



# Mahindra Holidays & Resorts India Limited

Additional Information  
Adjustment to Opening Reserves (Equity)  
(refer Note 1b of Q2 Results)

October 31, 2016

# Key Adjustments

<b>Particulars</b>	<b>I-GAAP</b>	<b>IND-AS</b>
Proposed Dividend	The Company declares dividends and a provision is created in the financial statements treating it as an adjusting event.	Dividends are required to be presented as a deduction in the statement of changes in shareholders' equity in the period when authorized by shareholders. Dividends are accounted in the year when paid /approved by Shareholders in AGM / GM.
ESOP Fair Value Accounting	The Company has granted ESOPs under various schemes (ESOS 2006 and ESOS 2014) which will vest to its employees in a period of time ranging from 48 months to 60 months from date of grant. These are equity-settled schemes. The ESOP's issued across various tranches are measured and accounted using the intrinsic value method and fair value of the options carried out by the Black-Scholes method is disclosed by way of note to the accounts.	Ind AS 102 requires that equity-settled share-based payments be recognized at fair value of the options over the vesting period. However, Ind AS 101 provides an option to not apply Ind AS 102 retrospectively for options vested on or before the transition date. MHRIL has opted to apply the standard only for options granted and not vested as at the transition date.

# Key Adjustments

Particulars	I-GAAP	IND-AS
Lease Deposit	<p>The Company has given interest free deposits to lessors under operating lease agreements. These deposits are refunded to the Company at the end of the lease term.</p> <p>Currently these deposits are accounted at their transaction value (undiscounted value).</p>	<p>As per Ind AS 109 - Financial Instruments, interest free or below market rate of interest deposits need to be measured at fair value on initial recognition using the market rate of return. The difference between the nominal amount (transaction value) and the fair value (discounted value) of the deposit needs to be treated as an additional lease payment made by the lessee and would be amortized on a straight line basis over the lease term. The fair value of the deposit will increase over the term to the ultimate maturity amount (transaction value). This accretion will be recognized in the income statement as interest income.</p> <p>Corresponding DTA will be recognized accordingly.</p>
Straight Lining of Lease Rentals	<p>As per the current accounting policy of the Company, payments under operating leases are recognized as an expense on a straight-line basis over the lease term.</p>	<p>Ind AS 17 Leases does not require straight-lining of lease rentals if the escalations are in line with expected general inflation. Hence, there has been no straight-lining carried out from April 1, 2015 and straight-lining done under I-GAAP for the year 2015-16 has been reversed.</p>

# Key Adjustments

<b>Particulars</b>	<b>I-GAAP</b>	<b>IND-AS</b>
Expected Credit loss (ECL)	In respect of installments that become doubtful of recovery, the membership is cancelled/treated as cancelled, corresponding revenues and receivables are de-recognised and amounts received from the members are accounted as cancellation income.	Under Ind AS 109, a forecast of the lifetime credit worthiness of the total customer base is required to be made by the company to determine the percentage of members that are likely to default in their membership/ASF dues over their life-cycle and accordingly account for the credit loss at this stage. The difference is thus, one of timing, what would have been accounted over a period of time as and when dues become doubtful, is now being accounted based on a forecast of likely credit loss in the future.

# Equity Reconciliation

Equity Reconciliation (Management Estimates)	Amt (Rs./Lacs)	Amt (Rs./Lacs)
<b>Equity as per Indian GAAP (March 31, 2015)(Audited)</b>		<b>73,089</b>
Proposed Dividend and tax thereon	4,274	
Lease equalisation and other adjustments (net of deferred tax)	395	
ECL (net of deferred tax)	(13,784)	(9,115)
<b>Equity as per Ind AS (March 31, 2015)</b>		<b>63,974</b>
Profit for the year F-16 (as published)	11,735	
Proposed dividend and tax thereon	(4,274)	
Adjustments to reserves - business combination (as published)	(10,406)	
Others (net of deferred tax)	57	(2,888)
<b>Equity as per Ind AS (March 31, 2016) *</b>		<b>61,086</b>
Profit for the period: YTD Sept 2016 (as published)	6,311	
Dividend for the year ended March 2016	(5,343)	
Other adjustments - (net of deferred tax)	164	1,132
<b>Equity as per Ind AS (September 30, 2016)</b>		<b>62,218</b>
* As per Indian GAAP (audited, as published) as at March 31, 2016		<b>69,186</b>



# Thank You