964,138 | 721,915,569 | 12,395,537,564 | (278,321,536) | 355,258 | (277,966,278) | 71,261,429 | 85.61% |
| 9 | Canbia Service Oy | | EUR | 599,760 | (288,970) | 310,790 | - | - | - | (103,671) | - | (103,671) | - | 85.61% |
| 10 | Kiinteistö Oy Hirnoksen Tahti 2 | | EUR | 187,425 | 50,018,180 | 50,286,625 | 81,019 | - | - | (631,714) | - | (631,714) | - | 85.61% |
| 11 | Holiday Club Canarias Investment S.L.U. | | EUR | 232,407 | (183,751) | 10,409,585 | 10,360,929 | 464,814 | - | (94,687) | - | (94,687) | - | 85.61% |
| 12 | Holiday Club Canarias Resort Management S.L.U. | | EUR | 232,407 | 206,211,507 | 649,749,396 | 443,305,482 | - | 187,686,570 | 28,519,937 | (8,008,370) | 20,511,567 | - | 85.61% |
| 13 | Holiday Club Canarias Sales & Marketing S.L.U. | | EUR | 232,407 | 288,669,061 | 1,428,666,255 | 1,139,764,787 | 1,248,850 | 390,206,255 | (21,782,983) | 8,135,894 | (13,647,089) | - | 85.61% |
| 14 | Holiday Club Resorts Rus LLC | December 31, 2015 | RUB | 294,000 | (77,605,000) | 40,670,000 | 117,981,000 | - | 9,095,000 | (30,439,000) | 5,791,000 | (24,648,000) | - | 85.61% |
| 15 | Holiday Club Sweden AB | | SEK | 817,000 | 1,131,731,000 | 2,221,633,000 | 1,089,085,000 | 87,675,000 | 506,495,000 | (67,681,000) | - | (67,681,000) | 1,131,731 | 85.61% |
| 16 | Kiinteistö Oy Himos Gardens | | EUR | 187,425 | 79,383,512 | 79,698,347 | 127,411 | - | - | 1,179,905 | (208,998) | 970,906 | - | 85.61% |
| 17 | Kiinteistö Oy Kuusamon Pulkjärvi 1 | | EUR | 189,135 | 20,309,506 | 27,267,130 | 6,768,489 | - | 1,712,465 | 628,468 | (125,965) | 502,503 | - | 85.61% |
| 18 | Kiinteistö Oy Rauhau Ranta 1 | | EUR | 187,425 | 9,153,948 | 9,452,928 | 111,555 | - | - | (297,184) | - | (297,184) | - | 85.61% |
| 19 | Kiinteistö Oy Rauhau Ranta 2 | | EUR | 187,425 | 15,311,549 | 15,672,492 | 173,518 | - | - | (460,605) | - | (460,605) | - | 85.61% |
| 20 | Kiinteistö Oy Katinnurkka | | EUR | 187,425 | 23,006,782 | 23,194,207 | - | - | - | (69,179) | - | (69,179) | - | 85.61% |
| 21 | Kiinteistö Oy Tiurunnieni | | EUR | 187,425 | 27,094,347 | 27,325,728 | 43,956 | - | - | (43,796,532) | - | (43,796,532) | - | 85.61% |
| 22 | Kiinteistö Oy Tenetinihti | | EUR | 187,425 | 8,032,171 | 8,221,928 | 2,332 | - | - | (70,574) | - | (70,574) | - | 85.61% |
| 23 | Kiinteistö Oy Tunturinni | | EUR | 1,235,687 | 7,382,075 | 8,617,762 | - | - | - | (378,973) | - | (378,973) | - | 85.61% |
| 24 | Kiinteistö Oy Vanha Ykkösiä | | EUR | 187,425 | 3,732,807 | 3,932,163 | 11,931 | - | - | (144,824) | - | (144,824) | - | 85.61% |
| 25 | Suomen vapaa-aikakiinteistöt Oy | | SEK | 187,425 | 1,328,980 | 1,516,405 | - | - | - | (56,245) | - | (56,245) | - | 85.61% |
| 26 | Ownership Service Sweden AB | | SEK | 817,000 | 16,063,780 | 79,181,099 | 62,300,319 | - | - | (370,126) | - | (370,126) | 16,063,780 | 85.61% |
| 27 | Are Semesterby A AB | December 31, 2015 | SEK | 817,000 | (67,403) | 749,598 | - | - | - | (5,719) | - | (5,719) | - | 85.61% |
| 28 | Are Semesterby B AB | December 31, 2015 | SEK | 817,000 | (67,403) | 749,598 | - | - | - | (5,719) | - | (5,719) | - | 85.61% |
| 29 | Are Semesterby C AB | December 31, 2015 | SEK | 817,000 | (64,135) | 752,866 | - | - | - | (5,719) | - | (5,719) | - | 85.61% |
| 30 | Are Semesterby D AB | December 31, 2015 | SEK | 817,000 | (67,403) | 749,598 | - | - | - | (5,719) | - | (5,719) | - | 85.61% |

(in ₹)

| SI no | Name of the Subsidiary | 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 |
|-------|--|---|--------------------|---------------|--------------------|--------------|-------------------|-------------|-------------|----------------------------|------------------------|------------------|-------------------|----------------------------------|
| 31 | Kiinteistö Oy Kyyliäntorni 1 | | EUR | 187,425 | 18,669,994 | 18,860,956 | 3,558 | - | 233,831 | 74,522 | - | 74,522 | - | 85.61% |
| 32 | Kiinteistö Oy Rauhan Liikekiihteistö 1 | | EUR | 187,425 | 146,254,365 | 770,028,289 | 623,586,498 | - | 98,337,968 | (16,480,870) | - | (16,480,870) | - | 85.61% |
| 33 | Äre Villa 1 AB | | SEK | 408,500 | 14,187,001 | 14,718,051 | 122,350 | - | 101,520,420 | 9,472,911 | - | 9,472,911 | - | 85.61% |
| 34 | Äre Villa 2 AB | | SEK | 408,500 | 11,703,321 | 12,234,371 | 122,350 | - | 101,520,420 | 9,472,911 | - | 9,472,911 | - | 85.61% |
| 35 | Holiday Club Sport and Spahotels AB | | SEK | 8,170,000 | 112,364,608 | 399,314,853 | 278,780,245 | - | 453,975,601 | 18,402,835 | (4,078,227) | 14,324,608 | 112,364,608 | 43.66% |
| 36 | Kiinteistö Oy Spa Lofts 2 | | EUR | 187,425 | 10,657,969 | 10,939,050 | 93,656 | - | - | (244,286) | - | (244,286) | - | 85.61% |
| 37 | Kiinteistö Oy Spa Lofts 3 | | EUR | 187,425 | 10,481,986 | 10,767,363 | 97,952 | - | - | (265,150) | - | (265,150) | - | 85.61% |
| 38 | Kiinteistö Oy Malliöniemi | | EUR | 674,750 | 21,789,304 | 22,534,166 | 70,132 | - | 623,451 | (40,645,226) | - | (40,645,226) | - | 85.61% |
| 39 | Supermarket Capri Oy | | EUR | 7,497,000 | 1,255,988 | 11,789,651 | 3,036,663 | 74,970 | 55,069,922 | (5,913,385) | - | (5,913,385) | - | 85.61% |
| 40 | Saimaa Gardens Arena Oy | | EUR | 187,425 | 16,881 | 13,761,058 | 13,556,752 | - | 13,353,656 | 431 | (86) | 345 | - | 85.61% |
| 41 | HCR Management Oy | | EUR | 187,425 | 41,920,135 | 157,064,257 | 114,956,697 | 157,037,800 | - | (1,619,675) | - | (1,619,675) | - | 100% |

Notes:

1. Translated at exchange rate prevailing as on 31st March 2016 MYR 1 = INR 17.09, THB 1 = INR 1.89, EUR 1 = INR 74.97, AED 1 = INR 18.03, RUB 1 = INR 0.98, and SEK 1 = INR 8.17

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
Part "B" Associate & Joint Venture

(in ₹)

| Sl no | Name of the Associate/ Joint Ventures | Latest audited Balance Sheet Date | Share of Associates/Joint Ventures held by the Company on the year end | | Description how there is significant influence | Reason why the joint venture/ associate not consolidated | Net worth attributable to shareholding as per latest audited Balance Sheet. | Profit/(Loss) for the year | | |
|------------------------|--|---|---|--|---|---|--|----------------------------|--------------------------------|---------------------------------------|
| | | | No of Shares held | Amount of investment in Associate / Joint venture | | | | Extent of holding - % | Considered in consolidation | Not considered in consolidation |
| Associate : | | | | | | | | | | |
| 1 | Guestline Hospitality Management and Development Services Limited | March 31, 2016 | 25,000 | 250,000 | 49.94% | Voting rights | Refer Note no 1 below | 5,613,037 | - | 983,250 |
| 2 | Kiinteistö Oy Seniori- Saimaa | December 31, 2015 | 950,000 | 12,161,429 | 26.67% | Voting rights | Refer Note no 4 below | 28,721,604 | - | (99,304,137) |
| 3 | Holiday Club Adventures Oy | December 31, 2015 | 30 | - | 25.68% | Voting rights | NA | 74,860 | - | - |
| 4 | Koy Sallan Kypylä | Refer note 2 below | 49 | - | 41.95% | Voting rights | Refer Note no 3 below | - | - | (2,888,894) |
| Joint Venture : | | | | | | | | | | |
| 1 | Arabian Dreams Hotel Apartments L.L.C. | March 31, 2016 | 147 | 5,211,172 | 49% | Voting rights | NA | (37,197,815) | (705,168) | (733,950) |

Note:

- The financials of Guestline Hospitality Management and Development Services Limited has not been considered for consolidation as the investment is acquired and held exclusively with a view to its subsequent disposal in the near future.
- Koy Sallan Kypylä was incorporated during the year and will prepare it's first statutory accounts for the period ending December 31, 2016.
- The losses incurred by Koy Sallan Kypylä is in excess of carrying value of investment, hence not considered for consolidation.
- 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 not considered for consolidation.

For and on behalf of the Board of Directors

A K Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S Krishnan
Executive Director & Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date : May 17, 2016

FINANCIAL HIGHLIGHTS FOR LAST 5 YEARS - STANDALONE

₹ in lakh

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|--|----------------|---------|---------|---------|---------|
| Revenue from operations | 95,153 | 79,485 | 77,752 | 70,155 | 62,156 |
| Total Income | 96,261 | 80,756 | 79,893 | 71,594 | 63,658 |
| Earnings Before Depreciation, Finance Cost and Tax Expenses (EBDIT) | 24,350 | 19,250 | 18,042 | 18,164 | 16,621 |
| Depreciation and Amortisation | 7,133 | 6,541 | 3,803 | 2,119 | 2,034 |
| Exceptional Items | - | 2,188 | - | - | - |
| Profit After Tax | 11,735 | 7,902 | 9,453 | 10,698 | 10,464 |
| Equity Dividend % | 50* | 40 | 40 | 40 | 40 |
| Equity Share Capital | 8,806 | 8,803 | 8,802 | 8,388 | 8,385 |
| Reserves and Surplus | 60,380 | 64,287 | 70,174 | 55,043 | 48,499 |
| Net Worth | 69,186 | 73,090 | 78,976 | 63,431 | 56,884 |
| Net Fixed Assets | 95,397 | 86,761 | 75,777 | 70,479 | 63,646 |
| Total Assets | 290,053 | 271,392 | 261,115 | 224,433 | 197,312 |
| Market Capitalisation | 343,182 | 228,877 | 207,614 | 217,482 | 254,577 |

KEY INDICATORS

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|----------------------------------|---------------|---------|---------|---------|---------|
| Diluted Earnings Per Share - (₹) | 13.29 | 8.98 | 10.75 | 12.75 | 12.46 |
| Book Value Per Share - (₹) | 78.57 | 83.03 | 89.73 | 75.62 | 67.84 |
| EBDIT / Total Income % | 25.30% | 23.84% | 22.58% | 25.37% | 26.11% |
| Net Profit Margin % | 12.19% | 9.79% | 11.83% | 14.94% | 16.44% |

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



Mahindra Holidays & Resorts India Limited