

DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the 16th Annual Report together with the audited financial statements for the year ended March 31, 2018.

1. Overview of Company's Financial Performance

The financial and operating highlights for the year under review, compared with the previous Financial Year, are given below:

	(Rs. In Lakhs)	
Particulars	2017-18	2016-17
Income from operations	27,049.34	26,282.23
Operating Expenses	18,138.71	19,584.88
Profit from operations before depreciation and finance costs	8,910.63	6,697.35
Other income	784.72	1,216.32
Profit from ordinary activities before finance costs	9,695.35	7,913.67
Finance cost	120.68	132.51
Depreciation	3,650.51	2,927.86
Profit from ordinary activities after finance costs	5,924.16	4,853.30
Tax expense	2,073.77	1,462.19
Net profit after tax	3,850.39	3,391.11
Other Comprehensive income		
Items that will not be reclassified subsequently to profit or loss	11.31	6.64
Items that will be reclassified subsequently to profit or loss	-	-
Total other comprehensive income, net of tax	11.31	6.64
Total comprehensive income for the year	3,861.70	3,397.75
Earnings per share (EPS)		
Basic	6.81	6.00
Diluted	6.81	6.00

Review of Operations:

For the year ended 31st March 2018 the Company's revenue from operations was Rs. 27,049 lakhs as against Rs. 26,282 lakhs during the corresponding period of previous financial year registering growth of 3%. Profit Before Tax was Rs. 5,924 lakhs as against Rs. 4,853 lakhs for the same period during the previous year. Net Profit After Tax for the fiscal 2017-18 was Rs. 3,850 lakhs as against Rs. 3,391 lakhs in 2016-17. During the Financial year total footfalls across the three parks were 24.87 lakhs as against 26.59 lakhs during the previous year. During the year under review, there was no change in the nature of the business of the Company.

2. Dividend

The Board of Directors have recommended final dividend of Rs. 1.50 per equity share having face value of Rs. 10 each, subject to approval of Members at the 16th Annual General Meeting, which is inline with the Dividend Distribution policy of the Company. For the previous year, the Company had paid Dividend of Re. 1.00 per equity share of Rs. 10 each.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), the top 500 listed entities based on market capitalization are required to formulate Dividend Distribution Policy. The Company has formulated its Dividend Distribution Policy and the details are available on the Company's website at <http://www.wonderla.com/investor-relations/prospectus-and-policies.html>

3. Transfer to Reserves

The Company has transferred an amount of Rs. 385.04 lakhs to General Reserve.

4. Share Capital

The Authorised Equity Share Capital of the Company is Rs. 6,000 lakhs. Paid-up Share Capital as on March 31, 2018 was Rs. 5,650.07 lakhs. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme.

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

5. Finance and Accounts

During the year under review the rating agency ICRA reaffirmed AA- (Stable) rating for the Company's long term borrowings and assigned A1+ rating for the short term borrowings.

As mandated by the Ministry of Corporate Affairs the Company has adopted IndAS for the financial year commencing April 1, 2017. The estimates and judgments relating to the financial statements are made on prudent basis so as to reflect in a true and fair manner the form and substance of the transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2018.

6. Deposits

During the year under review, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

7. Awards/ accolades

TripAdvisor Travellers Choice has ranked

Wonderla Bangalore as No.1 Amusement Park in India and No.6 in Asia;

Wonderla Kochi as No.4 in India and No.13 in Asia; and Wonderla Hyderabad as No.8 in India

Wonderla Holidays Limited, Bangalore, has been awarded with Prashamsa Suraksha Puraskar 2017 for Good Safety Performance and Management Systems by the National Safety Council – Karnataka Chapter.

Wonderla Kochi has won the **Kerala State Pollution Control Board Award 2015-16**, consecutively for the fourth time.

8. Directors and Key Managerial Personnel

i. Appointments and Re-appointments

Mr. M. Ramachandran (DIN: 00177699) was appointed as an Additional Director, designated as Chairman of the Company, to serve on the Board with effect from 15th November 2017. The Members at a General Meeting convened through Postal Ballot appointed him as an Independent Director to hold office for a term of two years.

During the financial year Mr. George Joseph (DIN: 00253754) was appointed as Whole-Time Director of the Company, designated as Executive Vice – Chairman, for a period of two years commencing from November 15, 2017. The Members at a General Meeting convened through Postal Ballot have approved the said appointment.

Mr. Kochouseph Chittilappilly (DIN: 00020512) retires by rotation at the forthcoming 16th Annual General Meeting as per the provisions of Section 152 (6) & (7) of the Companies Act, 2013 and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

ii. Resignations

Mr. D. S. Sachdeva resigned as Chief Executive Officer (CEO) during the year. The Board places on record its appreciation for the initiatives taken by him to drive business of the Company.

9. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, to the best of their knowledge and belief the Directors state that-

- (I) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (II) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (III) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (IV) the Directors had prepared the annual accounts on a going concern basis; and
- (V) the Directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (VI) the Directors had devised proper systems to ensure

compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls, compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors the reviews performed by management and the relevant board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

10. Internal Control Systems

a. Internal control systems and their adequacy

The Company has in place well defined and adequate internal controls commensurate with the size of the Company and the same were operating effectively throughout the year.

The Company has an external Internal Audit (IA) function. The scope and authority of the IA function is defined before commencing the Audit. To maintain its objectivity and independence, the IA function reports to the Audit Committee of the Board. The IA function evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company. Based on the report of IA function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

b. Internal Controls over Financial Reporting

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, 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.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company has a robust financial closure, certification mechanism for certifying adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

11. Extract of Annual Return

The Extract of Annual Return pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, is enclosed to the Directors Report as **Annexure I**.

12. Health and Safety

Health and Safety (H&S) of employees and all stakeholders is an overarching value of your Company. Company's policies stress to conduct the business in a manner that helps create a healthy and safe environment for all stakeholders (employees, contractors and customers) based on the adoption of a true safety culture. They further directs that H&S be embedded in everything the Company does when it comes to its people, its processes, its customers, in delivering results and in leading sustainability. The H&S rules define essential behavior necessary to ensure safety. Identifying H&S not as a separate activity but as a critical success factor for operational performance, the policy places personal responsibility on every individual employee at all levels for ensuring safe working conditions in their respective work areas coupled with a fair and transparent consequence management process, in the event of negligence or willful disregard for safety rules. The policy and rules were widely communicated across the organization to employees and contractor workmen.

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at workplace. All women, permanent, temporary or contractual including those of service providers are covered under the policy. An Internal Complaints Committee comprising four members has been set up which includes three women to redress complaints relating to sexual harassment. Besides, in each of the units there is one nodal person who receives and forward complaints to the first instance person (FIP) who is a woman" or directly to the Committee.

During the year, the Company has not received any complaint on sexual harassment. Awareness programmes were conducted across the Company to sensitize the employees to uphold the dignity of their colleagues at workplace, particularly with respect to prevention of sexual harassment. Some employees were sent to attend training program conducted by external agency.

13. Composition and Meetings of the Board and Committees

The composition and the number of meetings of the Board and various Committees of the Company are set out in the Corporate Governance Report which forms part of this report. The intervening gap between the meetings was within the period prescribed under the provisions of Section 173 of the Act and SEBI (LODR) Regulations.

14. Declaration from Independent Directors

The Company, for the year ended 31st March, 2018, has received declarations from Independent Directors of the Company viz., Mr. M. Ramachandran (DIN: 00177699), Mr. Gopal Srinivasan (DIN: 00177699) and Mr. R.

Lakshminarayanan (DIN: 00238887) which state that they fulfill the criteria to act as Independent Director as envisaged in Section 149 (6) & (7) of the Companies Act, 2013 as well as under SEBI Listing Regulations.

15. Nomination and Remuneration Policy

The Company has adopted a Nomination and Remuneration Policy to fulfill the requirements as envisaged in Section 178 (2), (3) and (4) of the Companies Act, 2013. There has been no change in the Policy since previous year. The said policy is enclosed to the Report as annexure and also available on the website of the Company <http://www.wonderla.com/investor-relations/prospectus-and-policies.html>

16. Annual Performance evaluation of Board, Committees and Directors and familiarization to Independent Directors

The evaluation of the Board, its Chairman, individual Directors and Committees of the Board was undertaken in compliance with the provisions of Section 134(3)(p) and Schedule IV of the Companies Act, 2013.

The performance and effectiveness of the Board and its Committees are fundamental to the success of the Company and there is a rigorous evaluation each year to assess how well the Board, its Committees, the Directors and the Chairman are performing. The evaluation process, during the fiscal year, was led by the Chairman with support from the Company Secretary. The process consisted of the completion, by all Directors, of a comprehensive questionnaire evaluating the performance of the Board, its Committees and individual Directors. The questionnaire considered Board processes and their effectiveness, Board composition, Board objectives, Board support, and content of discussion and focus at Board meetings and invited Directors to indicate where specific improvements could be made. Completion of the questionnaire by each Director was followed by one-to-one discussions between each Director and the Chairman where the Board's role and structure, process, relationships and any emerging issues were discussed.

The overall results of the evaluation were considered by the Chairman and the principal recommendations were presented by him for review and discussion by the Board. The evaluation concluded that good progress has been achieved in most of the areas identified for action and that the Board and its Committees have continued to work very effectively in relation to most dimensions. Improvements are seen in many of the areas of focus identified in the evaluation undertaken. In addition, the Chairman has concluded that each Director contributes effectively and demonstrates full commitment to his/ her duties.

The Chairman, taking into account the views of the other Directors, reviewed the performance of Executive Directors'. The performance of the Chairman is reviewed by the Non-Executive Directors, led by the Independent Directors (IDs), taking into account the views of the Executive Directors. Following the latest review, the IDs considered and discussed with the Chairman the feedback relating to the Chairman's performance that has been received from the Directors as part of the Chairman's evaluation questionnaire. Following these discussions with the Chairman, the IDs were able to confirm that the performance of the Chairman continues to be effective, and that the Chairman continues to demonstrate appropriate commitment to his role.

To familiarise the Independent Directors with strategy, operations and functions of the Company, the whole-time Directors and senior management personnel made presentations to them about the Company's strategy, operations, service offerings, organization structure, finance, human resources, technology, quality, safety and hygiene and risk management.

17. Statutory Auditor

The Members of the Company at the 15th Annual General Meeting held on August 09, 2017, have approved the appointment of BSR & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), as Statutory Auditor of the Company for a period of 4 years, to hold office from the conclusion of 15th AGM till the conclusion of 19th AGM of the Company to be held in 2019, subject to ratification of their appointment by the Members at every AGM. Accordingly, appointment of BSR & Associates LLP, Chartered Accountants, as a Statutory Auditor of the Company is required to be ratified by the Members at ensuing AGM of the Company. The Company has received the consent from the Auditor and confirmation to the effect that they are not disqualified to be appointed as the Auditor of the Company in terms of the provisions of the Companies Act, 2013 and rules made thereunder. Accordingly, the Board of Directors has recommended the ratification of appointment of BSR & Associates LLP, Chartered Accountants, as Statutory Auditor of the Company, to hold office from the conclusion of the ensuing AGM till the conclusion of the 17th AGM, to the Members for their approval.

The Report given by BSR & Associates LLP, Chartered Accountants, on the financial statements of the Company for the year 2018 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

18. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, Mr. Somy Jacob of Somy Jacob & Associates, Practising Company Secretaries, was appointed to conduct Secretarial Audit of records of the Company for FY 2017-18. The Secretarial Audit Report on the Secretarial and Legal compliances of the Company for FY 2017-18 is enclosed (**Annexure II**) and forms part of Directors' Report.

19. Board Diversity Policy

The Company recognizes and embraces the importance of a diverse Board for its success. We believe that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on the website of the Company (www.wonderla.com/investor-relations/prospectus-and-policies).

20. Related party transactions

During the year under review, your Company has not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy of the Company for Related Party Transactions. The Company has formulated a policy on materiality of related party transactions and the procedure to deal with related party transactions. The detailed policy is available on the website of the Company (www.wonderla.com/investor-relations/prospectus-and-policies). As there was no material related party transaction entered by the Company during the Financial Year 2017-18 as per Related Party Transactions Policy, no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

21. Vigil Mechanism

The Vigil (Whistle Blower) Mechanism at Wonderla aims to provide a channel to the directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its Directors and employees who have genuine concerns about suspected misconduct to come forward and express their concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees who avail the mechanism and also provide for direct access to the Chairman of Audit Committee. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a person/ situation. The detailed policy content is available on the website of the Company.

22. Corporate Social Responsibility (CSR)

The composition, role, functions and powers of the Corporate Social Responsibility (CSR) Committee of the Company are in accordance with the requirements of the Companies Act, 2013. The Company has a Corporate Social Responsibility Policy which is available on Company's website www.wonderla.com. Annual Report on CSR activities for the financial year 2018 as per the provisions of Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure III**.

23. Corporate Governance Report

The Company is committed to maintain the standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations forms an integral part of this Report and the same is attached to this report as **Annexure IV**. The requisite certificate from BSR & Associates LLP, Chartered Accountants, confirming compliance with the conditions of corporate governance is also attached with the Corporate Governance Report.

24. Management Discussion and Analysis

The Management Discussion and Analysis Report is annexed and forms part of the Directors' Report (**Annexure V**).

25. Business Responsibility Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations, is attached with this report (**Annexure VI**).

26. Particulars of loans, guarantees and investments

The particulars of loans given, guarantees provided and investments made by the Company pursuant to Section 186 of the Companies Act, 2013 for the year ended 31st March, 2018 are provided in Notes to the financial statements.

27. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 (3) (m) and Rule 8 (3) of The Companies (Accounts) Rules, 2014 is enclosed (**Annexure VII**).

28. Particulars of Employees

The particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed (**Annexure VIII**). As on 31st March 2018, the Company has 639 permanent employees.

Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website <http://www.wonderla.com/investor-relations/annual-reports.html>

29. Employee Stock Option Scheme

Your Company has an Employee Stock Option Scheme viz., Employee Stock Option Scheme (ESOS) 2016 and the same is in line with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. The Company has received a certificate from the Statutory Auditor of the Company that the Scheme has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company. The certificate would be placed at the ensuing AGM for inspection by Members of the Company.

Relevant disclosures pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the same is attached to this report as **Annexure IX**.

30. Variations in market capitalization of the Company

The Equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The market capitalization of the Company as on March 31, 2018 was Rs. 1,930.06 Crores as against Rs.

2,186.86 Crores as on March 31, 2017. The closing price of Company's equity shares on BSE and NSE as of March 31, 2018 was Rs. 340.85 and Rs. 341.60 respectively.

31. Appreciation

Your Directors greatly acknowledge and place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from the various Government Authorities, the Banks / Financial Institutions and other stakeholders such as, members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. Your Directors look forward to their continued support in future as well.

For and on behalf of the Board of
Wonderla Holidays Limited

M. Ramachandran

Chairman

Place : Bangalore

Date : 26th May, 2018