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NOTICE

The FOURTEENTH ANNUAL GENERAL MEETING OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED will be held at Rani Seethal Hall, 603, Anna Salai, Chennai – 600 006 on Monday, the 26th day of July, 2010, at 03.00 pm to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Ordinary (Equity) Shares.
3. To appoint a Director in place of Mr. Vineet Nayyar who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mrs. Rama Bijapurkar who retires by rotation and, being eligible, offers herself for re-election.
5. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

RESOLVED that pursuant to section 224 of the Companies Act, 1956, Messrs. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration Number 008072S), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board in addition to out of pocket expenses as may be incurred by them during the course of the Audit.

Notes:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- B. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- C. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited having their office premises at Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
- D. The Register of Members and Transfer Books of the Company will be closed from 17th July, 2010 to 26th July, 2010 (both days inclusive).
- E. The dividend, if declared at the Annual General Meeting, will be paid on or after 26th July, 2010 to those persons or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 16th July, 2010 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 16th July, 2010.
- F. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 109A of the Companies Act, 1956. Members desiring to avail this facility may send their nomination in the prescribed Form No.2B duly filled in to Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
- G. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever

ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic form for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in the physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

H. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS). The ECS facility is available at Ahmedabad, Bengaluru, Bhubaneswar, Chandigarh, Chennai, New Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Pune and Thiruvananthapuram. Members wishing to avail of this facility are requested to intimate the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited in the prescribed form and with the prescribed details. Members located in places where ECS/NECS facility is not available may submit their bank details. This will enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.

I. Members are requested to:

- a) intimate to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited at the above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
- b) intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form;
- c) quote their folio numbers / Client ID / DP ID in all correspondence;
- d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

J. Appointment / Re-appointment of Directors

Mr. Vineet Nayyar, Non-Executive Director holds 6675 Ordinary (Equity) Shares in the Company. Mrs. Rama Bijapurkar, Independent Director does not hold any Ordinary (Equity) Shares in the Company.

The Directors of the Company are not inter-se related to each other.

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed / re-appointed, Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

K. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

By order of the Board

RAJIV BALAKRISHNAN
Company Secretary

Registered Office:
Mahindra Towers, 2nd Floor,
No. 17 / 18, Patullos Road,
Chennai - 600 002.
email: investors@mahindraholidays.com

29th April, 2010



Fun, Family, Forever.

Mahindra Holidays & Resorts India Limited

Registered Office: Mahindra Towers, 2nd Floor, No. 17/18, Patullos Road, Chennai – 600 002
website: www.clubmahindra.com • email:investors@mahindaholidays.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint Shareholders desiring to attend the Meeting may obtain additional Attendance Slips on request provided such request is received by the Company / Registrar and Transfer Agents, Karvy Computershare Private Limited at Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500081 on or before 16th July, 2010.

Folio No.:	DPID:	Client ID:
No. of Shares:		
Name & Address of the Shareholder:		

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company being held at Ram Seethai Hall, 603, Anna Salai, Chennai – 600 006 on Monday, the 26th day of July, 2010, at 03.00 p.m.

Name(s) of the Shareholder(s) / Proxy (IN BLOCK CAPITALS)

Signature(s) of the Shareholder(s) or Proxy

NOTE: No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Annual Report to the Meeting.



Fun, Family, Forever.

Mahindra Holidays & Resorts India Limited

Registered Office: Mahindra Towers, 2nd Floor, No. 17/18, Patullos Road, Chennai – 600 002
website: www.clubmahindra.com • email:investors@mahindaholidays.com

PROXY FORM

Folio No.:	DPID:	Client ID:
No. of Shares:		

I/We being a member / members of MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED hereby appoint of or failing him of as my / our Proxy to vote for me / us and on my / our behalf at the Fourteenth Annual General Meeting of the Company to be held on 26th July, 2010 and at any adjournment thereof.

As witness my / our hand(s) this day of 2010.

Signed by the said

Affix
Re.1
Revenue
Stamp

NOTE: The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.



Ministry of Health and Family Welfare, Government of India

Department of Health and Family Welfare, Government of India
New Delhi, India

MEMORANDUM

TO: The Secretary, Ministry of Health and Family Welfare, Government of India
FROM: The Director, Health and Family Welfare, Government of India
SUBJECT: [Faint subject text]

[Faint text]	[Faint text]	[Faint text]
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[Faint paragraph of text]

[Faint paragraph of text]

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Ministry of Health and Family Welfare, Government of India

Department of Health and Family Welfare, Government of India
New Delhi, India

MEMORANDUM

[Faint text]	[Faint text]	[Faint text]
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[Faint paragraph of text]

[Faint paragraph of text]

[Faint paragraph of text]



[Faint paragraph of text]

[Faint paragraph of text]

Board of Directors

BOARD OF DIRECTORS

A K Nanda Chairman
Ramesh Ramanathan Managing Director
Uday Y Phadke
Cyrus J Guzder
Vineet Nayyar
Rohit Khattar
Rama Bijapurkar
Sridar A Iyengar

CHIEF FINANCIAL OFFICER

Doraiswamy PS

COMPANY SECRETARY

Rajiv Balakrishnan

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

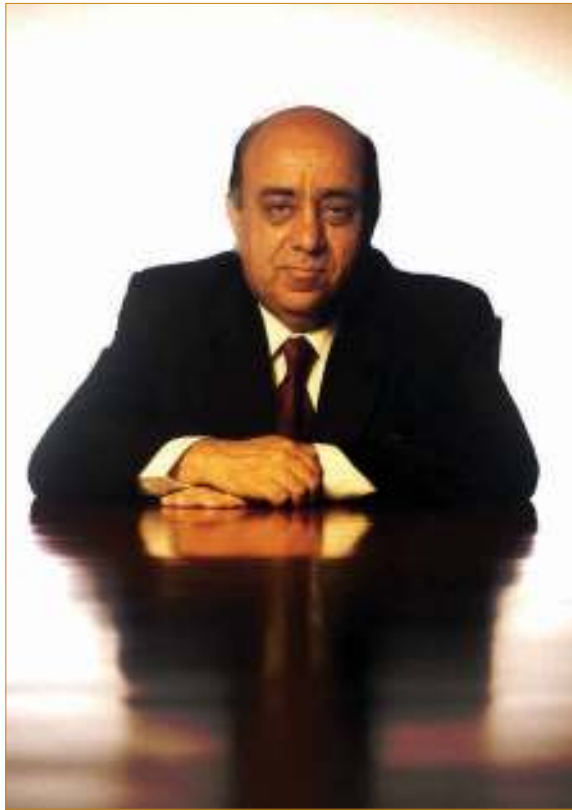
BANKERS

YES Bank Limited
HDFC Bank Limited

REGISTERED & CORPORATE OFFICE

Mahindra Towers
17/18, 2nd Floor
Patullos Road
Chennai – 600 002
Tamil Nadu, India

Chairman's Message



Dear Shareholder,

It gives me great pleasure to present you with the first Annual Report of Mahindra Holidays & Resorts India Limited after its successful initial public offer. Since this is my first letter to you, let me highlight some key facts about your Company.

Mahindra Holidays is a leading player in the leisure hospitality segment in more ways than one. In a relatively short span of time, your Company has built great enterprise value, making it the country's third largest player by market capitalisation in the hospitality sector. Our unwavering focus on 'changing the way India holidays' has been well-recognised. We were awarded the status of a Business Superbrand in 2009 by the Brand Council of India and our flagship brand 'Club Mahindra Holidays' was selected as a Consumer Superbrand.

Consider the size and scale. At present, your Company has a network of 33 holiday resorts in destinations spread across different parts of India as well as in south-east Asia. These are in hill stations; near beaches; close to wildlife parks; backwaters; near forts and heritage sites. As on 31st March, 2010, your Company had almost 1,10,000 members. We continue to grow – in the number of new destinations, apartments and memberships.

Now let me take you through some of the customer-centric innovations that your Company has brought into the vacation ownership industry through its flagship brand Club Mahindra Holidays. Instead of the conventional timeshare model which entitles ownership at a fixed resort location for a fixed week every year in a fixed season and fixed room type, Club Mahindra Holidays offers choice of the time and duration of the holiday, of trading up or down on the weeks and the apartments, and of accumulating or advancing the entitlement across an increasing number of locations. Under the circumstances such flexibility has created a special niche for your Company in the eyes of its vacation members.

Then there are differentiated services catering to diverse needs of families. The resorts are designed to meet with varied holiday needs, creating holiday experiences for every member of the family. Thus, we have variety in dining including fun dining, gourmet

Our unwavering focus on 'changing the way India holidays' has been well-recognised. We were awarded the status of a Business Superbrand in 2009 by the Brand Council of India and our flagship brand 'Club Mahindra Holidays' was selected as a Consumer Superbrand.

express and so on. Similarly, the resorts have a Fun Zone to cater to the needs of activities of individual family members, especially children. A significant development is the setting up of our own spa wellness brand - Svaastha, across some of the resorts and Crocodile Club focused on children between 5 and 12 years of age. The differentiated services are also offered through differentiated resort design such as log huts in Binsar, tents in Kumbalgarh and floating cottages and restaurant in Ashtamudi. In addition, apart from local sightseeing tours, there are adventure activities such as river crossing, river rafting, water sports, outdoor camping and rock climbing. Something for each member of the family.

Your Company has also differentiated today's leisure holiday seekers. Consider Zest, another vacation ownership product, which focuses on the upwardly mobile younger generation in metropolitan cities, who like short breaks to unwind and de-stress. There are other innovations such as Mahindra Homestays, which provides an experience of authentic India that comes out of living as a guest in Indian homes. Launched with 32 homes in 2008, the product today covers 663 rooms in 240 homes across 15 states. Wanderlust, a well-regarded global travel publication in the UK, accorded Mahindra Homestays the Wanderlust Eureka Award (UK) for Travel Innovation.

If you look at the Company's resort locations, you will see how it has innovated in creating new destinations, situated in beautiful places off the beaten track. Locations such as Binsar, Naukuchiatal, Coorg, Ashtamudi, Munnar, Yercaud and Kumbalgarh were not prominent on the typical tourist map. By creating comfortable eco-friendly resorts in these areas, your Company not only fashioned new destinations but also provided income and employment for the local economies. Our resorts at Goa and Coorg have received ECOTEL certification and others are expected to be so certified over time.

During the year, the network of your Company's resorts was expanded with new locations such as Gangtok, Corbett and Mashobra. The year also marked Mahindra Holidays' entry into jungle tourism with MOUs signed for acquisition of resorts in Gujarat and Madhya Pradesh. In addition, it has expanded its existing properties at Coorg, Binsar and Ashtamudi and added a second smaller resort in Goa.

None of the developments outlined in this communication would have been sustainable without a strong business model and a focus on revenues and profits. Despite its rapid growth, your Company has zero long-term debt. In 2009-10, it grew operating income by

over 16% to Rs. 51,636.70 lakhs. It earned a ratio of PBDIT to Total Income of 38.8%; PBDT to Total Income of 37.9%; PBT to Total Income of 34.2% and PAT to Total Income of 22.8%. The diluted EPS increased by 34% from Rs. 10.65 in 2008-09 to Rs. 14.27 in 2009-10.

During the year, your Company successfully completed an IPO of 92.65 lakhs equity shares, which was oversubscribed by more than 9 times. The shares were listed on the NSE and the BSE on 16th July, 2009. Net proceeds to your Company from the issue was Rs. 17,688 lakhs which will be used to finance further growth. I am happy to report that your Company's share has outperformed the market since its listing.

The hospitality sector will witness significant growth in the foreseeable future. Therefore, your Company's focus is on expanding its presence in terms of locations and products targeted at different consumer segments. There is a strong pipeline of new properties and products which will come into play in the next few years. With its successful IPO, Mahindra Holidays is well-positioned in terms of having the necessary long-term risk capital, which is important for unencumbered growth in resource intensive infrastructure sectors such as hospitality.

I am also happy with the initiatives taken by your Company to upgrade its processes as well as technology and simultaneously create the HR backbone for a larger and scaled-up organisation.

Let me also take this opportunity to inform you that your Company has laid out a clear strategy on sustainability initiatives and has an effective framework to evaluate the efficacy of several sustainability and community development initiatives undertaken in this regard. Being part of the Mahindra Group, Corporate Social Responsibility is *sine qua non* in the effective functioning of your Company and more details on both these initiatives are discussed in detail elsewhere in the Annual Report.

My thanks to your Company's employees for their dedication and hard work. They are a team that any company would be proud of. So, too, my thanks to our partners and customers for their continued support. Last, but not the least, please allow me to express my appreciation and gratitude to you for your faith in the Company. Mahindra Holidays is set to move to a higher growth trajectory – which should deliver even better results in the future.

With regards,

A K Nanda
Chairman



Directors' Report

Dear Shareholders

Your Directors are pleased to present their Fourteenth Report together with the audited accounts of your Company for the year ended 31st March, 2010.

Financial Highlights

(Rs. Lakhs)

	2010	2009
INCOME		
Income from Vacation Ownership	40,031	34,277
Other Income	7,300	5,295
Interest Income	4,306	4,859
Total Income	51,637	44,431
Expenditure		
Less: Employee Cost & other expenses	(31,600)	(28,869)
Profit before Depreciation, Interest and Taxation	20,037	15,562
Less: Depreciation	(1,910)	(1,669)
Interest	(455)	(703)
Profit for the year before tax	17,672	13,190
Less: Provision for Tax – Current Tax	(5,505)	(3,905)
– Deferred tax (net)	(383)	(589)
– Fringe Benefit tax	-	(355)
Net Profit for the year after tax	11,784	8,341
Balance brought forward from earlier years	10,369	5,612
Balance carried forward	22,153	13,953
APPROPRIATIONS		
General Reserve	(1,178)	(834)
Proposed Final Dividend on Equity Shares	(3,369)	(2,351)
Income Tax on Proposed Final Dividend	(560)	(399)
Surplus carried to Balance Sheet	17,046	10,369

Directors' Report

Dividend

Your Directors are pleased to recommend a dividend of Rs. 4 per Equity Share of the face value of Rs.10 each for the financial year 2009-10. The dividend, if approved at the ensuing Annual General Meeting, will be paid to Shareholders whose names appear on the register of members of the Company as on 16th July, 2010. The equity dividend outgo for the financial year 2009-10, inclusive of tax on distributed profits would absorb a sum of Rs. 3,929 lakhs (as against Rs. 2,750 lakhs comprising the dividend of Rs. 3 per Equity Share paid for the previous year).

Operations and Financial Overview

Club Mahindra Holidays, the Company's flagship brand in the vacation ownership business, along with Zest, continued to drive the Company's business during the year. The Company ended the year with a cumulative member base of 1,09,884 members resulting in a growth of 18.4% over the previous year. The Company added 24,389 members on a gross basis this year. During the year, Club Mahindra Holidays, the Company's flagship brand was selected as a Consumer Superbrand by the Brand Council of India.

In line with the growth in membership, the Company added inventory across multiple locations taking the total inventory of apartments available to 1,476 as on 31st March, 2010. The network of resorts was expanded with new locations such as Gangtok, Corbett and Mashobra. The year also marked the Company's entry into jungle tourism with Memorandum of Understandings (MOUs) signed for resorts in Gujarat and Madhya Pradesh. In addition, the Company expanded its existing properties at Coorg, Binsar and Ashtamudi and also added a second smaller resort in Goa. In line with its commitment to offer varied experiences to its customers, the Company set up log huts in Binsar and floating cottages at Ashtamudi.

Apart from growth in members and increase in its offerings of resorts, the Company introduced innovative and interesting facilities for its customers. These included the launch of Svaastha spa at Coorg, Puducherry and Kumbalgarh. Svaastha offers holistic wellness therapies for its members. The Company also introduced a "Gourmet express" option in its dining programme in some of its resorts.

It has been the stated objective of the Company to expand its holiday offerings across various segments and different holiday experiences so as to progress steadily towards dominance in the Holiday market. Mahindra Homestays, a novel and innovative concept of holidays in homes across the country was launched in India in April 2009. Mahindra Homestays now offers a choice of 240 homes across 15 locations in the country. Various State Governments are appreciating the initiative taken by the Company in promoting sustainable tourism and have entered into an MOU to promote homestays. Rajasthan and Uttarakhand were two State Governments which signed MOUs with the Company during the year.

The travel services business of the Company performed well and also expanded its operations during the year.

During the second half of the year, the market witnessed positive trends in domestic tourism. This adequately reflects in the growth of the Company's cumulative members. As

the economy stabilises and continues to pick up pace, your Company expects growth in the size of the market and also in the emergence of new segments thereby providing the Company with an opportunity to launch different products meeting the requirement of these segments.

Your Company's total income grew by 16.2 per cent from Rs. 44,431 lakhs in 2008-09 to Rs. 51,637 lakhs in 2009-10. Profit before taxes (PBT) grew by 34 per cent from Rs. 13,190 lakhs in 2008-09 to Rs. 17,672 lakhs in 2009-10 and profit after taxes (PAT) grew by 41.3 per cent from Rs. 8,341 lakhs in 2008-09 to Rs. 11,784 lakhs in 2009-10. Diluted Earnings per Share (EPS) of the Company increased by 34 per cent from Rs.10.65 in 2008-09 to Rs.14.27 in 2009-10.

Capital Expenditure

During the year, the Company added Rs. 6,896 lakhs to its gross block, comprising investment in resort properties and Rs. 47 lakhs for product development and software. The Capital work in progress as on 31st March, 2010, stood at Rs. 9,787 lakhs mainly representing resorts under development – Tungi near Lonavla, Theog near Shimla and Virajpet in Coorg.

Awards and Recognitions

Your Company's focus on customer delight and commitment to offer great holiday experiences has earned it the following awards and recognitions during the year:

- The Company's resorts at Goa, Munnar, Coorg, Binsar, Dharamshala and Kumbalgarh retained their RCI Gold Crown status. Goa received a special "10 Year RCI Gold Crown Award" as it retained the Gold Crown for a period of ten consecutive years. Munnar which received the 10 year Gold Crown Award in the previous year, continues to retain its Gold Crown status.
- The Company's resorts at Thekkady and Yercaud got affiliated to RCI.
- The Company's resorts at Goa and Coorg have been awarded the prestigious ECOTEL Certification.
- The Company's Resorts at Thekaddy and Kumbalgarh received Branch Hygiene Code (BHC) certification while the resorts at Goa, Munnar, Coorg, Binsar, Manali, Dharamshala, Ooty and Kodaikanal continue to retain their BHC certification.
- The Company's Resort at Puducherry received the Food Hygiene Certification of International Standard from "Branch Hygiene Code" of Netherlands.
- *Wanderlust*, a highly regarded global travel publication in United Kingdom (UK), accorded Mahindra Homestays with the Wanderlust Eureka Award (UK) for Travel Innovation. Mahindra Homestays was listed as one of the top 100 hotel experiences by *Sunday Times Travels*, UK.

Corporate Social Responsibility Initiatives

In line with its commitment of contributing towards Corporate Social Responsibility initiatives on a yearly basis, your Company has made significant financial contributions during the year under review towards the socio-economic well being and development of the communities and the ecosystem that it interacts with. These initiatives are primarily carried out at your Company's Resort locations with focus on Education, Environment and Health.

Directors' Report

More details on the initiatives taken by your Company in this regard are discussed in the Management Discussion and Analysis Report forming part of this Annual Report.

Sustainability

Sustainability initiatives took a quantum leap during the year with a lot of involvement from employees and the community. A five year strategy map was formulated and the same was reviewed regularly. Through focused and continuous dissemination, the vast majority of employees were made aware of these initiatives enabling high participation. Your Company is happy to report that for the second year in succession, your Company was certified under the Global Reporting Initiatives (GRI) (as part of the Mahindra Group), as assured by Ernst & Young. The first pilot assessment of Social Return on Investment (SROI) was completed. Through this, your Company has a framework and mechanism to evaluate and measure the efficacy of several sustainability and community development initiatives.

Initial Public Offer (IPO) and Changes in Share Capital

To further augment the capital base for future growth plans, your Company made an Initial Public Offering of 92,65,275 shares of the face value of Rs. 10 each during the year. This issue, which constitutes approximately 11 per cent of the fully diluted post issue paid-up share capital of your Company, comprised a fresh issue of 58,96,084 equity shares of Rs.10 each and offer for sale of 33,69,191 equity shares by the Promoters of the Company viz. Mahindra & Mahindra Limited. Consequent to allotment of the above fresh equity shares, the number of issued and subscribed equity shares increased from 7,83,33,688 to 8,42,29,772, increasing the paid up share capital of the Company from Rs. 7,833.37 lakhs to Rs. 8,422.98 lakhs as on 31st March, 2010.

The issue which was priced at Rs. 300 per share, received an overwhelming response and was oversubscribed by over 9 times. The shares were allotted on 8th July, 2009 and were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on 16th July, 2009. The listing of shares has enhanced your Company's brand name and visibility in the marketplace.

During 2009-10, the Company utilised Rs. 6,761.75 lakhs from the IPO proceeds.

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 Clause 49 of the Listing Agreement forms part of the Annual Report.

Management Discussion and Analysis Report

A detailed analysis of the Company's operational and financial performance and initiatives taken by the Company in key functional areas such as Human Resources and Information Technology is separately discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report. This report also discusses in detail, initiatives taken by the Company in the area of Corporate Social Responsibility and Sustainability.

Stock Options

Your Company has formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 (MHRIL ESOS). The MHRIL ESOS is administered and implemented by Mahindra Holidays & Resorts India Limited Employees Stock Option Trust in accordance with the directions of the Remuneration Committee and in terms of the Deed of Trust. Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

Directors

Mr. Vineet Nayar and Mrs. Rama Bijapurkar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. As stipulated in terms of Clause 49 of the Listing Agreement with the stock exchanges, brief resume of Mr. Vineet Nayar and Mrs. Rama Bijapurkar, is provided in the report on Corporate Governance, which forms part of this Annual Report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to us, have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Annual Accounts have been prepared on a going concern basis.

Subsidiary Companies

As on 31st March, 2010, your Company had five subsidiary companies: Mahindra Hotels and Residences India Limited, Mahindra Holidays and Resorts USA Inc., MHR Hotel Management GmbH, Heritage Bird (M) Sdn Bhd and BAH Hotelanlagen AG.

Mahindra Hotels and Residences India Limited was incorporated on 26th April, 2007 to carry out the business of hotels and restaurants, including ancillary activities such as interior decoration, recreational facilities and travel agency.

Mahindra Holidays and Resorts USA Inc., was incorporated in the State of Delaware, USA, on 24th October, 2003 to carry out the business of resorts, hotels, vacation facilities, leisure activities and related ancillary activities.

Directors' Report

MHR Hotel Management GmbH was incorporated on 16th February, 2007 under the laws of Austria and became a subsidiary of your Company on 12th March, 2007. The Company was formed to carry out the business of managing hotels.

Heritage Bird (M) Sdn Bhd was incorporated on 7th July, 2007 under the laws of Malaysia and became a wholly-owned subsidiary of your Company on 3rd March, 2008. The principal activity of the company is purchasing, maintaining and leasing resorts.

During the year, BAH Hotelanlagen AG became a subsidiary of your Company on 11th January 2010. The company was incorporated in Austria to carry out the business of hotels, tourism and related activities.

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached.

Your Company had made an application to the Central Government and had obtained exemption from attaching the accounts of its subsidiary companies with this Annual Report. In terms of the approval granted by the Central Government, a copy of the Balance Sheet, Profit & Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries have not been attached to the Balance Sheet of the Company. These documents are however, available on the Company's website and shall also be submitted on request to any member, desiring to have a copy, on receipt of request by the Company Secretary, at the Registered Office of the Company.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors of the Company and have given their consent for re-appointment. The shareholders will be required to elect Auditors for the current year and fix their remuneration. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Public Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees during the year under review. Your Company has also not made any loans or advances which is required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.

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. These initiatives have been discussed in greater detail in the sections on Sustainability Initiatives and Information Technology in the Management Discussion and Analysis report.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act,

1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure 2 to this Report.

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and Rules made thereunder

The Company had 44 employees who were in receipt of remuneration of not less than Rs. 24,00,000 during the year ended 31st March, 2010 or not less than Rs. 2,00,000 per month during any part of the said year. However, as per the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary. None of the employees of the Company are related to the Directors of the Company.

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

A K NANDA
Chairman

Place: Mumbai
Date: 29th April, 2010

Annexure 1 to the Directors' Report for the year ended 31st March, 2010

Information to be disclosed under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

a)	Options granted	11,99,850				
b)	The pricing formula	Grant I - Granted on 15 th July, 2006	Grant II - Granted on 30 th March, 2007	Grant III - Granted on 1 st November, 2007	Grant V - Granted on 1 st November, 2008	
		The options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an independent Chartered Accountant using Discounted Cash Flow Method.				
c)	Options vested	679,319 Options stand vested on 31st March, 2010.				
d)	Options exercised	612,708				
e)	The total number of shares arising as a result of exercise of options	612,708 equity shares of Rs.10/- each. These were transferred from the Trust to the Eligible Employees.				
f)	Options lapsed	200,998				
g)	Variation of terms of options	The Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 formulated prior to the Initial Public Offering (IPO) of the Company was ratified by the Company subsequent to IPO on 16th December, 2009 by seeking the consent of shareholders through Postal Ballot.				
h)	Money realised by exercise of options	Rs.13,605,216				
i)	Total number of options in force	386,144				
j)	Employee-wise details of options granted to:					
	i) Senior Managerial Personnel	Names of Directors and Senior Managerial Persons to whom stock options have been granted	Number of options granted in July 2006*	Number of options granted in March 2007**	Number of options granted in November 2007#	Number of options granted in November 2008##
		Mr. A K Nanda	200000	-	9510	10500
		Mr. Ramesh Ramanathan	100000	12200	-	10100
		Mr. U Y Phadke	10000	-	3170	3500
		Mr. Cyrus J Guzder	10000	-	-	-
		Mr. Rohit Khattar	10000	-	-	-
		Ms. Rama Bijapurkar	-	-	15000	-
		Mr. Vineet Nayyar	-	-	10000	-
		Mr. R Radhakrishna	15000	5440	-	4470
		Mr. Ravindra Khanna	12000	3570	-	2830
		Mrs. Vimla Dorairaju	12200	3910	-	3090
		Mr. Aniruddha Halder	9000	1870	-	2200
		Mr. M Harinath	9150	2040	-	1670
		Mr. Ulrich Wolfram	-	8200	-	4470
		Mrs. Sumathi Mohan	4400	1800	-	1420
		Mr. P Ravi Shankar	-	-	-	10000
		Mr. S Padmanabhan	-	-	-	5000
		* 525892 options have been vested till 31 st March, 2010, of which 507100 options have been exercised by the eligible employees.				
		** 69189 options have been vested till 31 st March, 2010, of which 43220 options have been exercised by the eligible employees.				
		# 28342 options have been vested till 31 st March, 2010, of which 18342 options have been exercised by the eligible employees.				
		## 55896 options have been vested till 31 st March, 2010, of which 44046 options have been exercised by the eligible employees.				

ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Name of Employee	Number of options granted in July 2006	Number of options granted in March 2007			
	Mr.Ramesh Ramanathan	100000	12200			
	Mr.Ulrich Wolfram	-	8200			
iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL					
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Rs. 14.27				
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs. 20.76 lakhs, Profit after tax lower by Rs. 20.76 lakhs and the basic and diluted earnings per share would have been lower by Rs. 0.03.				
m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)		
		15 th July, 2006	16.00	4.28		
		30 th March, 2007	52.00	16.36		
		1 st November, 2007	52.00	16.55		
		1 st November, 2008	52.00	16.04		
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the stock options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:				
			Grant dated 15 th July, 2006	Grant dated 30 th March, 2007	Grant dated 1 st November, 2007	Grant dated 1 st November, 2008
		(i) risk-free interest rate,	7.82%	7.92%	7.72%	7.34%
		(ii) expected life,	4.50	5.00	5.00	5.00
		(iii) expected volatility,	Nil	Nil	Nil	Nil
		(iv) expected dividends, and	Nil	Nil	Nil	Nil
		(v) the price of the underlying share in market at the time of option grant	Not Applicable as the shares of the Company are not listed at the time of option grant.			

Note:

(i) The entire options granted under Grant - IV on 4th February, 2008 were either lapsed or surrendered.

(ii) The options granted under Grant I, Grant II & Grant III stand augmented by 5 Bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November, 2007.

Annexure 2 to the Directors' Report for the year ended 31st March, 2010

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

A. CONSERVATION OF ENERGY

- a. Energy Conservation measures taken: The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- b. Additional investments and proposals, if any, are being implemented for reduction of consumption of energy: Nil
- c. Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: The above measures have resulted in reduction of energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form- A of the Annexure to the Rules in respect of industries specified in the schedule: Not Applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Areas in which Research & Development is carried out : The Company has not carried out any R&D activities during the year
2. Benefits derived as a result of the above efforts : Not Applicable
3. Future plan of action : Not Applicable
4. Expenditure on R&D : Nil
5. Technology absorption, adaptation and innovation : Nil
6. Imported technology for last 5 years : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Report. Particulars with regard to Foreign Exchange Earnings and Outgo are given in the Notes on Accounts.

For and on behalf of the Board

A K Nanda
Chairman

Place: Mumbai
Date: 29th April, 2010

Management Discussion & Analysis



Mahindra Holidays & Resorts India Limited ('MHRIL', 'Mahindra Holidays' or 'the Company') is a leading player in the leisure hospitality industry- offering quality holidays designed for the discerning and differentiated needs of families. In the process, the Company is changing the way India holidays. By delivering unique holiday experiences for Indian families at attractive price points, Mahindra Holidays has created a significant and growing business out of domestic tourism.

Management Discussion & Analysis

The Company has pioneered vacation ownership in India and is currently the market leader in the segment. This has been recognised by the country. MHRIL was awarded the status of a Business Superbrand in 2009 by the Brand Council of India; and the flagship brand 'Club Mahindra Holidays' was selected as a Consumer Superbrand.

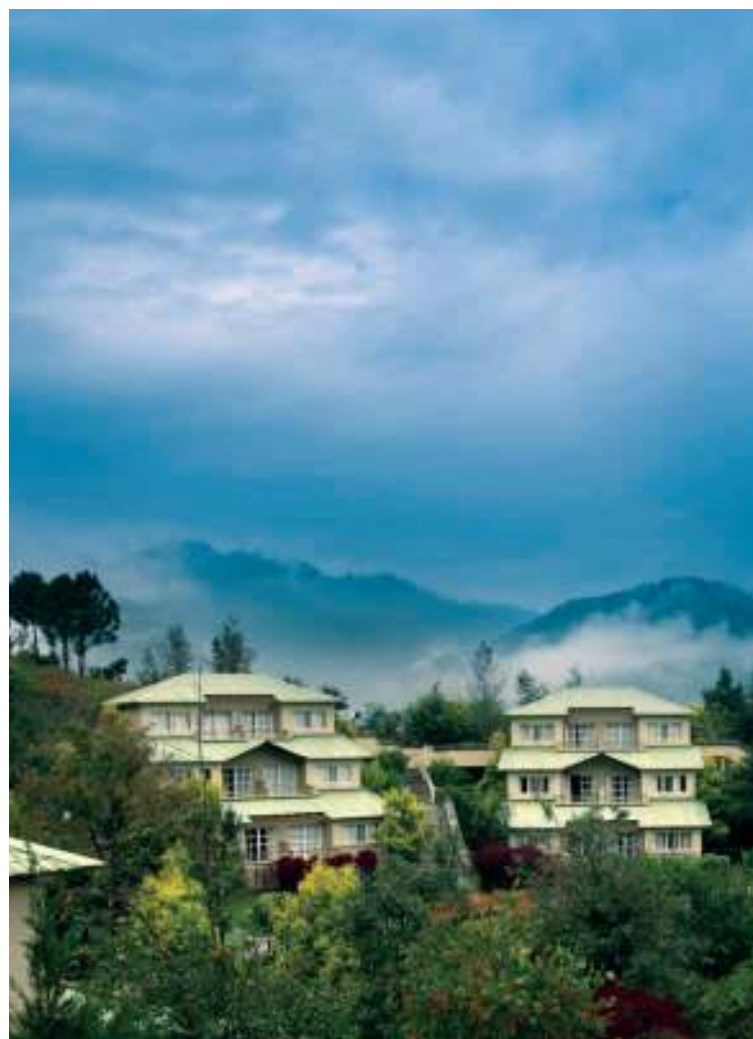
With its innovative products and services aimed at families, Mahindra Holidays has revolutionised the holiday experience and has created a distinct image for itself in the markets that it operates. Indeed, by virtue of its successful growth over the years and ensuing scale of operations, the Company has redefined leisure hospitality as a new and relevant segment in the market.

Mahindra Holidays offers complete holiday solutions to its customers, drawing on its wide range of products and services. These are: Club Mahindra Holidays, which is the Company's flagship brand, Zest, Club Mahindra Fundays, Mahindra Homestays and clubmahindra.travel, an IATA accredited travel agency. Today, the Company is well positioned to leverage its branding, expertise and capabilities to further grow and expand its business in terms of geographic coverage, product innovation and scale.

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

Introduction

The Indian economy showed tremendous resilience in the face of one of the worst global recessions in recent times. Although 2009-10 started amidst significant uncertainty, the situation improved substantially as the year progressed. Unlike the advanced economies which continue to be deeply affected by the downturn in economic activity, India recorded strong growth during 2009-10. India's GDP has grown by 7.4 per cent in 2009 -10 - 20 basis points higher than the initial forecast of 7.2 per cent, and 70 basis points above the GDP growth of 6.7 per cent achieved in 2008- 09. Most economists expect even better results in 2010-11, with the country achieving around 8.5 per cent GDP growth.



The Company crossed the 100,000 member (customer) mark in its flagship vacation ownership brand, Club Mahindra Holidays.

An important feature of this performance is that both services and manufacturing have contributed significantly to the growth process. Services have been growing at 8.7 per cent over the year and a broad-based turnaround in manufacturing activity has led to a growth of 10.8 per cent in 2009-10. Indeed, after many years, India has seen manufacturing grow at a rate faster than services. Apart from being one of the quickest to emerge from the recession and post strong results, India is the fastest growing large economy in the world - second only to China.

These positive developments have had important consequences for the operational performance of the Company and its future strategy. Two of these need to be mentioned upfront.

First, with a steady acceleration in economic growth, consumer confidence improved significantly as the year progressed. Given that Mahindra Holidays deals in products and services at the upper end of the discretionary expenditure category, improved confidence led to greater customer interest, and resulted in a significant increase in customer acquisition during the year.

The Company crossed the 100,000 member (customer) mark in its flagship vacation ownership brand, Club Mahindra Holidays. With significant growth, the Company has developed a strong pipeline of new products for differentiated socio-economic segments of the market, which it plans to implement during the next few years. More of this is discussed later in the chapter.

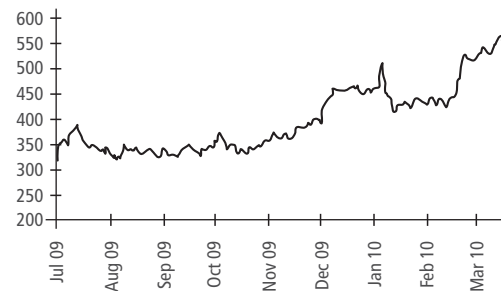
Second, with the revival of market sentiments, the Company was able to tap capital markets to finance its future growth plans.

During the year, Mahindra Holidays successfully carried out an Initial Public Offer of 92.65 lakh equity shares which was oversubscribed by more than 9 times. The net proceeds to the Company from the issue was Rs. 17,688 lakhs and the shares were listed on the National Stock Exchange and the Bombay Stock Exchange on 16th July, 2009.

The performance of the share from the date of listing until the end of the financial year on these exchanges is shown on the right.

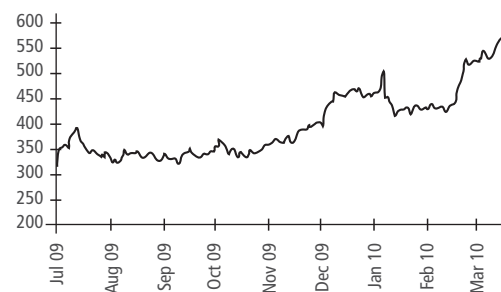
During the year, Mahindra Holidays successfully carried out an Initial Public Offer of 92.65 lakh equity shares which was oversubscribed by more than nine times. The net proceeds to the Company from the issue was Rs. 17,688 lakhs and the shares were listed on the National Stock Exchange and the Bombay Stock Exchange on 16th July, 2009.

Performance of Mahindra Holidays at BSE



Note: Daily closing price of Mahindra Holidays at BSE from the date of listing i.e. 16th July, 2009 to 31st March, 2010

Performance of Mahindra Holidays at NSE



Note: Daily closing price of Mahindra Holidays at NSE from the date of listing i.e. 16th July, 2009 to 31st March, 2010

Management Discussion & Analysis

We now discuss in greater detail the markets and opportunities, products, operational and financial performance, as well as initiatives in the areas of process innovation, sustainable development and key functional areas such as human resources and information technology. We shall end the chapter with a discussion on risks and concerns and the outlook of the Company for the future.

Markets and Opportunities

Improvement in performance of the Indian economy, especially during the second half of the fiscal year, had significant positive consequences for the hospitality industry. As mentioned earlier, with improvement in consumer confidence, the demand for the Company's products and services picked up and remained strong.

It is also important to note that in spite of a marginal fall in consumer demand during the first half of 2009, the fundamentals of the domestic consumer market continued to be very strong.

First, driven by strong and sustained growth of the economy in the last seven years, disposable incomes have increased at a significant pace. According to recent research by the McKinsey Global Institute, the number of household, earning over Rs.5 lakhs per annum will increase from 3.6 million in 2005 to 8.8 million in 2015. Moreover, over the same period, the share of wallet spent on discretionary items is forecasted to grow from 50 per cent to 70 per cent. This is expected to give a considerable push to the demand for leisure travel and other market segments that the Company addresses.



Second, expenditure on leisure and recreation has increased very rapidly during the last few years due to an increase in the number of leisure travellers, as well as growth in their per capita holiday spend. According to Euromonitor International, holiday takers as a percentage of total population have increased from 2.5 per cent in 2000 to 4.5 per cent in 2006. Another estimate from the Ministry of Tourism, Government of India, pegs the growth of domestic tourists from 22 crores in 2000 to 52.7 crores in 2007. These trends, coupled with increasing levels of well-being and changes in lifestyle, indicate very strong growth potential of the travel and tourism sector. These augur well for the sector as a whole and the specific segments in which the Company operates.

As far as the specific market for vacation ownership is concerned, there has been a considerable increase in the awareness and acceptance of the concept in India over the last few years. Besides, Mahindra Holidays benefits from the credibility and brand image that it has developed with successful execution of projects and the delivery of quality holiday experiences to its members. An important indication of this is the considerable growth in membership through referrals from our existing customers.

In addition to its achievements, the Company also benefits from the 'Mahindra' brand- a name associated with trust, credibility and transparency- which allows us to introduce and

market the vacation ownership concept to a wide cross-section of people across different socio-economic segments and geographies.

For its future growth, the Company is actively looking at newer markets and designing innovative products to suit the needs of specific consumer segments. In fact, moving sales and marketing beyond the top metropolitan and Tier I cities by strengthening its sales and distribution network through a combination of the Company's own offices and its franchisees has been an important focus area for the Company during the year. As on 31st March, 2010, the Company had a network of 17 branch offices, 5 on-site offices, 41 retail outlets and 91 franchisees to distribute and service its products and services.



Business Performance

Mahindra Holidays is a leading player in the leisure hospitality industry. This is different from traditional holiday products which are built around the concept of rooms and suited to individual travellers or couples. Instead, the Company focuses on providing a complete holiday experience for the entire family. This includes choice of apartment type and size, as well as an array of different activities for all members of the family. By offering quality services at attractive rates, the Company has not only expanded the market for holidays, but also established leisure hospitality as a new and relevant segment in the hospitality industry.

During the year, the Company continued to deliver to its customers quality family holidays in line with its vision of 'Good Living. Happy Families'.

- As mentioned earlier, Club Mahindra Holidays, the Company's flagship brand in the vacation ownership business was selected as a Superbrand in 2009.
- The operations of the Company met the needs and requirements of its growing member base, which stood at 1,09,884 as on 31st March, 2010.
- The Company increased its inventory across multiple locations taking the total to 1,476 as on 31st March, 2010. It expects to add significantly higher inventory during 2010-11.
- Other products of the Company- Fundays, Homestays and Travel- also performed creditably during the year.

Mahindra Holidays reported exceptional results for 2009-10, especially in the current economic milieu. The highlights of the Company's financial performance during the year as a standalone entity are given below.

- Total income of the Company (including other income) grew by 16.2 per cent from Rs. 44,431 lakhs in 2008-09 to Rs. 51,637 lakhs in 2009-10.

Management Discussion & Analysis

- Profit Before Depreciation, Interest and Taxes (PBDIT) increased by 28.8 per cent from Rs. 15,562 lakhs in 2008-09 to Rs. 20,037 lakhs in 2009-10.
- Profit Before Taxes (PBT) grew by 34 per cent from Rs. 13,190 lakhs in 2008-09 to Rs. 17,672 lakhs in 2009-10.
- Profit After Taxes (PAT) grew by 41.3 per cent from Rs. 8,341 lakhs in 2008-09 to Rs. 11,784 lakhs in 2009-10.
- Diluted EPS of the Company increased by 34 per cent from Rs. 10.65 in 2008-09 to Rs. 14.27 in 2009-10.

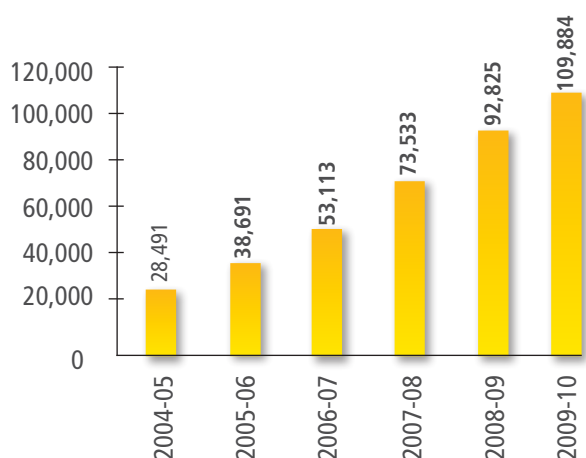
A point needs to be noted. The Company's PBDIT grew faster than total income; its PBT grew faster than PBDIT; and its PAT grew faster than PBT. We consider this an example of creating consistent shareholder value.

Vacation Ownership

Vacation ownership accounts for a significant part of the Company's business and continues to drive its growth. Revenues from the business increased from Rs. 34,277 lakhs in 2008-09 to Rs. 40,031 lakhs during 2009-10, and currently accounts for 78 per cent of the total revenues of Mahindra Holidays.

The Company has recorded significant growth in the membership of its vacation ownership business during the last few years. During the year, it added 24,389 members on a gross basis in its vacation ownership business. Cumulatively, the membership stood at 1,09,884 as on 31st March, 2010.

Cumulative Vacation Ownership Membership



The Company has two key products in this business: Club Mahindra Holidays and Zest.

Club Mahindra Holidays

Club Mahindra Holidays is the Company's flagship product in the vacation ownership business. Membership of the product entitles a week's holiday every year for a period of 25 years in a chosen apartment type and season category.

As opposed to the conventional timeshare model which entitles ownership at a fixed resort location for a fixed week every year in a fixed season and room type, Club Mahindra Holidays offers an extremely flexible customer-centric product- where one can choose the time and duration of the holiday, trade up or down on the weeks and/or apartments, accumulate or advance the entitlement across an increasing number of resort locations.

The most important benefit of the product is that the holiday entitlements are protected from the effects of inflation. The product comes with definite and consistent value additions

in terms of quality of service and choice of holiday locations. A Club Mahindra member is also entitled to the membership of RCI which allows access to over 6,450 RCI affiliated resorts worldwide.

Zest

Zest is another product of the Company in the vacations ownership space that entitles its members short breaks for six nights each year in studio apartments for a period of 10 years. It is aimed at the upwardly mobile younger generation in metropolitan cities, who like to take short breaks to unwind and de-stress themselves from their busy and hectic lifestyle.

Other Products

Club Mahindra Fundays

Club Mahindra Fundays is a corporate product based on a flexible point-based system. Organisations enrolled with the product can purchase points and use them to offer holiday entitlements to its employees as well as offer group vacations either as a part of their reward and recognition programme or as an employment perquisite or compensation package. The key benefit of the programme is that it allows the users to spend it on holidays which suit their needs, tastes and preferences.

Mahindra Homestays

Mahindra Homestays is a new product of the Company which was launched in July 2008 with a concept of providing the experience of authentic India- from customs to cuisine, language to architecture and traditional hospitality- by living in Indian homes. Originally designed for foreign tourists coming to India, the project was recently extended to domestic tourists. Currently, the product provides extensive choice of homes across different budget categories and property types: palaces, heritage properties, plantations, rural and city homes.

Mahindra Homestays started its promotion in India since April 2009 and received an overwhelming response during the year- aggregating to 70 per cent of all bookings.

The Mahindra Homestays product, which was launched with 32 homes, saw an increase to 240 homes aggregating 663 rooms across 15 states.

The Company now has signed Memorandum of Understanding (MoU) with the governments of Kerala, Rajasthan and Uttarakhand, which will allow it to grow faster in these states. *Wanderlust*, a highly regarded global travel publication in United Kingdom (UK), accorded Mahindra Homestays the Wanderlust Eureka Award (UK) for Travel Innovation.

The Mahindra Homestays product, which was launched with 32 homes, saw an increase to 240 homes aggregating 663 rooms across 15 states.



Club Mahindra Travel

Club Mahindra Travel, registered with IATA in Chennai, started as a travel integration service for Club Mahindra Holidays' members to take care of their entire range of travel needs- from accommodation to the best deals on air tickets, complete holiday packages, replete with sightseeing tours and meals to documentation requirements such as visa processing, foreign exchange and travel insurance. The product operates through a separate website www.clubmahindra.travel.

This travel services business also expanded its operations during the year under review. Apart from serving the travel related needs of its vacation ownership customers, the business branched out into services for corporate clients. During the year, this business added corporates such as Mahindra and Mahindra, Usha International, Marico, Mahindra Poweral, Mahindra Satyam, Godrej, Kotak Mahindra, HSBC, Cargill, Swizera, State Bank of India and UTV to its clients list. It also added value to Mahindra Holidays' members by entering into exclusive deals with several airlines, sales offers and designing product packages with Homestays.

New Products

As a part of its strategy for growth, Mahindra Holidays plans to enter new segments by offering innovative products aimed at the different needs of specific socio-economic and varied age segments of consumers. These include tented accommodation closer to our resorts, for the younger generation, offering camping, adventure and nature activities relevant to this segment. Other services in the offing include a product for senior citizens, an exclusive product specifically designed keeping in mind the needs of the high-end consumers and a deeded product offering partial ownership of high-end villas in close proximity to some of our existing resorts. The Company expects to launch these sometime during the current year.

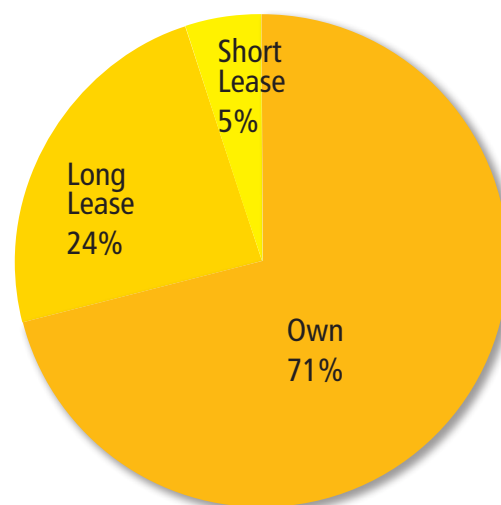
Properties and New Projects

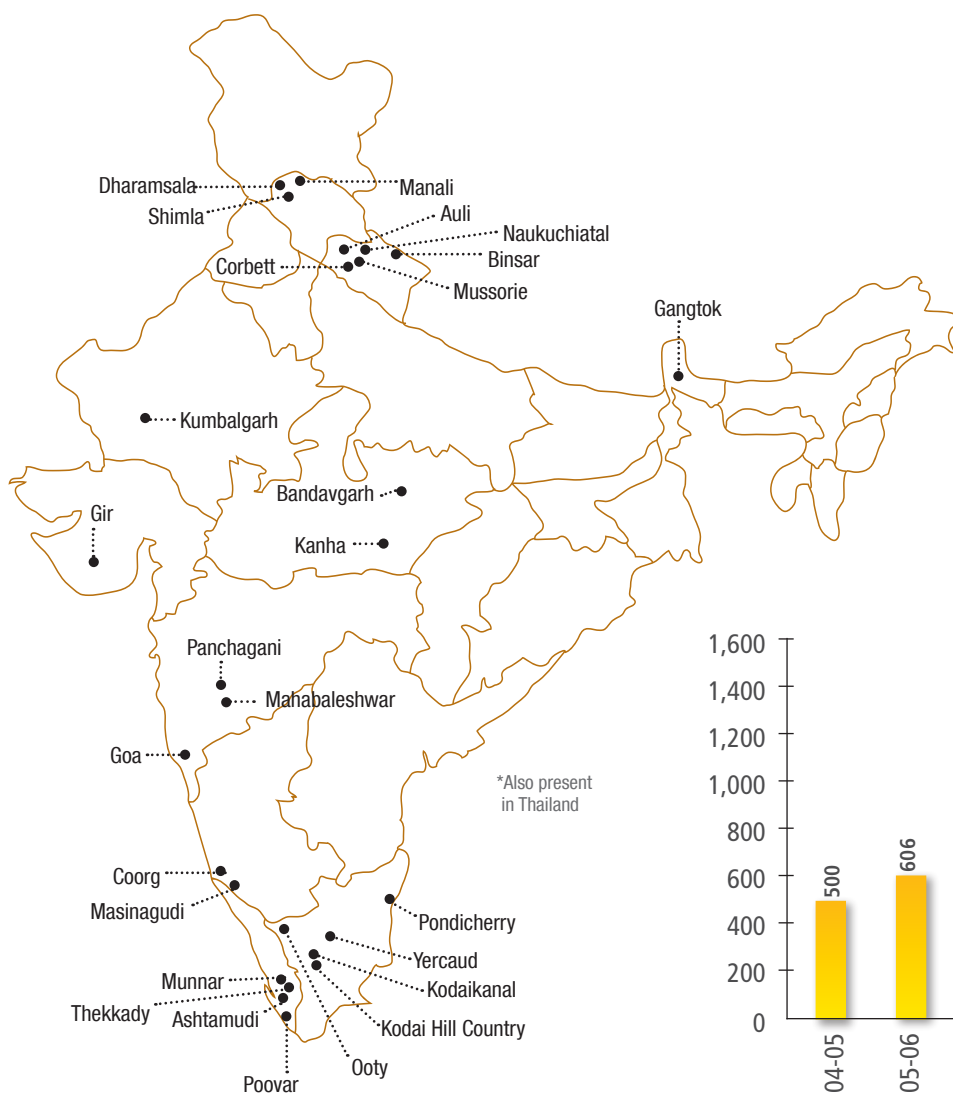
Mahindra Holidays currently has a pan-India presence through its extensive network of resorts. Currently, it has 33 resorts across a cross-section of destinations: hills and hill stations, beaches, backwaters, wildlife, forts and heritage. It also operates resorts in Thailand.

Most of these resorts are either owned or managed under a long lease. The chart gives the distribution of 1,476 units across 33 resorts in terms of status of ownership or management.

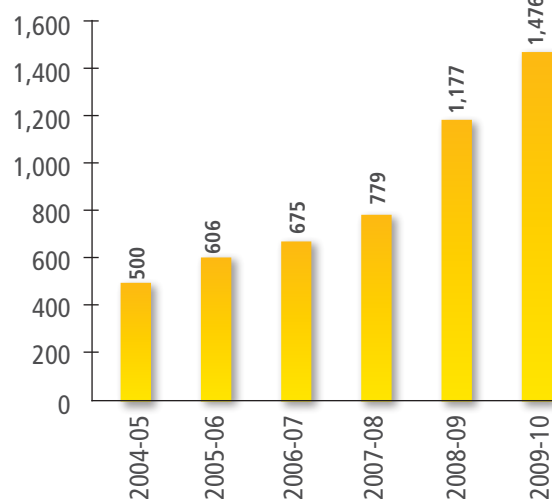
In line with the growth in membership, the Company added inventory across multiple locations taking the total number of available apartments to 1,476 as on 31st March, 2010. The network of resorts was expanded with new locations such as Gangtok, Corbett, and Mashobra. The year also marked the Company's entry into jungle tourism with MoUs signed for resorts

Distribution of Inventory- By Ownership





Inventory (Number of Units)



in Gujarat and Madhya Pradesh. In addition, it has expanded its existing properties at Coorg, Binsar and Ashtamudi and also added a second smaller resort in Goa. In line with its commitment to offer varied experiences to its customers, it set up log huts in Binsar and floating cottages at Ashtamudi.

The pace at which inventory has been added during the last couple of years is expected to continue during 2010-11. The Company is implementing greenfield projects in Tungi (near Lonavala) and Theog (near Shimla). In addition, expansion of existing resorts is underway in Ashtamudi and Coorg. Mahindra Holidays also has a land-bank in five locations across four different states, where it plans to build new resorts.

Resort Operations

Efficient and effective resort operations are key to the functioning of Mahindra Holidays, where the focus is on delivering a quality holiday experience to its members. All resort locations have 'Fun Dining' and 'Fun Zone' which, respectively, cater to the different dining and fun activity needs of individual members of the family. Most of the larger resorts also



Mahindra Holidays is the only player in the leisure hospitality segment which apart from providing standard holidaying activities such as local sightseeing tours, also offers a range of adventure activities such as river crossing, river rafting, outdoor camping and rock climbing.

feature activity areas with trained personnel for engaging kids and toddlers. Besides, as a Company that markets long duration products and services to its members, Mahindra Holidays ensures that quality of infrastructure and facilities are well maintained and upgraded regularly to meet the expectations of its customers. In its endeavour to deliver a complete family holiday experience to its customers, the Company continues to design and introduce innovative products and services at the resorts.

Apart from growth in members and increase in its offerings of resorts, the Company has introduced innovative and interesting facilities for its customers. This includes the launch of the Svaastha spas at Coorg, Puducherry and Thekkady. Svaastha offers holistic wellness therapies for its members. The Company also introduced a 'Gourmet Express' option in its dining programme in some of its resorts. Another innovative holiday solution introduced during the year was the floating cottages at Ashtamudi, together with a floating restaurant and water sports facilities.

Mahindra Holidays is the only player in the leisure hospitality segment which, apart from providing standard holidaying activities such as local sightseeing tours, also offers a range of adventure activities such as river crossing, river rafting, outdoor camping and rock climbing. During the year, the Company introduced zorbing and paragliding at select locations.

In 2009-10, the Company's resort operations introduced the barbeque concept with the workshop by a leading barbeque master chef from the United States. The year also saw the introduction of Gourmet Express-Take Away delivery concept and the launching of Club Mahindra Executive Trainees (CMET) training programme on North Indian Street Food.

Besides, F&B easyware was also launched during the year, with Company's intranet as a depository of all F&B related information and recipes.

During the year, with the feedback from members, the resorts also introduced new activities such as fireball tables, outdoor pool tables and toddlers' space. For greater member engagement and convenience, talk-back feedback machines were installed at larger resorts and pre-arrival SMS was introduced as additional member touch point. Facilities were also added for corporate team-building exercises, celebration packages and theme parties for birthdays at the resorts.

Mahindra Holidays' focus on customer delight and commitment to offer great holiday experiences has earned it the following awards and recognitions during the year:

- The resorts at Goa, Munnar, Coorg, Binsar, Dharamshala and Kumbalgarh retained their RCI Gold Crown status. Goa received a special '10 Year RCI Gold Crown Award' for having retained the Gold Crown for 10 consecutive years. Munnar which received the 10 year Gold Crown Award in the previous year, continues to retain its Gold Crown status.
- The resorts at Thekkady and Yercaud got affiliated to RCI.
- The resorts at Goa and Coorg have been awarded the prestigious ECOTEL certification.
- The resorts at Thekkady and Kumbalgarh received Branch Hygiene Code (BHC) certification while those at Goa, Munnar, Coorg, Binsar, Manali, Dharamshala, Ooty and Kodaikanal continue to retain their BHC certification.
- The resort at Puducherry received the Food Hygiene Certification of International Standard from 'Branch Hygiene Code' of Netherlands.
- *Wanderlust*, a highly regarded global travel publication in the UK, accorded Mahindra Homestays with the Wanderlust Eureka Award (UK) for Travel Innovation. Mahindra Homestays was listed as one of the top 100 hotel experiences by *Sunday Times Travels*, UK.

Member Relations

As a Company that offers long-term holiday solutions to its customers, efficient and responsive member relations lie at the core of its strategy for success and future growth. Mahindra Holidays has a dedicated in-house team of 195 employees in its member relations department, including a call centre which handles all activities related to member contact, holiday planning and reservations, relationship building, feedback, handling member queries and complaints. The team operates through multiple platforms including voice, text messages, email and web based self-help solution. Besides, there are opportunities for exclusive personal contact at resort locations.

Once a sale is registered, the member relations team takes over the process by welcoming the member into the Club Mahindra family. This is initiated by a welcome call, where the executive explains the product features and





offerings and the benefits associated with the membership. Apart from voice based contact, the Company has developed an effective and transparent web based solution which allows the members to update their contact details, view their payment details, their holidaying history, check room availability to plan holidays, and make payments through the payment gateway.

As a part of a new member engagement initiative called 'Sparsh' which started during the year, members can now view and avail exclusive offers and discount schemes on the website for a variety of products and services. These promotions are worked out by the Company in collaboration with world-class retail products and service companies across several consumer categories and are exclusive to members. Mahindra Holidays is also in the process of launching 'web chats' as another mode of contact with its members.

The processes of the member relations department are certified by ISO. In addition, the Company is in the process of getting the prestigious Customer Operations Performance Centre certification for the Club Mahindra call centre during 2010-11.

Human Resources (HR)

HR is key to the Company's business. Mahindra Holidays has some of the best practices in place to attract and retain skilled talent and its HR processes and policies are aligned to enable employees meet their career objectives.

During the year, the Company carried out significant activities and developmental programmes for its executives in line with its objective of 'making people future ready'. To begin with, the recruitment process was redesigned to improve the quality of hiring. This also involved introduction of behavioural metrics and use of social media. Moreover, the Company intensified its training efforts during the year. A series of 'Development Centres' were conducted which benefited 57 senior managers. The development plans of individual employees are being based on the feedback from these Development Centres.

Another programme called 'i-Mentor' was launched in October 2009 to develop and provide new skills through on-the-job training and thus enhance performance. Around 130 supervisors have been trained under this initiative. Besides, several employees were nominated for external training, including overseas programmes. Overall, the Company invested four days per employee on training and development in 2009-10.

MHSET – Mahindra Holidays Sales Executive Trainee Program is a new initiative launched by the Company to attract, recruit, induct and groom young talent for future sales positions. This programme is specially designed for aspiring sales professionals. It focuses on developing a cadre of sales executives with cross-functional experience and an innate aptitude to make a career with the Company.

The HR function at Mahindra Holidays is also actively involved in giving direction to the strategic priorities set by the management. Given the difficult economic situation, especially at the beginning of the year, HR played an important role in increasing awareness among the employees and was instrumental in introducing and increasing the acceptance of measures taken by the Company to control costs. In another initiative, HR, in collaboration with Mahindra Institute of Quality, has embarked on a TQM (Total Quality Management) journey to create a framework to institutionalise quality across the Company through large-scale process improvements. During the year, Mahindra Holidays also introduced a computerised query response tool on the Company's intranet, called the HR-Helpdesk, to address standard queries and requests from employees.

As on 31st March, 2010, there were 1,814 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

Information Technology (IT)

Being in the service delivery business across several locations, IT is critical to the operational performance of Mahindra Holidays in meeting its business objectives. Thus, the Company has invested significantly in technology and continuously strives to have the best-in-class infrastructure and expertise to support and augment the efficiency of its operations.

The Company has IT solutions which span across all critical functions including a complete customer relationship management (CRM) solution which covers all processes from lead generation to handling member relations, reservation engine, property management solution for the resorts and solutions for finance as well as human resources. It uses a multi-protocol label switching (MPLS) network to meet its requirements for connectivity across all its operating locations.

During the year, Mahindra Holidays upgraded its IT infrastructure. This involved upgrading network security and the technology platform which included moving to the latest Windows

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2008 and MS Exchange 2007 for servers, and upgrading to the Windows 7 operating system and Office 2007 for desktops. The Company also rolled out the Office Communicator solution, which allows employees to interact and share documents and presentations from their workstations.

The Company also started working on revamping its Club Mahindra website using Web 2.0 technology. It has initiated the process of getting the ISO 27001 certification for the IT department and expects this to be completed during 2010-11.

Financials

Table 1 presents the abridged profit and loss statement of Mahindra Holidays & Resorts India Limited.

Table 1: Abridged Profit and Loss Statement

(Rs. Lakhs)

	2009-10	2008-09
Operating Income	51,019.55	44,033.18
Other Income	617.15	397.80
Total Income	51,636.70	44,430.98
Operating Expenses	20,949.95	19,225.43
Other Expenses	10,649.86	9,644.09
Financial Expenses	455.23	702.95
Depreciation	1,909.63	1,668.68
Total Expenditure	33,964.67	31,241.15
PBDIT	20,036.89	15,561.46
PBDT	19,581.66	14,858.51
PBIT	18,127.26	13,892.78
PBT	17,672.03	13,189.83
Tax	5,888.29	4,848.96
PAT	11,783.74	8,340.87
Diluted EPS (Rs.)	14.27	10.65

The Company delivered exceptional results during 2009-10. Here are the key highlights.



- Driven by strong growth in operating incomes, total income of the Company grew by 16.2 per cent from Rs. 44,430.98 lakhs in 2008-09 to Rs. 51,636.70 lakhs in 2009-10.
- At the same time, the Company was able to control its costs well. Operating expenses, which include employee costs and sales and marketing expenses, grew at a much lower rate of 9 per cent during the year. As a result, there was an impressive increase in profits.



- Profit before depreciation, interest and taxes (PBDIT) increased by 28.8 per cent from Rs. 15,561.46 lakhs in 2008-09 to Rs. 20,036.89 lakhs in 2009-10. Financial expenses of the Company came down by 35 per cent to Rs. 455.23 lakhs during 2009-10. This was a result of reduction of secured loan funds from Rs. 2,469.45 lakhs to Rs. 1,001.65 lakhs at the end of 2009-10.
- Therefore, cash profits (PBDT) increased from Rs. 14,858.51 lakhs in 2008-09 to Rs. 19,581.66 lakhs in 2009-10.
- After accounting for depreciation, which grew to Rs. 1,909.63 lakhs during 2009-10, profit before taxes (PBT) increased from Rs. 13,189.83 lakhs in 2008-09 to Rs. 17,672.03 lakhs in 2009-10.
- Profit after taxes (PAT) grew by 41.3 per cent from Rs. 8,340.87 lakhs in 2008-09 to Rs. 11,783.74 lakhs in 2009-10.
- Diluted EPS increased by 34 per cent from Rs. 10.65 in 2008-09 to Rs. 14.27 in 2009-10.

Table 2 compares the profitability ratios for 2008-09 and 2009-10.

Table 2: Profitability Ratios

	2009-2010	2008-2009
PBDIT/Total Income	38.8%	35.0%
PBDT/Total Income	37.9%	33.4%
PBT/Total Income	34.2%	29.7%
PAT/Total Income	22.8%	18.8%

Mahindra Holidays continues to be a zero long-term debt company. Surplus funds generated during the year have been invested in credit worthy instruments, including money market mutual funds and deposits with banks. The liquidity situation of the Company during the year remained comfortable.

Project PariNAAM

Mahindra Holidays has invested significant resources in technology by putting in place systems and processes to ensure quality of service and overall holiday experience of the customers. Equally, the Company recognises the need to continuously strengthen its systems as it embarks on a new growth trajectory. Thus, it has undertaken a comprehensive company-wide initiative called 'Project PariNAAM' to transform the organisation and make it ready for scale and growth while further strengthening its financial and operational controls. The objective of this initiative is to enhance the holiday experience by aligning all processes to the single goal of creating best in class end-to-end guest management, developing and enabling self-help processes on the web for customers and by employing the best design architecture and technology platform to meet the requirements of a significantly scaled-up business model.



The overarching objective of 'Project PariNAAM', is to transform the organisation and make it future ready in terms of scale and growth. It is expected that the changes consequent to the implementation of Project PariNAAM will further strengthen the operational and financial controls within the organisation. This project is being carried out under the direct supervision of the top leadership of the Company and will involve use of the best talent and technology to deliver a comprehensive solution.

Corporate Social Responsibility

Mahindra Group has been at the forefront of taking affirmative action as a responsible organisation that seeks to meaningfully contribute to the socio-economic well being and development of the communities and the ecosystem that it interacts with in carrying out its business. As a part of the Mahindra group, the Company is committed to contribute 1 per cent of its profit after tax to CSR activities every year primarily in the areas of education, health and environment — both through group-level and Company-level activities.

Apart from working with local NGOs and contributing resources for socially relevant projects in these areas, the Company also encourages community service by its employees by involving them in the implementation of these CSR activities through its [Esops](#) ('Employee Social Options Programme').

Some of the major activities carried out during the year are given below.

- **Education:** Sponsorship of education for the girl child among the underprivileged, which included providing amenities for local educational institutions and sponsoring educational materials for the poor and needy at resort locations. During the year it sponsored the education of 1,000 girl children through the 'Nanhi Kali' project. It also carried out repair and maintenance work and provided infrastructure facilities at various educational institutions close to its resort locations at Ashtamudi, Coorg, Munnar and Goa.
- **Environment:** The Company provided solar water heating systems and solar electric panels to old age homes and orphanages at Kochi and Thekkady. The other activities during the year involved plantation of trees at resort locations and promoting environment friendly paper bags with a 'Say No To Plastic' campaign (at Munnar, Thekkady and Ashtamudi).
- **Health:** The Company sponsored facilities such as drinking water at Madikeri in Coorg; public toilets for the poor; medical equipment to run hospitals and primary health centres in remote locations such as Munnar and Thekkady; and running awareness campaigns among backward sections on how to take precautionary measures to prevent various diseases. Besides, it regularly carried out blood donation and medical check-up camps to benefit the local communities in which it operates.

The Company also conducted a pilot assessment study on the 'Social Return on Investment' to quantify the impact of its intervention and initiatives on the socio-economic well being and development of the beneficiaries.

Sustainability

Sustainable development aims at achieving economic growth and improvements in well-being while preserving the natural resources and ecosystem for future generations. As a part of the Mahindra Group, the Company recognises the importance of sustainability and is committed to conserve the ecological integrity of its locations through responsible business practices and by greater accountability and transparency.

Mahindra Holidays actively participated in the 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). GRI is a Netherlands based multi-stakeholder network of thousands of experts worldwide, which has pioneered the development of the world's most widely used

During 2009-10 the Company has created a five-year 'Sustainability Roadmap' with a well laid out plan of initiatives to be carried out until 2013-14. This follows the triple bottom line approach of 'People, Planet and Profit'.



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sustainability reporting framework. The United Nations is one of its key stakeholders. This reporting framework sets out the principles and indicators that organisations should use to measure and report their economic, environmental and social performance.

During 2009-10 the Company has created a five-year 'Sustainability Roadmap' with a well laid out plan of initiatives to be carried out until 2013-14. This follows the triple bottom line approach of 'People, Planet and Profit'.

The Company has achieved 100 per cent awareness building among its employees and associates, as well as some of its members and general public through programmes and workshops. This awareness campaign has been followed up with adoption of sustainable practices such as measures to reduce the energy and water consumption at all major resorts. This includes adoption of CFL bulbs to save energy, reducing the flush tank water pressure to conserve water and manage kitchen waste by preparing vermin-compost to be used as garden fertiliser. The Company also encourages its employees to reduce paper consumption by storing information digitally. As mentioned earlier, two of our resorts are ECOTEL certified: Coorg received a five-globe certification and Goa a four-globe.

Threats, Risks and Concerns

Mahindra Holidays has a risk management framework in place for identification of risks, assessment of the nature and severity of risks and their potential impact, and measures to mitigate them. This framework also has established mechanisms 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.



Macroeconomic Risks

The global economic slowdown affected India and the hospitality industry. Although the situation has improved considerably, such cyclical downturns may continue to resurface in the future. Besides, inflation continues to be on the high side. If the situation persists, it might adversely affect consumer confidence and impact the ability of people to spend on discretionary items, affecting the growth of the industry.

The Company recognises these risks and has initiated measures to minimise its impact. This includes expanding the bouquet of products and services offered to the customers to include shorter duration products as well as offerings aimed at different socio-economic segments. It has also sought to de-risk itself by expanding the addressable market, such as expanding its travel services product to corporate clients and marketing 'Homestays' in the Indian market.



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 our key products.

Given the inherent nature of the product - which offers flexibility in terms of usage across various resorts and seasons - the Company may not be able to make available the choice of location/dates desired by the customers on every occasion, which could result in dissatisfaction. To mitigate these risks, the Company invests significant resources in systems and processes to ensure quality of service and overall experience of the customers. As regards room inventory, the Company has been judicious in the use of different options - fresh developments, expansions, leases of different durations and acquisitions- to maintain a balance between the demand and the supply.

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. We believe that our human resource practices to enhance employee engagement and satisfaction mitigate these risks.

Financial Risks

The Company's business involves significant investments in building resorts for its operations. These expose the Company 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 vacation ownership and similar products of the Company, which exposes it to credit risks.



Currently, Mahindra Holidays is a zero debt company. The Company has been conservative in its use of debt and the public offer concluded during the year is aimed at strengthening its ability to continue with a strong and stable capital structure without compromising on growth. The Company undertakes comprehensive assessment of the profile of its customers and carefully monitors its exposure to credit risk. Besides, it has adequate systems in place to minimise the impact in the event of default - for instance, through high down payments and moratorium on the first vacation until a certain number of payments are received.

Regulatory and Legal Risks

Mahindra Holidays is exposed to regulatory and legal risks in carrying out its business. These include risks relating to land acquisition, conversion of land for commercial usage and development of properties, tax proceedings, legal proceedings on properties, customer complaints, non-compliance of regulations including environmental regulations and those pertaining to the hospitality sector.

The Company has systems and controls in place to mitigate these risks and minimise instances of non-compliance.

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. Besides, it has a sound ERP solution that implements these processes, strengthening controls and minimising the possibility of errors and lapses.

The Company has an internal audit function. Given the size of the Company's operations in terms of number of resort locations and nature of its business, it also uses independent internal audit firms to conduct periodic audits in line with an audit plan that is drawn at the beginning of the year. 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. Internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are placed every quarter 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.

Outlook

At the macro level, the outlook for the Indian economy improved considerably during the year. The resilience that the economy exhibited during the crisis and the subsequent improvement in performance are expected to continue during the next few years. Thus, consumer confidence is expected to remain strong and improve during the period.

Therefore, we believe that the fundamental growth story of the Indian economy is intact and the hospitality sector will continue to see significant growth in the foreseeable future. In fact, given the strong growth of the domestic economy and the Company's focus on these markets, Mahindra Holidays is favourably placed to benefit from this opportunity.

During 2010-11, the focus of the Company will be to expand its presence both in terms of geography and the socio-economic segments that it addresses. It believes that the new products and services which it plans to launch during the year will open up newer opportunities and increase its penetration and reach in the domestic market. Simultaneously, these will widen the base and so mitigate the risks associated with addressing a relatively smaller segment of the market. With the successful completion of the Initial Public Offering, Mahindra Holidays is well positioned in terms of having necessary long-term risk capital, important for unencumbered growth in resource intensive infrastructure sectors such as hospitality. Therefore, the Company's outlook for 2010-11 is optimistic.



Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include poor macroeconomic growth and consumer confidence, inability to add resorts and increase the inventory of room, cyclical demand and pricing in the Company's principal markets, changes in tastes and preferences, government regulations, tax regimes, economic development within India and other incidental factors.

Corporate Governance

Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') remains resolute in its commitment to conduct its business in accordance with the highest ethical standards and sound corporate governance practices.

At Mahindra Holidays, corporate governance practices are based on the principles of integrity, transparency, fairness, independent monitoring and adequate disclosure of the state of affairs of the Company. Adoption of such governance practices ensures accountability of the persons in charge of the Company at the highest levels and benefits not just the investors, but also your Company's customers, creditors, employees and the society at large. It is the Company's philosophy and strong belief that adhering to such high levels of corporate governance practices go a long way in establishing the credibility of the Company and creates significant long term value for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to the Company subsequent to its public listing on 16th July, 2009 and have been fully complied with since then.

Indeed, as a Company which believes in implementing corporate governance practices in its true spirit, Mahindra Holidays has been practising exceptional corporate governance practices even before the listing, some of which are beyond the mandatory requirements of Clause 49.

This chapter reports the Company's compliance with the code of Corporate Governance as prescribed under Clause 49 of Listing Agreement.

Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Chairman of the Board is a Non-Executive Director and half of the Board comprises Independent Directors. None of the Directors is related to any other Director. The management of the Company is headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' values are met.

The Non-Executive Independent Directors have the requisite qualifications and experience in general corporate management, finance, hospitality, banking 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.

Mr. A K Nanda, Non-Executive Director of the Company, was in the whole-time employment of Mahindra & Mahindra Limited (M&M), the holding company, and was drawing remuneration from it. He has resigned as Executive Director of M&M with effect from the close of working hours on 31st March, 2010 and has been appointed as a Non-Executive Director on the Board of M&M, with effect from 1st April, 2010.

Mr. Uday Y Phadke, Non-Executive Director of the Company is in the whole-time employment of the holding Company, Mahindra & Mahindra Limited and draws remuneration from it. Mr. Vineet Nayyar, Non-Executive Director of the Company is in the whole-time employment of a Mahindra Group company, Tech Mahindra Limited and draws 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 Independent Directors and Managing Director would be entitled to under the Companies Act, 1956, none of the Directors have any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, its Subsidiaries and Associates which in their judgement would affect their independence. None of the Directors of the Company are inter-se related to each other.

The Senior Management 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.

Composition of the Board

The Board comprises eight Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in companies are given below. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors.

Directors	Category	As on 31 st March, 2010**		
		Committee Memberships^^	Committee Chairmanships^^	Directorships#
Mr. A K Nanda	Non-Executive Chairman	8	4	15
Mr. Ramesh Ramanathan	Managing Director	1	Nil	4
Mr. Uday Y Phadke	Non-Executive Director	8	3	10
Mr. Vineet Nayyar	Non-Executive Director	1	Nil	8
Mr. Cyrus J Guzder	Independent Director	2	1	4
Mr. Rohit Khattar	Independent Director	1	Nil	3
Mrs. Rama Bijapurkar	Independent Director	3	1	9
Mr. Sridar Iyengar	Independent Director	5	3	7

** Excludes private limited companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

^^ Committees considered are Audit Committee and Shareholders/Investors Grievance Committee, including that of Mahindra Holidays & Resorts India Limited.

Excludes Alternate Directorships but includes Additional Directorships and Directorship in Mahindra Holidays & Resorts India Limited.

Board Meetings and Attendance

Four Board Meetings were held during the financial year 1st April, 2009 to 31st March, 2010 on 22nd April, 2009, 29th July, 2009, 27th October, 2009 and 20th January, 2010. The gap between two Meetings did not exceed four months. These Meetings were well attended. The Thirteenth Annual General Meeting (AGM) of the Company was held on 29th June, 2009.

Directors	Number of Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. A K Nanda	4	4	No
Mr. Ramesh Ramanathan	4	4	Yes
Mr. Uday Y Phadke	4	4	No
Mr. Vineet Nayyar	4	2**	No
Mr. Cyrus J Guzder	4	4	Yes
Mr. Rohit Khattar	4	4	No
Mrs. Rama Bijapurkar	4	4	No
Mr. Sridar Iyengar	4	4	No

** In addition to attending two Board Meetings, Mr. Vineet Nayyar participated in one Board Meeting through teleconference.

Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director appraises the Board at every meeting of the overall performance of the Company. A detailed functional report is also placed at 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. The Board also reviews major legal issues, minutes of the Board Meetings of the Company's subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit and other Committees of the Board, and information on recruitment of officers just below the Board level, including the Company Secretary and the Compliance Officer.

Directors seeking Appointment/Re-appointment

Mr. Vineet Nayyar and Mrs. Rama Bijapurkar, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Brief resumes of Directors seeking appointment/re-appointment are given below.

Mr. Vineet Nayyar

Mr. Vineet Nayyar is a Director on the Board of our Company since 2007. Mr. Nayyar holds a Master's degree in Development Economics from Williams College, Massachusetts.

Mr. Nayyar started his career with the Indian Administrative Service. While in the Government, he held a series of senior positions, including that of a District Magistrate, Secretary - Agriculture & Rural Development for the Government of Haryana and Director, Department of Economic Affairs, Government of India. He also worked with the World Bank for over 10 years in a series of senior assignments, including successively being the Chief for the Energy, Infrastructure and the Finance Divisions for East Asia and Pacific.

He has led several organisations across industries, creating high performance teams and successful businesses. In a career spanning over 40 years, he has worked with the Government of India, international multilateral agencies and the corporate sector (both public and private).

In the corporate sector, Mr. Nayyar was the founding Chairman & Managing Director of the state owned Gas Authority of India. He was responsible for setting up the Hazira-Bijaipur-Jagdishpur (HBJ) gas pipeline, which carries most of India's liquid natural gas. In the private sector, he served as the Managing Director of HCL Corporation and as the Vice Chairman of HCL Technologies. He was also the founder & CEO of HCL Perot Systems.

He currently serves as Vice Chairman & Managing Director of Tech Mahindra Limited and Chairman of Satyam Computer Services Limited. He is also on the Board of Great Eastern Shipping Company Limited, Kotak Mahindra Old Mutual Life Insurance Limited, The Mahindra United World College of India and many other companies.

Mr. Nayyar is a member of the following Board Committees of various Companies:

Name of the Company	Name of Committee	Position Held
Mahindra Holidays & Resorts India Limited	Remuneration Committee	Member
Tech Mahindra Limited	Investor Grievance-cum-Share Transfer Committee	Member

Mr. Nayyar holds 6,675 shares in the Company.

Mrs. Rama Bijapurkar

Mrs. Rama Bijapurkar is an independent market strategy consultant and one of India's most respected thought leaders on market strategy and consumer related issues.

Mrs. Bijapurkar is an Independent Director on the Board of our Company since 2007. She also serves as a Director on the Boards of other Indian companies, including Infosys Technologies Limited, Axis Bank Limited, Mahindra and Mahindra Financial Services Limited, Bharat Petroleum Corporation Limited, CRISIL and Give Foundation.

Mrs. Bijapurkar holds a B.Sc. (Hons) degree in Physics from Delhi University and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Her work experience includes employment with McKinsey & Company, MARG (now AC Nielsen India), and full time consulting with Hindustan Unilever Limited.

Mrs. Bijapurkar is a member of the following Board Committees of various companies:

Name of the Company	Name of the Committee	Position Held
Mahindra Holidays & Resorts India Limited	Audit Committee	Member
	Remuneration Committee	Chairperson
Infosys Technologies Limited*	Investor Grievance Committee	Chairperson
	Risk Identification and Mitigation Committee	Member
Godrej Consumer Products Limited	Nominations Committee	Chairperson
	Human Resources & Compensation Committee	Chairperson
CRISIL Limited	Compensation Committee	Member
Axis Bank Limited	Remuneration & Nominations Committee	Member
Mahindra & Mahindra Financial Services Limited	Audit Committee	Member
	Risk Management Committee	Member
ICICI Prudential Life Insurance Company Limited	Board Nomination & Compensation Committee	Chairperson
Bharat Petroleum Corporation Limited	Remuneration Committee	Member

*She has resigned from the Board of Infosys Technologies Limited with effect from 13th April, 2010.

Mrs. Bijapurkar does not hold any shares in the Company.

Remuneration to Directors

Remuneration Policy

While deciding on the remuneration for Directors, the Board and the 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 Remuneration Committee regularly tracks 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.

Remuneration Paid

The Remuneration paid to Non-Executive Directors including Independent Directors is by way of sitting fees and reimbursement of expenses incurred in attending the Board and Committee Meetings. The Non-Executive Directors are also eligible for commission of up to 1 per cent per annum of the net profits of the Company. The remuneration paid to Managing Director is fixed by the Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Detailed information of Directors' remuneration for the year 2009-10 is given below: (Rs. lakhs)

Name of Directors	Category	Sitting Fees	Commis-sion	Salary performance pay and Perquisites	Super-annuation and Provident Fund (Note 2)	Total
Mr. A K Nanda	Non-Executive Chairman	Nil	Nil	Nil	Nil	Nil
Mr. Ramesh Ramanathan	Managing Director	Nil	Nil	218.97	9.23	228.20
Mr. Uday Y Phadke	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Vineet Nayyar	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Cyrus J Guzder	Independent	0.55	Nil	Nil	Nil	0.55
Mr. Rohit Khattar	Independent	0.25	Nil	Nil	Nil	0.25
Mrs. Rama Bijapurkar	Independent	0.45	Nil	Nil	Nil	0.45
Mr. Sridar Iyengar	Independent	0.20	Nil	Nil	Nil	0.20

Notes:

1. Non-Executive & Non-Independent Directors and the Managing Director do not receive sitting fees for attending meetings of the Board /Committees of the Board of Directors of the Company. Non-Executive-Independent Directors are paid sitting fees of Rs. 5,000 per meeting for attending meetings of the Board / Committees of the Board of Directors of the Company.
2. Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
3. There were no fresh stock options granted in the year 2009-10
4. No Commission was paid to any of the Directors.
5. Salary to Mr. Ramesh Ramanathan
 - a. Salary and Allowances of Rs. 80.51 lakhs
 - b. Perquisites of Rs.115.96 lakhs
 - c. Performance Pay of Rs. 22.50 lakhs
6. Mr. Ramanathan, Managing Director, has availed a Housing Loan of Rs. 32 lakh, at an interest rate of 3% per annum for Rs. 20 lakhs and 4% per annum for the Balance Rs.12 lakhs as per the Company's Housing Loan Policy in January 2007.
7. The Company has not advanced loans to any other Directors during the year.
8. The nature of employment of the Managing Director with the Company is contractual and can be terminated by giving 3 months notice from either party. The contract does not provide for any severance fees. Mr. Ramanathan's appointment is for a period of 5 years from 9th June, 2007.

Shares and Convertible Instruments 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 31 st March, 2010	No. of Options granted in July, 2006*	No. of Options granted in March, 2007**	No. of Options granted in November, 2007***	No. of Options granted in November, 2008****
Mr. A K Nanda	Non-Executive Chairman	3,57,517	2,00,000	Nil	9,510	10,500
Mr. Ramesh Ramanathan	Managing Director	2,01,413	1,00,000	12,200	Nil	10,100
Mr. Uday Y Phadke	Non-Executive	26,463	10,000	Nil	3,170	3,500
Mr. Vineet Nayyar	Non-Executive	6,675	Nil	Nil	10,000	Nil
Mr. Cyrus J Guzder	Independent	21,360	10,000	Nil	Nil	Nil
Mr. Rohit Khattar	Independent	21,360	10,000	Nil	Nil	Nil
Mrs. Rama Bijapurkar	Independent	Nil	Nil	Nil	15,000	Nil

Options Granted On	Vesting Period	Exercise Period	Exercise Price
* July 2006	Five equal instalments in July 2007, 2008, 2009, 2010 and 2011	Within six years from the date of grant	Rs. 16/-
** March 2007	Four equal instalments in March 2008, 2009, 2010 and 2011	On the date of Vesting or at the end of each year for a period of five years from the date of vesting.	Rs. 52/-
*** November 2007	Four equal instalments in November 2008, 2009, 2010 and 2011	On the date of Vesting or at the end of each year for a period of five years from the date of vesting.	Rs. 52/-
**** November 2008	Four equal instalments in November 2009, 2010, 2011 and 2012	On the date of Vesting or at the end of each year for a period of five years from the date of vesting.	Rs. 52/-

The Options granted in July 2006, March 2007 & November 2007 stand augmented by 5 Bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November 2007.

Committees of the Board

Audit Committee

The Audit Committee comprises three members viz. Mr. Cyrus J Guzder, Mr. Uday Y Phadke and Mrs. Rama Bijapurkar. Mr. Cyrus J Guzder, Chairman of the Committee and Mrs. Rama Bijapurkar are Independent Directors. All members of the Committee have good knowledge of accounting and financial management. The Company Secretary is the secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee has been granted powers as prescribed under Clause 49 II(C) of the Listing Agreement. Generally, all items listed in Clause 49 II(D) are covered in the terms of reference and inter-alia include:

- Acting as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company;
- Selecting and establishing accounting policies, review reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters;
- Reviewing the remuneration payable to the statutory auditors, their appointment/re-appointment and to recommend a change of Auditors, if felt necessary;
- Reviewing financial statements and investments of unlisted subsidiary companies, Management Discussion and Analysis, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis.

The Committee met four times during the year under review and the gap between two Meetings did not exceed four months. During the financial year 1st April, 2009 to 31st March, 2010, the Committee met on 22nd April, 2009, 29th July, 2009, 27th October, 2009 and 20th January, 2010. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. Cyrus J Guzder	4	4
Mr. Uday Y Phadke	4	4
Mrs. Rama Bijapurkar	4	4

Invitees to the Meetings of the Audit Committee include Chairman of the Board, Managing Director, Statutory Auditors, Chief Financial Officer, Chief Internal Auditor & Head-Corporate Management Services of Mahindra & Mahindra Limited, the holding Company, Internal Auditors and Resident Internal Auditor. The Chairman of the Audit Committee, Mr. Cyrus J Guzder was present at the Thirteenth Annual General Meeting of the Company held on 29th June, 2009.

Share Allotment/Transfer-cum-Investor Grievances Committee

The Company's Share Allotment/Transfer-cum-Investor Grievances Committee functions under the Chairmanship of Mr. A K Nanda, Chairman of the Board and a Non-Executive Director. Mr. Uday Y Phadke and Mr. Ramesh Ramanathan are the other members of the Committee. Mr. Rajiv Balakrishnan, 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.

With a view to expediting the process of share transfers, Mr. Ramesh Ramanathan, Managing Director, Mr. P.S. Doraiswamy, Chief Financial Officer and Mr. Rajiv Balakrishnan, Company Secretary of the Company are severally authorised to approve transfers of not more than 5,000 Equity Shares per transfer, provided the transferee does not hold one lakh or more equity shares in the Company.

The Committee met three times during the year 1st April, 2009 to 31st March, 2010 on 29th July, 2009, 27th October, 2009 and 20th January, 2010. All the Meetings were well attended by its Members.

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	3	3
Mr. Uday Y Phadke	3	3
Mr. Ramesh Ramanathan	3	3

Corporate Governance

During the year, 299 complaints were received from the Shareholders, all of which have been attended to/resolved. As of 31st March, 2010, there are no pending share transfers or complaints from the shareholders.

Remuneration Committee

The role of the Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director of the Company. During the course of its review, the Committee also decides on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as the performance of the Company. The broad terms of reference of the Committee are, to recommend to the Board about the Company's policy on remuneration package for Executive Directors, to advise the Board in framing the remuneration policy for key managerial personnel of the Company from time to time, 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 Committee has formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme (MHRIL ESOS) which is administered and implemented by Mahindra Holidays & Resorts India Limited Employees Stock Option Trust in accordance with the directions of the Committee and in terms of the Deed of Trust. The Committee also attends to such other matters as may be prescribed from time to time.

Mrs. Rama Bijapurkar is the Chairperson of the Committee. Mr. A K Nanda, Mr. Cyrus J Guzder, Mr. Vineet Nayyar and Mr. Rohit Khattar are the other members of the Committee. The Committee met on 27th October, 2009 during the year under review and all members of the Committee attended the meeting.

Loans & Investment Committee

The Loans and Investment Committee approves the loans, investment, subscription/acquisition, sale/transfer and all related aspects of these transactions. The committee consists of Mr. A K Nanda, Chairman and Mr. Ramesh Ramanathan, Managing Director as the members. There were no meetings of the Committee during 2009-10.

IPO Committee

The IPO Committee was formed by the Board to oversee all activities and matters pertaining to Public Issue of the Company. Mr. A K Nanda is the Chairman of the Committee. Mr. Uday Y Phadke, Mr. Cyrus J Guzder and Mr. Ramesh Ramanathan are the members of the Committee. During the financial year 1st April, 2009 to 31st March, 2010 the committee met on 11th June, 2009, 18th June, 2009, 27th June, 2009 and 8th July, 2009.

Inventory Approval Committee

The Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition as well as long term lease proposals of the Company. Mr. A K Nanda, Chairman, Mr. Ramesh Ramanathan, Managing Director and Mr. Cyrus J Guzder are the members of the Committee. The Committee met once on 27th March, 2010 during the year under review.

Disclosures

Code of Conduct

The Board has laid down two separate Codes of Conduct ('Codes'), one for Board Members and the 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 the Managing Director to this effect is enclosed at the end of this Report.

CEO/CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements and matters related to internal controls in the prescribed format for the year ended 31st March, 2010.

Risk Management

Your Company has a well-defined risk management framework in place which is reviewed periodically. This has been discussed in greater detail in the Management Discussion and Analysis Chapter of this Annual Report.

Subsidiary Companies

Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20 per cent of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material non-listed Indian subsidiary during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The minutes of Board Meetings of subsidiaries of the Company are placed before the Board of Directors of the Company.

Related Party Transactions

During the financial year 2009-10, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, subsidiaries or relatives that may have potential conflict with the interests of the Company at large. Further, details of related party transactions form part of Notes to the Accounts of the Annual Report.

Accounting Treatment in Preparation of Financial Statements

The Company has followed the Accounting Standards laid down by The Institute of Chartered Accountants of India and The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

Details of Non-compliance Relating to Capital Markets

During the year, the Company's equity shares were listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has complied with all the requirements of the regulatory authorities. There were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets since the listing of the Company's equity shares on 16th July, 2009.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its Designated Employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down Guidelines, vide which it advises the designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautions them of the consequences of violations.

Proceeds from Public Issues, Right Issues and Preferential Issues

Pursuant to the Initial Public Offer (IPO) made by the Company during the year under review, the Audit Committee has been monitoring the uses and applications of funds by major categories such as capital expenditure, sales and marketing, working capital on a quarterly basis as part of its quarterly declaration of financial results. The Company has not utilised the funds generated out of public issue for any purpose other than those stated in the offer document/prospectus.

Details of Unclaimed Shares

As per the provisions of Clause 5A of the Listing Agreement, the Company has opened a Demat account titled 'Mahindra Holidays & Resorts India Limited - Unclaimed Shares Demat Suspense Account' ('Demat Suspense Account') for transferring the unclaimed shares which were allotted pursuant to the Initial Public Offer (IPO) of the Company made during the year.

The Company has 12 shareholders with 523 outstanding shares in the suspense account lying at the year ended 31st March, 2010. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report (MDA) has been attached as a separate chapter and forms part of this Annual Report.

Compliance with Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

As for the non-mandatory requirements, the Company has set up the Remuneration Committee of the Board of Directors, the details of which have been provided under the section 'Committees of the Board'. During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure that its financial statements remain unqualified. The Company has not adopted any other non-mandatory requirement specified in Annexure 1 D of Clause 49.

Corporate Governance Voluntary Guidelines 2009

In December 2009 the Government of India, Ministry of Corporate Affairs (MCA) had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporates and after consideration of the feedback received from them would review these guidelines for further improvements after a period of one year.

The Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over a decade.

The Company is in substantial compliance with the voluntary guidelines and it will always be the Company's endeavour to attain the best practices in corporate governance.

General Shareholder Information

Fourteenth Annual General Meeting

Date : 26th July, 2010
 Time : 3.00 PM
 Venue : Rani Seethai Hall,
 603, Anna Salai,
 Chennai – 600 006

Details of Annual General Meetings held during past three years and Resolutions passed

Year	Date	Time	Special Resolutions Passed
2006-07	25 th July, 2007	9.30 AM	No Special Resolution was passed at the AGM
2007-08	19 th June, 2008	3.00 PM	Remuneration by way of commission to Non-Executive Directors
2008-09	29 th June, 2009	4.00 PM	No Special Resolution was passed at the AGM

All meetings were held at the Registered Office: Mahindra Towers, 2nd Floor, No.17/18, Patullos Road, Chennai – 600 002

Details of Extraordinary General Meetings held during past three years and Resolutions passed

Year	Date	Time	Special Resolutions Passed
2006-07	4 th Dec, 2006	2.00 PM	<ul style="list-style-type: none"> ▪ Alteration in the object clause of Memorandum of Association. ▪ Approval for carrying on the business included in the other objects of the Company as per provisions of Sec.149 (2A). ▪ Alteration of Articles of Association. ▪ Approval for investment in securities of other Body Corporates
	6 th Feb, 2007	11.00 AM	<ul style="list-style-type: none"> ▪ Revision in remuneration payable to Managing Director
2007-08	2 nd Aug, 2007	3.00 PM	<ul style="list-style-type: none"> ▪ Amendment/Modification to Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006.
	25 th Sep, 2007	11.00 AM	<ul style="list-style-type: none"> ▪ Approval for issue of Equity Shares to persons other than existing shareholders under Employees' Stock Option Scheme. ▪ Approval for extension of benefits of Employees' Stock Option Scheme to the Directors/Employees of Holding/Subsidiary Company.
	8 th Oct, 2007	3.00 PM	<ul style="list-style-type: none"> ▪ Alteration of Articles of Association ▪ Increase in Remuneration payable to Managing Director. ▪ Amendment to Memorandum of Association.
	19 th Nov, 2007	3.00 PM	<ul style="list-style-type: none"> ▪ Issue of shares to Public
2008-09	29 th Sep, 2008	10.00 AM	<ul style="list-style-type: none"> ▪ Issue of shares to Public
	8 th Dec, 2008	5.00 PM	<ul style="list-style-type: none"> ▪ Increase in Remuneration payable to Managing Director. ▪ Approval for issue of Equity Shares to persons other than existing shareholders under Employees' Stock Option Scheme. ▪ Approval for extension of benefits of Employees' Stock Option Scheme to the Directors / Employees of Holding / Subsidiary Company.

All meetings were held at the Registered Office: Mahindra Towers, 2nd Floor, No.17/18, Patullas Road, Chennai – 600 002

Details of Resolutions passed through Postal Ballots during the year 2009-10:

Date	Description	% of Valid Votes in favour of the Resolution	Scrutinizer for conducting the Postal Ballot
16 th December, 2009	1. Ratification of Pre-IPO Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 as amended and proposed under Item No. 1 of the Postal Ballot Notice dated 16 th November, 2009	98.54%	Mr. M Damodaran, Practising Company Secretary, Chennai.
	2. Approval of revision in remuneration payable to the Managing Director as proposed under Item No. 2 of the Postal Ballot Notice dated 16 th November, 2009	99.99%	

The procedure for Postal Ballot is as per Section 192A of the Companies Act, 1956 and the rules made in accordance with the Act, namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from 17th July, 2010 to 26th July, 2010, both days inclusive.

Dividend Payment Date

Date of payment of dividend would be on or after 26th July, 2010.

Financial Year

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

Financial Reporting for 2010-11

The First Quarter Results – 30 th June, 2010	By end of July, 2010
The Half Yearly Results – 30 th September, 2010	By end of October, 2010
Third Quarter Results – 31 st December, 2010	By end of January, 2011
Approval of Annual Accounts – 31 st March, 2011	By end of April, 2011

Note: The above dates are indicative.

Means of Communication

The quarterly, half-yearly and yearly results as required under Clause 41 of the Listing agreement are normally published in *The Economics Times / Business Standard / The Financial Express* (English editions) / *Dinamani* (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. 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

Pursuant to the Initial Public Offer (IPO) made by the Company during the year, the equity shares of the Company have been listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) on 16th July, 2009. The requisite listing fees have been paid in full to the Stock Exchanges where the Company's shares are listed.

Mahindra Holidays & Resorts India Limited's (MHRIL) Stock Exchange Codes

BSE 533088
NSE MHRIL

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 of India Limited			Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
July 2009	398.80	306.65	3,25,88,463	398.95	306.65	2,34,73,458
August 2009	368.30	320.00	25,39,459	367.30	310.00	14,90,452
September 2009	359.80	316.00	6,97,317	352.00	319.00	2,70,800
October 2009	376.00	325.00	6,67,259	375.00	328.00	2,88,135
November 2009	376.10	321.15	6,04,765	377.10	323.05	1,55,968
December 2009	479.00	365.00	15,65,979	475.00	365.00	8,38,260
January 2010	535.80	401.75	12,58,382	536.80	400.10	5,41,451
February 2010	449.50	409.00	5,40,541	448.90	405.00	2,85,750
March 2010	573.80	434.00	22,28,994	574.00	435.00	7,37,900

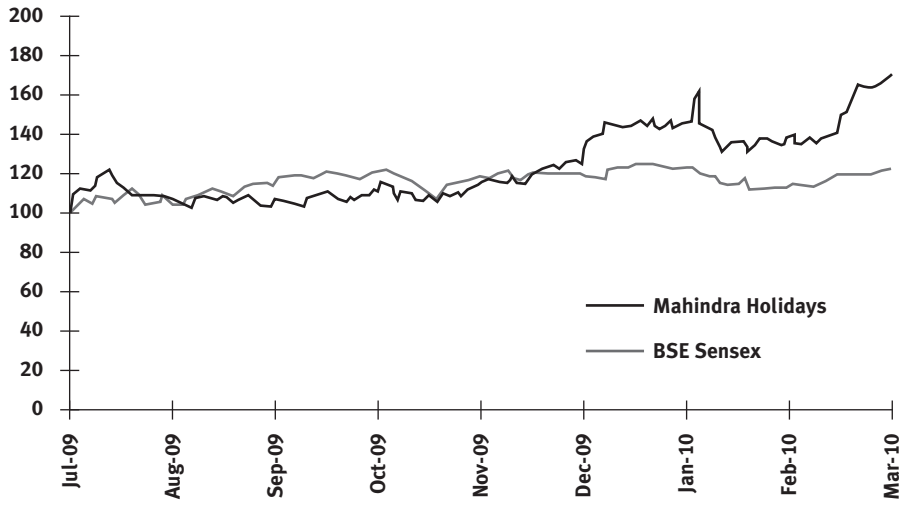
Note: Equity Shares of the Company got listed on 16th July, 2009.

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

Year	Month	MHRIL's Closing Price on NSE on the last trading day of month (Rs.)	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
2009	July	356.00	15670.31	5737.09	5940.38
2009	August	345.00	15666.64	5774.96	6044.61
2009	September	347.50	17126.84	6302.19	6552.75
2009	October	344.90	15896.28	5846.03	6142.43
2009	November	364.00	16926.22	6245.49	6584.98
2009	December	473.00	17464.81	6456.97	6842.25
2010	January	429.00	16357.96	6061.68	6509.90
2010	February	435.00	16429.55	6114.27	6518.38
2010	March	544.00	17527.77	6521.55	6919.55

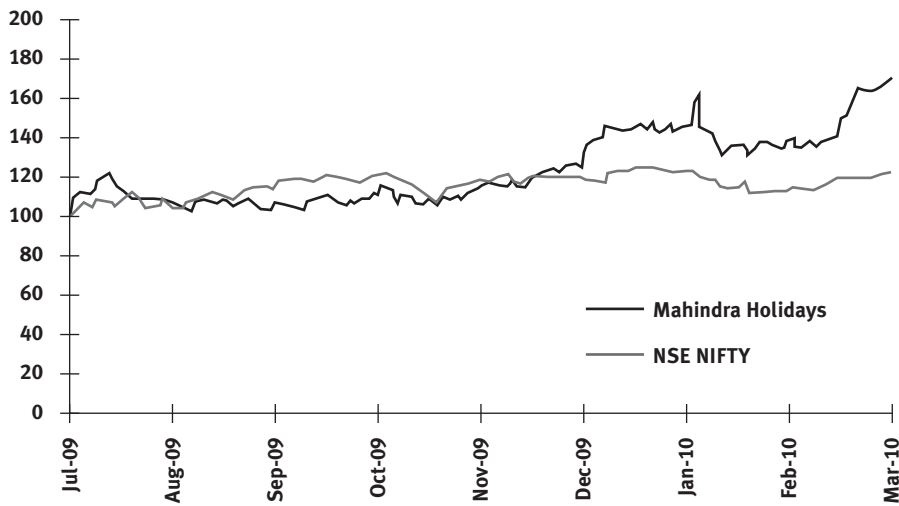
Note: Equity Shares of the Company got listed on 16th July, 2009.

Mahindra Holidays Share Performance versus BSE Sensex



Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on the date of listing i.e. 16th July, 2009

Mahindra Holidays Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on the date of listing i.e. 16th July, 2009

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 thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

With a view to expediting the process of share transfers, Mr. Ramesh Ramanathan, Managing Director, Mr. P.S. Doraiswamy, Chief Financial Officer, and Mr. Rajiv Balakrishnan, Company Secretary of the Company are severally authorised to approve transfers of not more than 5,000 Equity Shares per transfer, provided the transferee does not hold one lakh or more Equity Shares in the Company. The Share Allotment/Transfer-cum-Investors Grievance Committee meets as and when required to consider the other transfer proposals and attend to Shareholders' grievances. As of 31st March, 2010, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2010

Number of Shares	Number of Shareholders	Percentage of Shareholders	Total Number of Shares	Percentage of Shareholding
1 to 100	8,065	89.39%	3,01,400	0.36%
101 to 500	492	5.45%	1,22,502	0.15%
501 to 1000	116	1.29%	95,577	0.11%
1001 to 5000	186	2.06%	4,82,139	0.57%
5001 to 10000	57	0.63%	4,06,792	0.48%
10001 to 50000	66	0.73%	14,65,870	1.74%
50001 to 100000	15	0.17%	11,67,238	1.39%
100001 & above	25	0.28%	8,01,88,254	95.20%
Total	9,022	100.00%	8,42,29,772	100.00%

Shareholding Pattern as on 31st March, 2010

Category of Shareholders	Total Holdings	Holdings in Percentage
Promoters' holdings	6,99,85,642	83.09%
Mutual Funds	19,43,504	2.31%
Banks, Financial Institutions & others	16,51,105	1.96%
Foreign Institutional Investors	30,27,569	3.60%
Bodies Corporate	26,23,136	3.11%
NRIs/OCBs/Foreign Nationals	10,40,125	1.23%
Indian Public	39,58,691	4.70%
Total	8,42,29,772	100.0%

Dematerialisation of Shares

As on 31st March, 2010, 99.93 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 16.91 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
Tamil Nadu, India
Tel: +91-44-3988 1000
Fax: +91-44-3027 7778

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.

Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited
Unit: Mahindra Holidays & Resorts India Limited
Plot No.17-24, Vittalrao Nagar, Madhapur
Hyderabad – 500 081, Andhra Pradesh, India
Tel: + 91-040-23420815 to 820
Fax: + 91-040-23420814/57
Email: einward.ris@karvy.com

Address for Correspondence

Shareholders may correspond with the Company at its Registered 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 Rajiv Balakrishnan
Mahindra Towers, 2nd Floor
No. 17/18, Patullos Road
Chennai – 600 002
Tamilnadu, India.
Tel: +91-44-39881000
Fax : +91-44-30277778

Company's Investor E-mail ID

The Company has also designated investors@mahindraholidays.com as an exclusive email ID for Shareholders for the purpose of registering complaints. This has also been displayed on the Company's website.

Company's website

www.clubmahindra.com

Declaration on Codes of Conduct

To
The Members of Mahindra Holidays & Resorts India Limited

I, Ramesh Ramanathan, Managing Director 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 31st March, 2010.

Chennai, 29th April, 2010

Ramesh Ramanathan
Managing Director

CERTIFICATE

To
The Members of Mahindra Holidays & Resorts India Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra Holidays & Resorts India Limited ('the Company') for the year ended on March 31st 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to 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 above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 0080725)

B.Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai
Date: 29th April, 2010

TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

- 1) We have audited the attached Balance Sheet of **MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED** as at March 31, 2010 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- 5) On the basis of the written representations received from the Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)

B. Ramaratnam
Partner
(Membership No.21209)

Mumbai, April 29, 2010

Auditors' Report on Financial Statements

Annexure referred to in paragraph 3 of the auditors' report to the members of Mahindra Holidays & Resorts India Limited on the accounts for the year ended 31st March 2010

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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.
 - The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not entered into transactions with companies covered under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, in respect of the products of the Company.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - As on 31st March, 2010, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of disputes except the following :

Name of the statute	Nature of the dues	Financial Year	Amount (Rs.)	Forum where the dispute is pending
Income Tax	Income Tax & Fringe Benefit Tax	2005- 06 & 2006-07	703,284,022	Commissioner of Income Tax – Appeals

- The Company does not have any accumulated losses and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The provisions of special statutes applicable to Chit fund and Nidhi / mutual benefit fund / society is not applicable to the Company.
- The Company is not dealing or trading in shares, securities, debentures and other investments.
- In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- The company has not availed any term loans during the year.
- In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company has not issued any debentures during the year.

Auditors' Report on Financial Statements

- (xx) The Management has disclosed the end use of money raised by public issue and we have verified the same.
- (xxi) 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 has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

B. Ramaratnam
Partner
(Membership No.21209)

Mumbai, April 29, 2010

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	832,868,610	769,785,100
Reserves and surplus	2	3,560,364,496	1,209,719,754
Deferred income			
Advance towards members' facilities (see note 1 (vi) (a))		8,050,101,025	6,368,312,714
Loan funds:	3		
Secured loans		100,164,726	246,944,896
Deferred tax liability (net)		333,088,627	294,759,781
TOTAL		12,876,587,484	8,889,522,245
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		4,892,238,805	4,221,480,876
Less : Depreciation		824,851,319	639,718,570
Net block		4,067,387,486	3,581,762,306
Capital work in progress/advances		865,836,679	427,125,743
Expenditure during construction pending allocation	5	112,819,159	85,087,004
		5,046,043,324	4,093,975,053
Investments	6	2,271,551,506	6,389,350
Current assets, Loans and advances	7		
Inventories		29,676,925	52,387,537
Sundry debtors		6,315,400,454	4,841,685,593
Cash and bank balances		244,099,934	319,655,769
Loans and advances		811,729,073	735,337,720
		7,400,906,386	5,949,066,619
Less: Current liabilities and provisions	8		
Current liabilities		1,432,175,049	841,930,675
Provisions		409,738,683	317,978,102
		1,841,913,732	1,159,908,777
Net current assets		5,558,992,654	4,789,157,842
TOTAL		12,876,587,484	8,889,522,245
Notes on accounts	14		

The Schedules referred above forms an integral part of Balance Sheet

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

B Ramaratnam
Partner
Place: Mumbai
Date: April 29, 2010

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Profit and Loss Account for the Year ended March 31, 2010

	Schedule		2009-10 Rs.		2008-09 Rs.
INCOME					
Income from sale of Vacation Ownership and other services	9		4,687,499,308		3,930,644,235
Other income	10		476,171,448		512,454,133
Total			5,163,670,756		4,443,098,368
EXPENDITURE					
Employee cost	11		735,639,939		608,437,166
Depreciation			190,962,520		166,868,043
Other expenses	12		2,424,341,401		2,278,514,543
Interest and financial charges	13		45,522,985		70,294,988
Total			3,396,466,845		3,124,114,740
Profit before tax			1,767,203,911		1,318,983,628
Provision for taxation					
Current tax		550,500,000		390,500,000	
Deferred tax		38,328,846		58,895,610	
Fringe benefit tax		-		35,500,000	
			588,828,846		484,895,610
Profit after tax			1,178,375,065		834,088,018
Profit brought forward			1,036,929,703		561,191,180
Balance available for appropriation			2,215,304,768		1,395,279,198
Appropriations:					
General Reserve		117,840,000		83,410,000	
Proposed Dividend		336,919,088		235,001,064	
Tax on Proposed Dividend		55,958,049		39,938,431	
			510,717,137		358,349,495
Balance carried to Balance Sheet			1,704,587,631		1,036,929,703
Earnings Per Share					
Basic			14.44		10.84
Diluted			14.27		10.65
Notes on accounts	14				

The Schedules referred above forms an integral part of Profit & Loss Account

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

B Ramaratnam
Partner

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date: April 29, 2010

Cash flow statement for the year ended March 31, 2010

		Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
A .	CASH FLOW FROM OPERATING ACTIVITIES :		
	Profit before tax	1,767,203,911	1,318,983,628
	Adjustments for :		
	Depreciation	190,962,520	166,868,043
	Employee compensation expenses on account of ESOS	-	(359,418)
	Interest and financial charges	45,522,985	70,294,988
	Interest on deposits	(17,486,820)	(14,769,006)
	Interest on instalment sales	(186,553,498)	(371,498,010)
	Profit on sale/redemption of investments (net)	(3,738,803)	-
	Dividend income	(40,010,254)	-
	Income from securitisation	(222,864,404)	(99,586,219)
	Loss/(Gain) on fixed assets sold/scrapped (net)	(479,415)	3,290,038
	Unrealised exchange loss/(gain)	5,232,202	(25,011,482)
	Operating profit before working capital changes	1,537,788,424	1,048,212,562
	Changes in :		
	Deferred income - Advance towards members' facilities	1,681,788,311	1,579,372,628
	Trade and other receivables	(1,163,591,839)	(819,941,809)
	Inventories	22,710,612	(17,839,620)
	Trade and other payables	529,845,055	241,660,322
		1,070,752,139	983,251,521
	Income taxes paid	(810,853,469)	(395,097,770)
	NET CASH FROM OPERATING ACTIVITIES	1,797,687,094	1,636,366,313
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of fixed assets including capital work in progress/advances and expenditure pending allocation	(1,160,786,056)	(1,561,084,296)
	Proceeds from sale of fixed assets	18,234,680	2,679,066
	Purchase of investments (net of proceeds)	(2,261,423,353)	(4,026,732)
	Interest received	3,361,649	8,831,863
	Interest on instalment sales received	97,007,819	252,618,647
	Dividend income	40,010,254	-
	Income from securitisation received	222,864,404	99,586,219
	NET CASH USED IN FROM INVESTING ACTIVITIES	(3,040,730,603)	(1,201,395,233)
C .	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from borrowings	(146,780,170)	1,036,322,318
	Repayment of borrowings	-	(990,000,000)
	Dividends paid	(235,001,064)	(139,732,580)
	Dividend distribution tax paid	(39,938,431)	(23,747,550)
	Issue of equity shares	1,628,230,324	4,243,576
	Interest and financial charges paid	(39,022,985)	(70,294,988)
	NET CASH (USED IN) / FROM FINANCING ACTIVITIES	1,167,487,674	(183,209,224)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,555,835)	251,761,856
	CASH AND CASH EQUIVALENTS :		
	Opening balance	319,655,769	67,893,913
	Closing balance	244,099,934	319,655,769
		(75,555,835)	251,761,856

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B Ramaratnam
Partner

Place: Mumbai
Date: April 29, 2010

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Schedules to Accounts

SCHEDULE 1	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SHARE CAPITAL		
Authorised :		
100,000,000 equity shares of Rs.10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued :		
84,229,772 (previous year 78,333,688) equity shares of Rs.10 each	842,297,720	783,336,880
Subscribed and paid-up :		
84,229,772 (previous year 78,333,688) equity shares of Rs. 10 each fully paid (of the above 69,985,642 equity shares are held by the holding company, Mahindra & Mahindra Limited) (refer note 22)	842,297,720	783,336,880
Less: 942,911 (previous year 1,355,178) equity shares of Rs 10 each fully paid up issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees (refer note 2)	9,429,110	13,551,780
	832,868,610	769,785,100

Note : The above includes 48,995,228 equity shares allotted as fully paid-up by way of Bonus shares by capitalisation of balance in Profit & Loss account and General Reserve on November 24, 2007 in the ratio of 5 equity shares for every 3 shares held

SCHEDULE 2		As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
RESERVES AND SURPLUS			
Capital Reserve			
As per last balance sheet	1,474,577	630,441	
Additions during the year	-	844,136	
		1,474,577	1,474,577
General Reserve			
As per last balance sheet	167,847,150	87,943,310	
Less : Bonus shares issued on exercise of stock options	2,302,890	3,506,160	
Add : Transfer from Profit and Loss Account	117,840,000	83,410,000	
		283,384,260	167,847,150
Securities Premium Account			
Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	12,071,220	12,071,220	
Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees	6,443,016	8,602,896	
Add: Premium on issue of shares (refer note 22)	1,709,864,360	-	
Less: Share issue expenses (refer note 22)	144,574,536	-	
		1,570,918,028	3,468,324
Balance in Profit and Loss Account		1,704,587,631	1,036,929,703
		3,560,364,496	1,209,719,754

SCHEDULE 3			
LOAN FUNDS			
SECURED LOANS			
(refer note 3)			
Loans and advances from a bank			
- Cash credit		100,164,726	246,297,320
Deferred payment under hire purchase	-	672,539	
Less: Future interest	-	24,963	
		-	647,576
		100,164,726	246,944,896

Rs.

SCHEDULE - 4 FIXED ASSETS AS AT MARCH 31, 2010										
Description	Gross block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the year	Deductions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
(A) Tangible assets										
(i) Assets on lease/hire purchase										
Leasehold land	27,389,500	-	-	27,389,500	603,700	276,634	-	880,334	26,509,166	26,785,800
Leasehold buildings	28,818,685	-	13,210,097	15,608,588	4,500,454	2,416,752	2,377,818	4,539,388	11,069,200	24,318,231
Vehicles	4,447,294	-	808,032	3,639,262	2,877,100	414,936	694,140	2,597,896	1,041,366	1,570,194
	60,655,479	-	14,018,129	46,637,350	7,981,254	3,108,322	3,071,958	8,017,618	38,619,732	52,674,225
(ii) Owned assets										
Freehold land	706,920,732	133,819,007	-	840,739,739	-	-	-	-	840,739,739	706,920,732
Buildings	1,935,805,765	365,115,244	-	2,300,921,009	131,136,196	35,850,093	-	166,986,289	2,133,934,720	1,804,669,569
Speed boat	-	614,000	-	614,000	-	2,616	-	2,616	611,384	-
Plant and machinery	787,770,260	110,676,605	1,862,489	896,584,376	200,286,606	60,578,507	459,469	260,405,644	636,178,732	587,483,654
Furniture and fixtures	584,873,630	67,966,725	2,189,318	650,651,037	229,795,729	65,102,484	1,820,858	293,077,355	357,573,682	355,077,901
Vehicles	35,233,395	11,461,862	5,515,100	41,180,157	15,031,849	4,353,624	477,486	18,907,987	22,272,170	20,201,546
	4,050,603,782	689,653,443	9,566,907	4,730,690,318	576,250,380	165,887,324	2,757,813	739,379,891	3,991,310,427	3,474,353,402
(B) Intangible assets										
Vacation Ownership weeks	6,226,938	-	-	6,226,938	4,358,858	622,694	-	4,981,552	1,245,386	1,868,080
Product design and development	36,540,065	2,000,000	-	38,540,065	9,645,986	11,499,436	-	21,145,422	17,394,643	26,894,079
Software	47,454,612	2,689,522	-	50,144,134	39,049,215	5,844,744	-	44,893,959	5,250,175	8,405,397
Non Compete Fee	20,000,000	-	-	20,000,000	2,432,877	4,000,000	-	6,432,877	13,567,123	17,567,123
	110,221,615	4,689,522	-	114,911,137	55,486,936	21,966,874	-	77,453,810	37,457,327	54,734,679
Total	4,221,480,876	694,342,965	23,585,036	4,892,238,805	639,718,570	190,962,520	5,829,771	824,851,319	4,067,387,486	
Previous Year	2,733,737,994	1,499,728,609	11,985,727	4,221,480,876	478,867,150	166,868,043	6,016,623	639,718,570		3,581,762,306

Schedules to Accounts

				Rs.
SCHEDULE - 5	As at 01.04.2009	Additions	Capitalised during the year	As at 31.03.2010
Expenditure During Construction pending Allocation				
Salaries,Wages & Bonus	23,096,677	39,983,887	16,375,684	46,704,880
Staff welfare Expenses	266,770	1,171,042	252,412	1,185,400
Power & Fuel	841,505	2,775,252	2,238,428	1,378,329
Rent	388,867	872,133	411,977	849,023
Rates & Taxes	1,613,028	2,121,885	748,655	2,986,258
Repairs-Others	150,542	110,839	135,809	125,572
Travelling	8,315,881	8,210,630	5,277,336	11,249,175
Communication	1,112,735	1,386,971	792,319	1,707,387
Printing & Stationery	411,827	687,892	580,354	519,365
Insurance	1,802	4,631	-	6,433
Consultancy Charges	13,577,259	7,829,251	7,839,158	13,567,352
Freight	4,285,966	2,100,974	4,986,625	1,400,315
Miscellaneous	1,772,537	3,532,582	1,450,145	3,854,974
Interest - Others	29,251,608	-	1,966,912	27,284,696
Total	85,087,004	70,787,969	43,055,814	112,819,159

Schedules to Accounts

SCHEDULE 6	Units on 31-Mar-10 Nos.	Units on 31-Mar-09 Nos.	Value as on 31-Mar-10 Rs.	Value as on 31-Mar-09 Rs.
INVESTMENTS				
Investment in mutual funds (unquoted, short term)				
Birla Sun Life Mutual Fund	15,687,609	-	156,982,762	-
Birla Sun Life Short term Fund	9,329,942	-	93,350,737	-
DWS Treasury Fund Cash-institutional Plan	19,905,687	-	200,046,178	-
HDFC Cash Management	25,573,120	-	256,536,749	-
ICICI Prudential flexible income plan	96,350	-	10,187,569	-
ICICI Prudential Mutual Fund	2,400,316	-	253,797,360	-
ICICI Prudential Ultra Short term Plan	9,981,917	-	100,028,788	-
IDFC Money Manager	19,028,490	-	190,542,649	-
IDFC Mutual Fund-Money Manager Funds	12,597,150	-	125,990,398	-
Kotak Flexi Debt - Institutional	17,723,021	-	178,072,053	-
Kotak Floater Long term Daily Dividend	1,491,631	-	15,035,340	-
Principal floating rate fund-Dividend Reinvestment	17,278,883	-	173,001,356	-
Templeton Floating Rate Income Fund	17,992,919	-	180,109,116	-
Templeton India Ultra Short Bond Fund	2,007,876	-	20,102,047	-
Investment in preference shares (unquoted, long term, trade, fully paidup)				
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)			250,000	250,000
Investment in equity shares (unquoted, long term, trade, fully paidup)				
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)			10	10
Investment in equity shares in subsidiary (unquoted, long term, non trade, fully paidup)				
Mahindra Holidays and Resorts USA Inc (100 equity shares of US\$ 0.10 each.)			45,503	45,503
MHR Hotel Management GmbH (Shares equivalent in value to 26,250 Euros out of total share capital of Euro 35,000)			1,567,125	1,567,125
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 Rs. 10 each.)			499,940	499,940
BAH Hotelanlagen AG (1385 shares of Euro 50 each acquired during the year.)			311,379,054	-
			2,271,551,506	6,389,350
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				
b) The preference shares of Guestline Hospitality Management and Development Services Limited shall at the option of the holder be convertible into fully paid equity shares of the face value of Rs.10 each anytime after thirty six months from the date of allotment.				

Schedules to Accounts

SCHEDULE 7	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
CURRENT ASSETS, LOANS AND ADVANCES :		
(A) Current assets :		
Inventories		
Food, beverages and smokes	9,059,077	5,699,028
Operating supplies	20,617,848	46,688,509
	29,676,925	52,387,537
Sundry debtors (Unsecured)		
Dues over six months		
: considered good	1,515,461,726	1,419,498,818
: considered doubtful	552,995	228,848
	1,516,014,721	1,419,727,666
Other debts, considered good	6,082,640,529	4,362,343,666
	7,598,655,250	5,782,071,332
Less : provision for doubtful debts	552,995	228,848
	7,598,102,255	5,781,842,484
Less : unmatured finance charges	1,282,701,801	940,156,891
	6,315,400,454	4,841,685,593
Cash and bank balances		
Cash on hand	379,572	462,515
Balances with scheduled banks :		
in current accounts	235,992,082	59,325,930
in deposit accounts	7,728,280	259,867,324
	244,099,934	319,655,769
(B) Loans and advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	173,257,314	215,953,601
Advances and loan to subsidiaries	72,534,767	319,334,996
Deposits	276,969,287	200,028,462
Payments towards income tax (net of provisions)	288,075,727	-
Gratuity	891,978	20,661
	811,729,073	735,337,720

SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors:		
Total outstanding dues to micro and small enterprises	-	-
Others	1,422,476,513	828,252,479
Amount received from ESOP trust	9,698,536	13,678,196
	1,432,175,049	841,930,675
B. PROVISIONS		
Proposed dividend	336,919,088	235,001,064
Tax on proposed dividend	55,958,049	39,938,431
Taxation (net of payments)	-	27,722,258
Compensated Absences	16,861,546	15,316,349
	409,738,683	317,978,102

Schedules to Accounts

SCHEDULE 9		2009-10		2008-09
Income from sale of Vacation Ownership and other services		Rs.		Rs.
Income from sale of Vacation Ownership		3,485,652,979		2,972,082,371
Income from resorts				
- Room rentals	223,118,402		175,298,812	
- Food and beverages	307,729,568		231,194,376	
- Wine and liquor	18,281,277		8,587,155	
- Others	108,411,506		75,800,770	
		657,540,753		490,881,113
Annual subscription fee		517,430,708		455,597,026
Income from travel services & home stays		26,874,868		12,083,725
		4,687,499,308		3,930,644,235
SCHEDULE 10				
Other Income				
Interest				
On installment sales		186,553,498		371,498,010
Others - gross		17,486,820		14,769,006
Profit on sale/redemption of investments (net)		3,738,803		-
Dividend income		40,010,254		-
Income from securitization (refer note 4)		222,864,404		99,586,219
Gain on fixed assets sold (net)		479,415		-
Gain on exchange fluctuation (net)		-		25,011,482
Miscellaneous income		5,038,254		1,589,416
		476,171,448		512,454,133
SCHEDULE 11				
Employee Cost				
Salaries, wages and bonus		684,744,443		557,339,768
Contribution to provident and other funds		22,452,221		22,979,624
Staff welfare expenses		28,443,275		28,117,774
		735,639,939		608,437,166

Schedules to Accounts

SCHEDULE 12		2009-10		2008-09
Other expenses		Rs.		Rs.
Food, beverages and smokes consumed				
Opening stock	5,699,028		1,291,729	
Add: purchases	101,164,783		75,365,745	
	106,863,811		76,657,474	
Less: closing stock	9,059,077		5,699,028	
		97,804,734		70,958,446
Operating supplies		58,214,978		40,079,176
Advertisement		117,058,841		196,796,865
Sales promotion expenses		809,384,401		736,149,851
Sales commission		373,943,771		321,436,612
Discount		58,967,695		59,722,960
Power and fuel		117,498,973		96,220,321
Rent (including lease rent)		231,165,169		205,910,802
Rates and taxes		11,738,733		12,643,672
Director's fees		145,000		160,000
Repairs and maintenance				
Buildings		5,967,303		5,577,395
Resort renovations		28,674,557		37,971,535
Office equipment		132,835		168,856
Others		60,542,634		50,839,774
Travelling		82,810,945		102,990,350
Communication		50,424,550		62,258,436
Insurance		8,135,224		5,844,375
Consultancy charges		62,965,782		51,690,235
Miscellaneous		157,912,414		125,040,081
Service charges		85,296,513		92,708,692
Provision for doubtful debts		324,147		56,071
Loss on fixed assets sold/scrapped (net)		-		3,290,038
Loss on exchange fluctuation (net)		5,232,202		-
		2,424,341,401		2,278,514,543
SCHEDULE 13				
Interest and financial charges				
Interest		11,586,690		42,847,670
Bank charges		33,936,295		27,447,318
		45,522,985		70,294,988

Significant Accounting Policies and Notes to the Accounts

Schedule 14

Notes on accounts for the year ended March 31, 2010.

1. ACCOUNTING POLICIES

(i) Basis for preparation of accounts:

The financial statements have been prepared under the historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

Use of estimates:

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

(ii) Fixed assets:

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Depreciation is calculated on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following:

- (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 from the date of capitalisation.
- (d) Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months.
- (e) Intangible assets representing 'vacation ownership' is amortised over a period of ten years.
- (f) Expenditure incurred towards software is amortised over a period of 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3 / 4 years.
- (h) Non- compete fee is amortised over a period of 5 years.

(iii) Assets taken on Lease and Hire Purchase:

Assets taken on Lease and Hire Purchase arrangements, wherein the Company has an option to acquire the assets at the end of the lease are accounted for as fixed assets in accordance with Accounting Standard 19 on Leases

(iv) Inventories:

Inventories are stated at cost or net realisable value, whichever is lower. The cost is arrived at on first in first out method.

(v) Investments:

Long term investments are stated at acquisition cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost and fair value.

(vi) 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 up front, 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 Advance towards Members facilities), which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period. Requests for cancellation of membership is accounted for when it is accepted by the Company. In respect of instalments considered doubtful of recovery by the management, the same is treated as a cancellation and accounted for accordingly.
- (b) Annual subscription fee dues from members are recognised as income on an accrual basis.

Significant Accounting Policies and Notes to the Accounts

- (c) Interest on instalment 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 difference between book value of the securitised asset and consideration received is recognised as gain or loss arising on securitisation.
- (f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.
- (g) Income from home stays is recognized when services are rendered.

(vii) Foreign exchange transactions:

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain / loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the profit and loss account.

(viii) Employee benefits:

Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the profit and loss account.

Defined Contribution Plan

Contributions to the provident and pension funds are made monthly at a predetermined rate to the Regional Provident Fund Commissioner and debited to the profit and loss account on an accrual basis. Contributions to superannuation fund are accounted on the same basis and is made to the Life Insurance Corporation of India (LIC).

Defined Benefit Plan

The company has an arrangement with the Life Insurance Corporation of India (LIC) to administer its gratuity scheme. The contribution paid/payable is debited to the profit and loss account on an accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation as at balance sheet date using the Projected Unit Credit method and debited to the profit and loss account on an accrual basis. Actuarial gains and losses arising during the year are recognized in the profit and loss account. Long term compensated absences is similarly valued on an actuarial basis and is unfunded.

(ix) Taxes on income:

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Tax expense comprises both current and deferred tax. Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws. Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each Balance Sheet date.

(x) Share issue expenses:

Expenses incurred in connection with issue of share capital are adjusted against securities premium account.

(xi) Borrowing Cost:

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.

(xii) 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 are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance sheet

Significant Accounting Policies and Notes to the Accounts

date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Employees' stock option scheme

Under the Employee Stock Option Scheme equity shares are allotted to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust (the trust) set up by the company. The trust holds these shares for the benefit of the eligible employees/Directors as defined under the scheme and issues the shares to them as per the recommendation of the remuneration committee.

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

Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust			
Method of Settlement	By issue of shares at Exercise Price			
Grant (Date of Grant)	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (01/11/2007)	Grant V (01/11/2008)
Exercise Price	Rs.16	Rs.52	Rs.52	Rs.52
Average Exercise Price(after bonus issue)	Rs.6.00	Rs.19.50	Rs.19.50	Rs.52.00
Vesting Period	5 Years	4 Years	4 Years	4 Years
Number of Options Granted	759,325	122,235	56,700	261,590
Contractual life	6 years from the date of grant.	5 years from the date of each vesting.		
Vesting Conditions	35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.	25% each on expiry of 12, 24, 36 and 48 months from the date of grant.		
No. of options exercisable in each tranche	Minimum of 25 and a maximum of all options vested till that date.			

2. Summary of Stock options (including bonus shares)

Particulars	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (1/11/2007)	Grant V ** (1/11/2008)	Total
Options outstanding as on 1.4.2009.	756,343	203,551	132,359	242,250	1,334,503
Options granted	-	-	-	-	-
Options vested during the year	248,188	56,134	37,831	55,896	398,049
Options exercised during the year	269,448	68,840	29,933	44,046	412,267
Options lapsed during the year	15,901	9,212	-	31,001	56,114
Options outstanding as on 31.03.2010	470,994	125,499	102,426	167,203	866,122
Options vested but not exercised	30,954	69,332	26,699	11,850	138,835

** Issued out of lapsed options.

In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not allotted to the employees have been reduced from the share capital by Rs. 9,429,110 and securities premium account reduced by Rs. 6,443,016. The said shares will be added to the issued share capital as and when the trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from the trust is disclosed under current liabilities.

The General Reserve has been reduced by Rs. 2,302,890 for bonus shares issued on exercise of stock options.

The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuations obtained from an independent valuer is Rs. 16 per equity share as on 31st March, 2006, Rs.52 per equity share as on 1st January, 2007, 31.08.2008 and 01.11.2008 based on the Discounted Cash Flow Method. As the difference between the intrinsic value and the exercise price per share is Rs. Nil no employee compensation cost has been charged.

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is Rs. 4.28, Rs. 16.36, Rs.16.55 and Rs.16.04 respectively.

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 Rs.10,383,964 and the impact on the financial statements would be :

Significant Accounting Policies and Notes to the Accounts

(In Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
Increase in employee compensation cost	2,076,793	1,584,780
Decrease in profit after tax	2,076,793	1,584,780
Decrease in basic & diluted earning per share	(0.03)	(0.02)

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 dated 15 th July, 2006	Grant dated 30 th March, 2007	Grant dated 1 st November, 2007	Grant dated 1 st November, 2008
Risk free interest rate	7.82%	7.92%	7.72%	7.34%
Expected life	4.50	5.00	5.00	5.00
Expected volatility	Nil	Nil	Nil	Nil
Expected dividend yield	Nil	Nil	Nil	Nil

3. Secured loans

Loans and advances from a bank are secured by an exclusive charge on inventories, receivables and other moveable assets. Deferred payment under hire purchase is secured by hypothecation of assets financed.

4. 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 Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
Value of Accounts receivable	2,135,393,146	1,823,985,604
Less: Future interest receivable	619,933,056	424,868,963
Principal amount of receivables	1,515,460,090	1,399,116,641
Consideration received	1,750,000,000	1,500,000,000
Profit on securitisation	234,539,910	100,883,359
Less: Reversals in respect of cancelled members	11,675,507	1,297,140
Income from securitisation	222,864,404	99,586,219

5. Contingent Liabilities

(In Rs.)

	As at Mar 31, 2010	As at Mar 31, 2009
(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.	2,657,820,819	1,623,163,525
(b) Claims against the company not acknowledged as debts Claims not acknowledged as debts represent luxury tax claimed on room revenue and other services which has been disputed by the company. The possibility of reimbursement depends on the outcome of the cases pending before the adjudicating authority.	9,668,526	9,668,526
(c) Income tax matters (i) The Income Tax Department has filed appeals against the orders of the CIT(A) during FY2005-06 for the assessment years 1998-99 to 2002-03, in respect of the issues relating to revenue recognition, which were decided in favour of the Company. Amount involved with respect to this matter (including demand for the assessment years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 for which assessments were subsequently completed in respect of which the Company has gone/will be going on appeal. The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed) is Rs. 1,315,373,266/- (including interest of Rs. 251,752,898); As at 31 st March, 2009, Rs. 779,467,899/- (including interest of Rs. 137,783,499).		

Significant Accounting Policies and Notes to the Accounts

(In Rs.)

	As at Mar 31, 2010	As at Mar 31, 2009
(ii) Disallowance of expenditure during construction/Software expenses. Rs. 35,484,928/- (including interest of Rs. 5,966,891); As at 31 st March, 2009 Rs. 31,266,979/- (including interest of Rs 4,900,440) The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed. However, even if these liabilities crystallise, there would be future tax benefits available on account of timing differences, except for interest and income tax rate differences. Cash outflows would depend on the outcome of the appeals.		
(iii) Others (including interest of Rs 9,909,258) (as at 31 st March, 2009 Rs 10,454,727)	78,537,507	50,397,417
(d) Other matters under appeal		
(i) The Government of Kerala issued an Order dated 3rd July 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated 3rd July 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.		
(ii) The Company had received a notice dated December 11, 2009 from Commissioner, Ooty Municipality seeking to demolish the unauthorized construction at Zest Danish Villa Resort situated at No.30, Sheddon Road, Ooty. The Company has filed a review petition before the Municipal Administration and Water Supply Department, Chennai which is awaiting hearing.		

6. Capital commitments

Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	688,233,492	313,842,033
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7. Auditors' remuneration

Audit Fees	2,300,000	2,300,000
Other Services	1,050,000	3,400,000
Reimbursement of expenses/levies	Nil	Nil

8. CIF Value of Imports

Capital Goods	85,155,656	40,832,434
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9. Expenditure in foreign currency

Salaries	40,358,029	20,129,371
Travel	811,410	3,484,429
Consultancy	37,921,434	33,420,417
Marketing Expenses	12,139,449	30,159,601
Others	33,407,007	73,000,537

10. Earnings in foreign currency

Room rentals and restaurant sales	33,627,819	49,184,457
Sale of vacation ownership	93,334,456	133,462,775
Interest	8,361,545	8,657,751

Significant Accounting Policies and Notes to the Accounts

11. Particulars of consumption

	2009-10		2008-09	
	% of total Value	Consumption Rs.	% of total Value	Consumption Rs.
Provisions, beverages (excluding wine, liquor and smokes)	94	91,464,391	92	65,306,140
Wine, Liquor and Smokes	6	6,340,343	8	5,652,306
	100	97,804,734	100	70,958,446
Indigenous	100	97,804,734	100	70,958,446
Imported	-	-	-	-
	100	97,804,734	100	70,958,446

12. In respect of hire purchase transactions, the details of instalments payable in future are as follows:

	As at March 31, 2010	
	Not later than 1 year Rs.	Later than 1 year not later than 5 years Rs.
Minimum instalment payable	Nil (672,539)	Nil (Nil)
Present value of instalments payable	Nil (647,576)	Nil (Nil)

Figures in brackets are in respect of the previous year.

13. Additional information pursuant to the provisions of paragraphs 3 (i) (a) and (ii) of part II of Schedule VI of the Companies Act, 1956.

S.No.	Class of goods	Unit of measurement	Opening stock		Purchases		Closing stock	
			Qty.	Value (Rs)	Qty.	Value (Rs)	Qty.	Value (Rs)
1	Beverages	Litres	13,389 (7,898)	277,975 (183,337)	290,998 (274,248)	4,197,977 (3,040,337)	20,564 (13,389)	514,314 (277,975)
2	Wine and liquor	Litres	7,055 (4,893)	1,916,565 (1,319,950)	45,539 (66,766)	8,506,154 (5,297,354)	7,508 (7,055)	3,520,086 (1,916,565)
3	Smokes	Nos.	563 (446)	48,598 (36,788)	3,978 (3,873)	318,276 (287,656)	674 (563)	57,054 (48,598)

Figures in brackets are in respect of the previous year.

Significant Accounting Policies and Notes to the Accounts

14. Employee Benefits

(In Rs.)

		Gratuity	
		2009-10	2008-09
a.	Net Asset/ (Liability) recognized in the balance sheet		
	Present value of funded obligation	12,978,631	9,975,960
	Fair value of plan assets	13,870,609	9,996,621
	(Deficit) / surplus	891,978	20,661
	Net asset	891,978	20,661
b.	Expense recognized in the Profit & Loss account		
	Current service cost	3,158,575	2,275,840
	Interest cost	798,077	558,106
	Expected return on plan assets	(891,978)	(679,996)
	Actuarial (gains) / losses	(316,399)	367,629
	Total expense	2,748,275	2,521,579
c.	Change in present value of obligation		
	Present value of defined benefit obligation as at the beginning of the year	9,975,960	7,194,235
	Current service cost	3,158,575	2,275,840
	Interest cost	798,077	558,106
	Actuarial (gains) /losses	(316,399)	383,601
	Benefits paid	(637,582)	(435,822)
	Present value of defined benefit obligation as at the end of the year	12,978,631	9,975,960
d.	Change in fair value of plan assets		
	Plan assets at the beginning of the year	9,996,621	7,699,235
	Expected return on plan assets	891,978	679,996
	Actuarial gains /(losses)	NIL	15,972
	Contributions by employer	3,619,592	2,037,240
	Benefits paid	(637,582)	(435,822)
	Plan assets at the end of the year	13,870,609	9,996,621
e.	Principal actuarial assumptions		
1	Discount rate	8.0%	8.0%
2	Expected return on plan assets	8.0 %	8.0 %
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality
f.	Basis used to determine expected rate of return The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed this to be the average rate of return on plan assets.	8.0%	8.0%
g.	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.		

15. 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

Secondary segment information

(In Rs.)

	Current year			Previous year		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales	4,609,663,199	77,836,109	4,687,499,308	3,862,836,382	67,807,853	3,930,644,235
Segment assets	12,355,872,535	91,077,175	12,446,949,710	9,688,646,706	354,394,966	10,043,041,672
Additions to fixed assets	1,160,786,056	Nil	1,160,786,056	1,561,887,587	40,845	1,561,928,432

16. Deferred Taxation:

(In Rs.)

Particulars	As at 01.04.2009	Movement during the year	As at 31.03.2010
Deferred tax asset			
Provision for doubtful debts	77,785	105,920	183,705
Provision for leave encashment	5,206,027	395,379	5,601,406
Others	879,724	2,751,715	3,631,439
Total	6,163,536	3,253,014	9,416,550
Deferred tax liability			
Difference between book and tax depreciation	(300,923,317)	(41,581,860)	(342,505,177)
Net deferred tax (liability) / asset	(294,759,781)	(38,328,846)	(333,088,627)

Significant Accounting Policies and Notes to the Accounts

17. Managerial Remuneration to the Managing Director

	2009-10 Rs.	2008-09 Rs.
Salaries and allowances	10,300,720	11,781,880
Contribution to provident and superannuation funds	923,400	810,000
Perquisites	11,595,837	126,718
	22,819,957	12,718,598

18. Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:		
A.	Holding Company	Mahindra & Mahindra Limited (w.e.f August 11,2008) Mahindra Holdings & Finance Limited (upto August 10, 2008)
B.	Subsidiary Companies	Mahindra Holidays & Resorts U.S.A Inc. Mahindra Hotels & Residences India Limited MHR Hotel Management GmbH Heritage Bird (M) Sdn Bhd. BAH Hotelanlagen AG
C.	Fellow Subsidiaries with whom the company has transactions during the year	Mahindra Logisoft Business Solutions Limited Mahindra Intertrade Limited Mahindra Consulting Engineers Limited Satyam Computer Services Limited Mahindra United Football Company Mahindra Navistar Automotives Limited. Mahindra Shubhlabh Services Limited. Mahindra & Mahindra Financial Services Limited Mahindra Lifespace Developers Limited Mahindra World City (Jaipur) Limited Mahindra World City Developers Limited Mahindra Logistics Limited Mahindra Water Utility Ltd Mahindra Renault Private Limited
D.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited ESOP Trust
E.	Key Management Personnel	Ramesh Ramanathan (Managing Director)

Significant Accounting Policies and Notes to the Accounts

(ii) The related party transactions are as under:

(In Rs)

Nature of transactions	Holding company		Subsidiary companies		Fellow Subsidiaries		Other entities under the control of the company		Key Management Personnel	
	Year ended									
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Finance										
Investment :										
BAH Hotelangen AG	-	-	311,379,054	-	-	-	-	-	-	-
Mahindra Hotels & Residences India Ltd	-	-	499,940	499,940	-	-	-	-	-	-
MHR Hotel Management GmbH	-	-	1,567,125	1,567,125	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	4,026,772	4,026,772	-	-	-	-	-	-
Mahindra Holidays and Resorts USA Inc.	-	-	45,503	45,503	-	-	-	-	-	-
Advances Given :										
Mahindra Hotels & Residences India Ltd	-	-	958,050	911,828	-	-	-	-	-	-
Loans given :										
Mahindra Holidays and Resorts (USA) Inc	-	-	-	247,807,500	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	59,365,950	61,604,550	-	-	-	-	-	-
Loan taken :										
Mahindra Lifespace Developers Ltd	-	-	-	-	-	750,000,000	-	-	-	-
Debtors Securitized :										
Mahindra & Mahindra Financial Services Limited	-	-	-	-	750,000,000	1,000,000,000	-	-	-	-
Loan Repaid :										
Mahindra Lifespace Developers Ltd	-	-	-	-	-	750,000,000	-	-	-	-
Sales:										
Services	17,695,582	2,880,180	-	-	-	-	-	-	-	-
Satyam Computer Services Limited	-	-	-	-	9,603,000	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	1,647,652	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	1,181,887	-	-	-	-	-
Mahindra Ugin Steel Company Limited	-	-	-	-	56,394	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	-	-	288,000	-	-	-	-	-
Mahindra Renault Private Limited	-	-	-	-	-	450,000	-	-	-	-
Purchases:										
Services										
Mahindra Logisoft Business Solution Ltd	-	-	-	-	19,983,252	22,026,853	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	226,800	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	-	-	-	38,094	-	-	-	-
Heritage Bird (M) Sdn. Bhd	-	-	9,101,400	7,083,450	-	-	-	-	-	-
Timeshare Weeks	-	-	-	-	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	-	8,208,383	-	-	-	-	-	-
Interest Income										
Mahindra Holidays and Resorts (USA) Inc	-	-	8,487,434	10,266,575	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	5,637,737	4,232,597	-	-	-	-	-	-
Interest Expense										
Mahindra Lifespace Developers Ltd	-	-	-	-	-	38,354,797	-	-	-	-
Dividend paid	220,064,499	127,929,140	-	-	-	-	-	-	-	-
Other transactions:										
Reimbursements received										
Satyam Computer Services Limited	-	-	-	-	6,552,000	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	1,053,511	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	509,905	-	-	-	-	-
Mahindra Water Utility Ltd	-	-	-	-	-	12,171	-	-	-	-
Reimbursements made	21,841,110	17,915,586	-	-	-	-	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	-	226,800	-	-	-	-
Outstanding:										
Payable		2,364,034	-	-	-	-	-	-	-	-
Mahindra Logisoft Business Solutions Ltd	-	-	-	-	1,563,784	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	200,000	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd	-	-	-	7,083,450	-	-	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	-	-	9,698,536	13,678,196	-	-
Receivable	35,465,407	-	-	-	-	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	-	-	486,819	486,819	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	279,000	279,000	-	-	-	-
Satyam Computer Services Limited	-	-	-	-	3,051,000	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	636,568	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	675,427	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	-	-	305,714	305,714	-	-	-	-
Mahindra Holidays and Resorts (USA) Inc	-	-	6,571,002	252,530,606	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	65,005,715	65,892,562	-	-	-	-	-	-
Mahindra Hotels & Residences India Ltd	-	-	958,050	911,828	-	-	-	-	-	-
Mahindra Logistics Limited	-	-	-	-	-	604,054	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	-	-	12,010,000	12,010,000	-	-
Managerial remuneration									22,819,957	12,718,598
Loan to Key Managerial Personnel									2,496,870	2,700,184

Significant Accounting Policies and Notes to the Accounts

19. Earnings per share

	Year ended Mar 31, 2010	Year ended Mar 31, 2009
Net profit after tax (in Rs.)	1,178,375,065	834,088,018
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	81,626,333	76,941,144
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos)	82,569,244	78,296,322
Earnings Per Share – Basic (in Rs.)	14.44	10.84
Earnings per share – Diluted (in Rs.)	14.27	10.65
Nominal value of shares (in Rs.)	10	10

Dilution in earnings per share is on account of equity shares issued to the Employees Stock Option Trust under the Employees Stock Option Scheme.

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

	Currency	As at Mar 31, 2010		As at Mar 31, 2009	
		Value in foreign currency	Value in Rupees	Value in foreign currency	Value in Rupees
Export of services:	UAE - Dirham	1,513,405	18,554,349	2,396,727	34,052,695
Loan to US subsidiary	US Dollar	145,925	6,571,002	4,840,533	252,530,606
Loan to Malaysian Subsidiary	Malaysian Ringgit	4,713,975	65,005,715	4,604,651	65,892,562

21. The details of investments purchased and sold during the year

Investment in mutual funds	Units purchased / transfer in (Nos.)	Cost of purchases (Rs.)	Units sold (Nos.)	Sale Value (Rs.)
HDFC Liquid Fund Premium	13,255,883	162,514,478	13,255,883	162,514,478
ICICI Prudential Mutual Fund	1,217,723	125,043,029	1,217,723	125,043,029
IDFC Cash fund	2,835,322	30,002,246	2,835,322	30,002,246
Kotak Liquid Inst. Premium	12,267,917	150,013,322	12,267,917	150,013,322
Sundaram BNP Paribas Ultra Short Term	3,988,829	40,035,881	3,988,829	40,035,881
Fortis Mutual Fund (Liquid Fund)	9,998,835	100,018,349	9,998,835	100,019,349
Fortis Mutual Fund (Liquid plus daily dividend)	10,155,095	101,582,431	10,155,095	101,582,431
IDFC Mutual Fund-Super Inst Plan	12,259,518	122,625,834	12,259,518	122,625,834
Kotak Liquid Inst. Premium	9,815,494	120,024,839	9,815,494	120,024,839
HDFC Liquid Fund Premium	9,797,334	120,113,355	9,797,334	120,024,839

22. The company made an Initial Public Offer of 5,896,084 equity shares of Rs 10 each for cash at a premium of Rs 290 per equity share, aggregating to Rs 17688.25 lacs of which Rs 6,761.75 lacs have been spent towards the object of the issue (Rs 5316.01 lacs were utilised for construction of resorts and Rs 1,445.74 lacs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.
23. As of date, the company has not received confirmations from any suppliers who have registered under the "Micro Small and Medium Enterprises Development Act 2006" and hence no disclosures have been made under the said Act.
24. Previous year's figures have been regrouped / recast, wherever necessary, to conform to this year's classification.

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date : April 29, 2010

Additional Information Pursuant to The Provisions of Part IV of Schedule VI to The Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile:

1. Registration Details

Registration No.

3	6	5	9	5		
---	---	---	---	---	--	--

 State Code

1	8
---	---

Balance Sheet Date

3	1		0	3		2	0	1	0
---	---	--	---	---	--	---	---	---	---

II. Capital raised during the year (Amount in Rs.Thousands)

Public issue

1	7	6	8	8	2	5
---	---	---	---	---	---	---

 Rights issue

			N	I	L
--	--	--	---	---	---

Bonus issue

			N	I	L
--	--	--	---	---	---

 Private Placement

			N	I	L
--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	4	7	1	8	5	0	1
---	---	---	---	---	---	---	---

 Total Assets

1	4	7	1	8	5	0	1
---	---	---	---	---	---	---	---

Sources of Funds

Paid- up Capital

8	3	2	8	6	8
---	---	---	---	---	---

 Reserves and surplus

3	5	6	0	3	6	4
---	---	---	---	---	---	---

Deferred Tax Liability

3	3	3	0	8	9
---	---	---	---	---	---

 Secured Loans

1	0	0	1	6	5
---	---	---	---	---	---

Application of Funds

Net Fixed Assets

5	0	4	6	0	4	3
---	---	---	---	---	---	---

 Investments

2	2	7	1	5	5	1
---	---	---	---	---	---	---

Net Current Assets #

-	2	4	9	1	1	0	8
---	---	---	---	---	---	---	---

 Deferred Tax Asset (net)

			N	I	L
--	--	--	---	---	---

(# Includes Advance towards members' facilities 8,050,101)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income)

5	1	6	3	6	7	1
---	---	---	---	---	---	---

 Total Expenditure

3	3	9	6	4	6	7
---	---	---	---	---	---	---

+ - Profit/Loss Before Tax

<input checked="" type="checkbox"/>		1	7	6	7	2	0	4
-------------------------------------	--	---	---	---	---	---	---	---

 + - Profit/Loss After Tax

<input checked="" type="checkbox"/>		1	1	7	8	3	7	5
-------------------------------------	--	---	---	---	---	---	---	---

(Please tick appropriate box + for profit - for loss)

Earning per share in Rs.

+	1	4	.	4	4
---	---	---	---	---	---

 Dividend rate %

	4	0
--	---	---

Item code No (ITC Code)

			N	A
--	--	--	---	---

Product

T	I	M	E	S	H	A	R	E
---	---	---	---	---	---	---	---	---

Description

A	N	D		H	O	T	E	L
---	---	---	--	---	---	---	---	---

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Mumbai
Date : April 29, 2010

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

(In Rs.)

Particulars	Name of the Subsidiary Companies				
	Mahindra Holidays and Resorts USA Inc.	MHR Hotel Management GmbH	Mahindra Hotels and Residences India Ltd	Heritage Bird (M) Sdn Bhd.	BAH Hotelangen AG
The Financial Year of the Subsidiary Company ended on	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
Number of shares in the subsidiary company held by Mahindra Holidays & Resorts India Limited at the above date:					
Equity (Nos.)	100	-	49,994	300,002	1,385
Extent of holding (%)	100%	75%	100%	100%	99%
The net aggregate of profits of the Subsidiary Company for its financial year so far as they concern the members of Mahindra Holidays & Resorts India Limited:					
(a) Dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2010	(8,487,434)	Nil	Nil	3,463,663	Nil
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2010	17,073,425	826,541	(42,514)	(4,823,014)	8,349,898
The net aggregate of profits of the Subsidiary Company for its previous financial years so far as they concern the members of Mahindra Holidays & Resorts India Limited:					
(a) Dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2009	(10,266,575)	Nil	Nil	2,850,853	Nil
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2009	(32,418,304)	85,285	(56,873)	(3,905,998)	Nil

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Mumbai
Date : April 29, 2010

Auditors' Report on Consolidated Financial Statements

AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Mahindra Holidays & Resorts India Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs.427,568,346 as at 31st March, 2010, total revenues of Rs.71,588,077 and net cash inflows amounting to Rs. 26,455,204 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.0080725)

B Ramaratnam
Partner
(Membership No.21209)

Mumbai, April 29, 2010

Consolidated Balance Sheet as at March 31, 2010

SOURCES OF FUNDS	Schedule	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Shareholders' funds:			
Share capital	1	832,868,610	769,785,100
Reserves and surplus	2	3,552,518,466	1,209,876,958
Minority Interest		3,246,406	352,174
Deferred income			
Advance towards members' facilities (see note 1(vi)(a))		8,055,479,063	6,375,610,811
Loan funds:	3		
Secured loans		160,754,726	246,944,896
Deferred tax liability (net)		333,101,242	294,759,781
TOTAL		12,937,968,513	8,897,329,720
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		5,294,868,798	4,292,907,154
Less : Depreciation		831,002,684	641,194,885
Net block		4,463,866,114	3,651,712,269
Capital work in progress/advances		888,171,748	427,944,490
Expenditure during construction pending allocation	5	112,819,159	85,087,004
		5,464,857,021	4,164,743,763
Investments	6	1,954,033,112	250,010
Current assets, Loans and advances	7		
Inventories		32,601,892	52,614,056
Sundry debtors		6,337,174,659	4,825,698,593
Cash and bank balances		283,133,669	327,683,602
Loans and advances		745,650,486	665,053,756
		7,398,560,706	5,871,050,007
Less: Current liabilities and provisions	8		
Current liabilities		1,469,743,643	820,585,459
Provisions		409,738,683	318,128,601
		1,879,482,326	1,138,714,060
Net current assets		5,519,078,380	4,732,335,947
TOTAL		12,937,968,513	8,897,329,720
Notes on accounts	14		

The Schedules referred above forms an integral part of Balance Sheet

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B Ramaratnam
Partner
Place: Mumbai
Date: April 29, 2010

A K Nanda
Chairman

PS Doraiswamy
Chief Financial Officer

For and on behalf of the Board of Directors

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Consolidated Profit and Loss Account for the Year ended March 31, 2010

			Year ended March 31, 2010 Rs.		Year ended March 31, 2009 Rs.
INCOME	Schedule				
Income from sale of Vacation Ownership and other services	9		4,734,828,960		3,931,864,635
Other income	10		478,005,906		489,303,569
Total			5,212,834,866		4,421,168,204
EXPENDITURE					
Employee cost	11		748,892,356		608,437,166
Depreciation			195,637,570		168,344,358
Other expenses	12		2,456,571,478		2,291,883,209
Interest and financial charges	13		45,845,491		70,304,098
Total			3,446,946,895		3,138,968,831
Profit before tax			1,765,887,971		1,282,199,373
Provision for taxation					
Current tax		550,487,385		390,500,000	
Overseas tax		6,377,949		157,372	
Deferred tax		38,341,461		58,895,610	
Fringe benefit tax		-		35,500,000	
			595,206,795		485,052,982
Profit after tax			1,170,681,176		797,146,391
Minority Share of (profit) / loss			(88,477)		(27,029)
Net Profit			1,170,592,699		797,119,362
Profit brought forward			1,036,969,169		598,199,302
Balance available for appropriation			2,207,561,868		1,395,318,664
Appropriations:					
General Reserve		117,840,000		83,410,000	
Proposed Dividend		336,919,088		235,001,064	
Tax on Proposed Dividend		55,958,049		39,938,431	
			510,717,137		358,349,495
Balance carried to Balance Sheet			1,696,844,731		1,036,969,169
Earnings Per Share					
Basic			14.34		10.36
Dilluted			14.18		10.18
Notes on accounts	14				

The Schedules referred above forms an integral part of Profit & Loss Account

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

B Ramaratnam
Partner

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date: April 29, 2010

Consolidated Cash flow statement for the year ended March 31, 2010

	Year ended March 31,2010 (Rs.)	Year ended March 31,2009 (Rs.)
A . CASH FLOW FROM OPERATING ACTIVITIES :		
Profit for the period before tax	1,765,887,971	1,282,199,373
Adjustments for :		
Depreciation	195,637,570	168,344,358
Employee Compensation expenses on account of ESOS	-	(359,418)
Interest and financial charges	45,845,492	70,304,098
Interest on deposits	(12,708,513)	(10,796,469)
Interest on instalment sales	(186,553,498)	(371,498,010)
Profit on sale/redemption of investments (net)	(3,738,803)	-
Dividend income	(40,010,254)	-
Income from securitisation	(222,864,404)	(99,586,219)
Loss on fixed assets sold/scrapped (net)	(479,415)	3,290,038
Unrealised Exchange loss / (gain)	14,336,744	9,463,733
Operating profit before working capital changes	1,555,352,890	1,051,361,484
Changes in :		
Deferred income - Advance towards members' facilities	1,681,788,311	1,586,670,725
Trade and other receivables	(930,581,702)	(656,498,530)
Inventories	20,012,164	(18,066,139)
Trade and other payables	361,089,512	15,416,914
	1,132,308,285	927,522,970
Income Taxes paid	(820,517,396)	(395,269,480)
NET CASH FROM OPERATING ACTIVITIES	1,867,143,779	1,583,614,974
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets including capital work in progress/advances and expenditure pending allocation	(1,467,984,118)	(1,633,329,321)
Proceeds from sale of fixed assets	18,234,680	2,679,066
Purchase of investments (net of proceeds)	(1,950,044,299)	-
Interest received	9,346,864	10,526,634
Interest on instalment sales received	97,007,819	371,498,010
Dividend income	40,010,254	-
Income from securitisation received	222,864,404	99,586,219
NET CASH USED IN INVESTING ACTIVITIES	(3,030,564,396)	(1,149,039,392)
C . CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	(146,780,170)	1,036,322,318
Repayment of borrowings	-	(990,000,000)
Dividends paid	(235,001,064)	(139,732,580)
Dividend distribution tax paid	(39,938,431)	(23,747,550)
Issue of equity shares	1,585,587,668	4,243,576
Interest and financial charges paid	(44,997,319)	(70,298,855)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	1,118,870,684	(183,213,091)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(44,549,933)	251,362,491
CASH AND CASH EQUIVALENTS :		
Opening balance	327,683,602	76,321,111
Closing balance	283,133,669	327,683,602
	(44,549,933)	251,362,491

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

B Ramaratnam
Partner

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date: April 29, 2010

Schedules to Accounts Forming Part of the Consolidated Accounts

SCHEDULE 1	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SHARE CAPITAL		
Authorised : 100,000,000 equity shares of Rs.10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued : 84,229,772 (previous year 78,333,688) equity shares of Rs.10 each	842,297,720	783,336,880
Subscribed and paid-up : 84,229,772 (previous year 78,333,688) equity shares of Rs. 10 each fully paid (of the above 69,985,642 equity shares are held by the holding company, Mahindra & Mahindra Limited) (refer note 14)	842,297,720	783,336,880
Less: 942,911 (previous year 1,355,178) equity shares of Rs 10 each fully paid up issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not allotted to employees (refer note 2)	9,429,110	13,551,780
	832,868,610	769,785,100
Note : The above includes 48,995,228 equity shares allotted as fully paid-up by way of Bonus shares by capitalisation of balance in Profit & Loss account and General Reserve on November 24,2007 in the ratio of 5 equity shares for every 3 shares held.		

SCHEDULE 2		As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
RESERVES AND SURPLUS			
Capital reserve			
As per last balance sheet	1,474,577	630,441	
Additions during the period	-	844,136	
		1,474,577	1,474,577
General Reserve			
As per last balance sheet	167,847,150	87,943,310	
Less : Bonus shares issued on exercise of stock options	2,302,890	3,506,160	
Add : Transfer from Profit and Loss Account	117,840,000	83,410,000	
		283,384,260	167,847,150
Securities Premium Account			
Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	12,071,220	12,071,220	
Less: Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not allotted to employees	6,443,016	-	
Add: Premium on issue of shares (refer note 14)	1,709,864,360	-	
Less: Share issue expenses (refer note 14)	144,574,536	8,602,896	
		1,570,918,028	3,468,324
Balance in Profit and Loss Account		1,696,844,731	1,036,969,169
Foreign Exchange Fluctuation Reserve		(103,130)	117,738
		3,552,518,466	1,209,876,958

SCHEDULE 3			
LOAN FUNDS			
SECURED LOANS (refer note 3)			
Loans and advances from a bank			
- Cash credit		160,754,726	246,297,320
Deferred payment under hire purchase	-	672,539	
Less: Future interest	-	24,963	
		-	647,576
		160,754,726	246,944,896

Rs.

SCHEDULE - 4										
FIXED ASSETS AS AT MARCH 31, 2010										
Description	Gross block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the year	Deductions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
(A) Tangible assets										
(i) Assets on lease / hire purchase										
Leasehold land	27,389,500	-	-	27,389,500	603,700	276,634	-	880,334	26,509,166	26,785,800
Leasehold buildings	28,818,685	-	13,210,097	15,608,588	4,500,454	2,416,752	2,377,818	4,539,388	11,069,200	24,318,231
Vehicles	4,447,294	-	808,032	3,639,262	2,877,100	414,936	694,140	2,597,896	1,041,366	1,570,194
	60,655,479	-	14,018,129	46,637,350	7,981,254	3,108,322	3,071,958	8,017,618	38,619,732	52,674,225
(ii) Owned assets										
Freehold land	706,920,732	203,818,260	-	910,738,992	-	-	-	-	910,738,992	706,920,732
Buildings	2,006,512,912	558,656,783	-	2,565,169,695	132,433,293	40,345,258	-	172,778,551	2,392,391,144	1,874,079,619
Speed boat	-	614,000	-	614,000	-	2,616	-	2,616	611,384	-
Plant and machinery	787,770,260	110,958,739	1,862,489	896,866,510	200,286,606	60,622,099	459,469	260,449,236	636,417,274	587,483,654
Furniture and fixtures	585,592,761	89,814,936	2,189,318	673,218,379	229,974,947	65,238,777	1,820,858	293,392,866	379,825,513	355,617,814
Vehicles	35,233,395	11,461,862	5,515,100	41,180,157	15,031,849	4,353,624	477,486	18,907,987	22,272,170	20,201,546
	4,122,030,060	975,324,580	9,566,907	5,087,787,733	577,726,695	170,562,374	2,757,813	745,531,256	4,342,256,477	3,544,303,365
(B) Intangible assets										
Goodwill on Consolidation	-	45,521,974	-	45,521,974	-	-	-	-	45,521,974	-
Vacation Ownership weeks	6,226,938	-	-	6,226,938	4,358,858	622,694	-	4,981,552	1,245,386	1,868,080
Product design and development	36,540,065	2,000,000	-	38,540,065	9,645,986	11,499,436	-	21,145,422	17,394,643	26,894,079
Software	47,454,612	2,700,126	-	50,154,738	39,049,215	5,844,744	-	44,893,959	5,260,779	8,405,397
Non Compete Fee	20,000,000	-	-	20,000,000	2,432,877	4,000,000	-	6,432,877	13,567,123	17,567,123
	110,221,615	50,222,100	-	160,443,715	55,486,936	21,966,874	-	77,453,810	82,989,905	54,734,679
Total	4,292,907,154	1,025,546,680	23,585,036	5,294,868,798	641,194,885	195,637,570	5,829,771	831,002,684	4,463,866,114	-
Previous Year	2,733,737,994	1,571,154,887	11,985,727	4,292,907,154	478,867,150	168,344,358	6,016,623	641,194,885	-	3,651,712,269

Schedules to Accounts Forming Part of the Consolidated Accounts

Rs.				
SCHEDULE - 5	As at 01.04.2009	Additions	Capitalised During The Year	As at 31.03.2010
Expenditure During Construction pending Allocation				
Salaries, Wages & Bonus	23,096,677	39,983,887	16,375,684	46,704,880
Staff welfare Expenses	266,770	1,171,042	252,412	1,185,400
Power & Fuel	841,505	2,775,252	2,238,428	1,378,329
Rent	388,867	872,133	411,977	849,023
Rates & Taxes	1,613,028	2,121,885	748,655	2,986,258
Repairs-Others	150,542	110,839	135,809	125,572
Travelling	8,315,881	8,210,630	5,277,336	11,249,175
Communication	1,112,735	1,386,971	792,319	1,707,387
Printing & Stationery	411,827	687,892	580,354	519,365
Insurance	1,802	4,631	-	6,433
Consultancy Charges	13,577,259	7,829,251	7,839,158	13,567,352
Freight	4,285,966	2,100,974	4,986,625	1,400,315
Miscellaneous	1,772,537	3,532,582	1,450,145	3,854,974
Interest - Others	29,251,608	-	1,966,912	27,284,696
Total	85,087,004	70,787,969	43,055,814	112,819,159

SCHEDULE 6	Units on 31-Mar-10	Units on 31-Mar-09	Value as on 31-Mar-10	Value as on 31-Mar-09
INVESTMENTS	Nos.	Nos.	Rs.	Rs.
Investment in mutual funds (unquoted, short term)				
Birla Sun Life Mutual Fund	15,687,609	-	156,982,762	-
Birla Sun Life Short term Fund	9,329,942	-	93,350,737	-
DWS Treasury Fund Cash-institutional Plan	19,905,687	-	200,046,178	-
HDFC Cash Management	25,573,120	-	256,536,749	-
ICICI Prudential flexible income plan	96,350	-	10,187,569	-
ICICI Prudential Mutual Fund	2,400,316	-	253,797,360	-
ICICI Prudential Ultra Short term Plan	9,981,917	-	100,028,788	-
IDFC Money Manager	19,028,490	-	190,542,649	-
IDFC Mutual Fund-Money Manager Funds	12,597,150	-	125,990,398	-
Kotak Flexi Debt - Institutional	17,723,021	-	178,072,053	-
Kotak Floater Long term Daily Dividend	1,491,631	-	15,035,340	-
Principal floating rate fund-Dividend Reinvestment	17,278,883	-	173,001,356	-
Templeton Floating Rate Income Fund	17,992,919	-	180,109,116	-
Templeton India Ultra Short Bond Fund	2,007,876	-	20,102,047	-
Investment in preference shares (unquoted, long term, trade, fully paidup)				
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)			250,000	250,000
Investment in equity shares (unquoted, long term, trade, fully paidup)				
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)			10	10
			1,954,033,112	250,010

Note :

- 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
- The preference shares of Guestline Hospitality Management and Development Services Limited shall at the option of the holder be convertible into fully paid equity shares of the face value of Rs.10 each anytime after thirty six months from the date of allotment.

Schedules to Accounts Forming Part of the Consolidated Accounts

SCHEDULE 7		As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
CURRENT ASSETS, LOANS AND ADVANCES :			
(A) Current assets :			
Inventories			
Food, beverages and smokes		10,918,102	5,699,028
Operating supplies		21,683,790	46,915,028
		32,601,892	52,614,056
Sundry debtors (Unsecured)			
Outstanding over six months			
: considered good		1,515,461,726	311,650,942
: considered doubtful		552,995	228,848
		1,516,014,721	311,879,790
Other debts, considered good		6,104,414,734	5,454,204,542
		7,620,429,455	5,766,084,332
Less : provision for doubtful debts		552,995	228,848
		7,619,876,460	5,765,855,484
Less : unmatured finance charges		1,282,701,801	940,156,891
		6,337,174,659	4,825,698,593
Cash and bank balances			
Cash on hand		379,572	419,947
Balances with scheduled banks :			
in current accounts		275,025,817	67,396,331
in deposit accounts		7,728,280	259,867,324
		283,133,669	327,683,602
(B) Loans and advances :			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received		175,138,681	464,325,909
Deposits		278,235,306	200,707,186
Payments towards income-tax (net of provisions)		291,384,521	-
Gratuity		891,978	20,661
		745,650,486	665,053,756
SCHEDULE 8			
CURRENT LIABILITIES AND PROVISIONS			
(A) CURRENT LIABILITIES			
Sundry Creditors:			
Total outstanding dues to micro and small enterprises		-	-
Others		1,460,045,107	806,907,263
Amount received from ESOP trust		9,698,536	13,678,196
		1,469,743,643	820,585,459
(B) PROVISIONS			
Proposed dividend		336,919,088	235,001,064
Tax on proposed dividend		55,958,049	39,938,431
Taxation (net of payments)		-	27,872,757
Compensated Absences		16,861,546	15,316,349
		409,738,683	318,128,601
SCHEDULE 9			
		Year ended March 31,2010 Rs.	Year ended March 31,2009 Rs.
Income from sale of Vacation Ownership and other services			
Income from sale of Vacation Ownership		3,487,312,579	2,973,302,771
Income from resorts			
- Room rentals	246,392,067	175,298,812	
- Food and beverages	312,564,603	231,194,376	
- Wine and liquor	21,327,581	8,587,155	
- Others	122,926,554	75,800,770	
		703,210,805	490,881,113
Annual subscription fee		517,430,708	455,597,026
Income from travel services & homestays		26,874,868	12,083,725
		4,734,828,960	3,931,864,635

Schedules to Accounts Forming Part of the Consolidated Accounts

SCHEDULE 10		Year ended March 31,2010 Rs.	Year ended March 31,2009 Rs.
Other Income			
Interest			
On instalment sales		186,553,498	371,498,010
Others - gross		12,729,915	10,796,469
Profit on sale/redemption of investments (net)		3,738,803	-
Dividend income		40,010,254	-
Income from securitization (refer note 4)		222,864,404	99,586,219
Gain on fixed assets sold (net)		479,415	-
Miscellaneous income		11,629,617	7,422,871
		478,005,906	489,303,569
SCHEDULE 11			
Employee Cost			
Salaries, wages and bonus		695,446,741	557,339,768
Contribution to provident and other funds		25,002,340	22,979,624
Staff welfare expenses		28,443,275	28,117,774
		748,892,356	608,437,166
SCHEDULE 12			
Other expenses			
Food, beverages and smokes consumed			
Opening stock	5,699,028		1,291,729
Add: purchases	111,660,475		77,766,178
	117,359,503		79,057,907
Less: closing stock	10,918,102		5,699,028
		106,441,401	73,358,879
Operating supplies		59,270,735	40,079,176
Advertisement		117,135,621	196,796,865
Sales promotion expenses		809,656,139	736,149,851
Sales commission		373,943,771	321,436,612
Discount		58,967,695	59,722,960
Power and fuel		121,108,501	96,220,321
Rent (including lease rent)		222,647,098	198,827,352
Rates and taxes		12,081,512	12,774,651
Director's fees		310,960	322,720
Repairs and maintenance			
Buildings		6,199,109	5,577,395
Resort renovations		28,674,557	37,971,535
Office equipment		132,835	168,856
Others		60,932,310	51,094,311
Travelling		83,137,425	102,990,350
Communication		50,615,009	62,258,436
Insurance		8,167,586	5,844,375
Consultancy charges		71,268,843	58,132,003
Preliminary expenses written off		-	33,900
Miscellaneous		164,967,250	126,232,877
Service charges		85,790,189	92,708,692
Provision for doubtful debts		786,128	56,071
Loss on fixed assets sold/scrapped(net)		-	3,290,038
Loss on exchange fluctuation (net)		14,336,804	9,834,983
		2,456,571,478	2,291,883,209
SCHEDULE 13			
Interest and financial charges			
Interest		11,887,742	42,847,670
Bank charges		33,957,749	27,456,428
		45,845,491	70,304,098

Schedules to Accounts Forming Part of the Consolidated Accounts

Schedule 14

Notes on accounts

1. Significant Accounting Policies

1.1 Basis for preparation of Accounts

The accompanying Consolidated Financial Statements of Mahindra Holidays & Resorts India Limited ("the Company") and its subsidiaries are prepared under the historical cost convention in accordance with generally accepted accounting principles applicable in India (Indian GAAP), the provisions of the Companies Act, 1956 and comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006.

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

Name of the company	Country of incorporation	Extent of Holding		Subsidiary since
		as on March 31, 2010	as on March 31, 2009	
Mahindra Holidays & Resorts USA Inc	USA	100%	100%	04/11/2003
MHR Hotel Management GmbH	Austria	75%	75%	16/02/2007
Mahindra Hotels & Residences India Limited	India	100%	100%	26/04/2007
Heritage Bird (M) Sdn Bhd	Malaysia	100%	100%	03/03/2008
BAH Hotelanlagen AG	Austria	98.93%	Nil	11/01/2010

The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company.

1.2 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 is recognised in the financial statements as Goodwill or Capital Reserve.

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.

Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment was made in the subsidiary company and further movement in their share of equity, subsequent to the date of investment.

1.3 Accounting Policies

(i) Use of estimates

The preparation of Consolidated Financial Statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised

(ii) Fixed assets:

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of qualifying fixed assets up to the period the assets are ready for use. Depreciation is calculated on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following:

- Leasehold land and buildings are amortised over the period of lease.
- Floating cottages grouped under building are depreciated over the useful life of 25 years.
- Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months from the date of capitalisation.

Significant Accounting Policies and Notes to the Consolidated Accounts

- (d) Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months.
- (e) Intangible assets representing 'Vacation Ownership' acquired is amortised over a period of ten years.
- (f) Expenditure incurred towards software is amortised over a period 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3/4 years.
- (h) Non compete fee is amortised over a period of 5 years.

(iii) Assets taken on Lease and Hire Purchase:

Assets taken on Lease and Hire Purchase arrangements, wherein the Company has an option to acquire the assets at the end of the lease are accounted for as fixed assets in accordance with Accounting Standard 19 on Leases.

(iv) Inventories:

Inventories are stated at cost or net realisable value, whichever is lower. The cost is arrived at on first in first out method.

(v) Investments:

Long term investments are stated at acquisition cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost and fair value.

(vi) 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 up front, 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 Advance towards Members facilities), which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period.

Requests for cancellation of membership is accounted for when it is accepted by the Company. In respect of instalments considered doubtful of recovery by the management, the same is treated as a cancellation and accounted for accordingly

- b) Annual subscription fees due from members are recognised as income on an accrual basis.
- c) Interest on instalment 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 difference between book value of the securitised asset and consideration received is recognised as gain or loss arising on securitisation.
- f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.
- g) Income from homestays is recognized when services are rendered.

(vii) Foreign exchange transactions:

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency (including those related to integral foreign operations) are translated at exchange rates prevailing on the date of settlement or as at the Balance sheet date as applicable, and gain or loss arising out of such translation is adjusted to the profit and loss account.

(viii) Employee benefits:

Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the profit and loss account.

Significant Accounting Policies and Notes to the Consolidated Accounts

Defined Contribution Plan

Contributions to the provident and pension funds are made monthly at a predetermined rate to the Regional Provident Fund Commissioner and debited to the profit and loss account on an accrual basis. Contributions to superannuation fund are accounted on the same basis and is made to Life Insurance Corporation of India (LIC).

Defined Benefit Plan

The company has an arrangement with Life Insurance Corporate of India (LIC) to administer its gratuity scheme. The contribution paid/payable is debited to the profit and loss account on an accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation as at balance sheet date using the Projected Unit Credit method and debited to the profit and loss account on an accrual basis. Actuarial gains and losses arising during the year are recognized in the profit and loss account. Long term compensated absences is similarly valued on an actuarial basis and is unfunded.

(ix) Taxes on income:

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Tax expense comprises both current and deferred tax. Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws. Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each Balance Sheet date.

(x) Share issue expenses:

Expenses incurred in connection with issue of share capital are adjusted against securities premium account.

(xi) Borrowing Cost:

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.

(xii) 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 are not discounted to 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 not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Employees' Stock Option Scheme:

Under the Employee Stock Option Scheme equity shares are allotted to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust (the trust) set up by the company. The trust holds these shares for the benefit of the eligible employees/Directors as defined under the scheme and issues the shares to them as per the recommendation of the remuneration committee

1. The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust			
Method of Settlement	By issue of shares at Exercise Price			
Grant (Date of Grant)	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (01/11/2007)	Grant V (01/11/2008)
Exercise Price	Rs.16	Rs.52	Rs.52	Rs.52
Average Exercise Price (after bonus issue)	Rs.6.00	Rs.19.50	Rs.19.50	Rs.52.00
Vesting Period	5 Years	4 Years	4 Years	4 Years
Number of Options Granted	759,325	122,235	56,700	261,590
Contractual life	6 years from the date of grant.	5 years from the date of each vesting.		
Vesting Conditions	35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.	25% each on expiry of 12, 24, 36 and 48 months from the date of grant.		
No. of options exercisable in each tranche	Minimum of 25 and a maximum of all options vested till that date.			

Significant Accounting Policies and Notes to the Consolidated Accounts

2. Summary of Stock options (including bonus shares)

Particulars	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (1/11/2007)	Grant V ** (1/11/2008)	Total
Options outstanding as on 1.4.2009.	756,343	203,551	132,359	242,250	1,334,503
Options granted	-	-	-	-	-
Options vested during the year	248,188	56,134	37,831	55,896	398,049
Options exercised during the year	269,448	68,840	29,933	44,046	412,267
Options lapsed during the year	15,901	9,212	-	31,001	56,114
Options outstanding as on 31.03.2010	470,994	125,499	102,426	167,203	866,122
Options vested but not exercised	30,954	69,332	26,699	11,850	138,835

** Issued out of lapsed options

In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares have been reduced from the share capital by Rs. 9,429,110 and securities premium account reduced by Rs. 6,443,016. The said shares will be added to the issued share capital as and when the trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from the trust is disclosed under current liabilities.

The General Reserve has been reduced by Rs. 2,302,890 for bonus shares issued on exercise of stock options.

The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuations obtained from an independent valuer is Rs. 16 per equity share as on 31st March, 2006, Rs.52 per equity share as on 1st January, 2007, 31st August 2008 and 1st November 2008 based on the Discounted Cash Flow Method. As the difference between the intrinsic value and the exercise price per share is Rs. Nil no employee compensation cost has been charged.

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is Rs. 4.28, Rs. 16.36, Rs.16.55 and Rs.16.04 respectively.

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 Rs. 10,383,964 and the impact on the financial statements would be:

(Amount In Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
Increase in employee compensation cost	2,076,793	1,584,780
Decrease in profit after tax	2,076,793	1,584,780
Decrease in basic & diluted earning per share	(0.03)	(0.02)

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 dated 15 th July, 2006	Grant dated 30 th March, 2007	Grant dated 1 st November, 2007	Grant dated 1 st November, 2008
Risk free interest rate	7.82%	7.92%	7.72%	7.34%
Expected life	4.50	5.00	5.00	5.00
Expected volatility	Nil	Nil	Nil	Nil
Expected dividend yield	Nil	Nil	Nil	Nil

3. Secured Loans:

Loans and advances from a bank are secured by an exclusive charge on inventories, receivables and other moveable assets. Deferred payment under hire purchase is secured by hypothecation of assets financed.

Significant Accounting Policies and Notes to the Consolidated Accounts

4. 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 Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
Value of Accounts receivable	2,135,393,146	1,823,985,604
Less: Future interest receivable	619,933,056	424,868,963
Principal amount of receivables	1,515,460,090	1,399,116,641
Consideration received	1,750,000,000	1,500,000,000
Profit on securitisation	234,539,910	100,883,359
Less: Reversals in respect of cancelled members	11,675,507	1,297,140
Income from securitisation	222,864,404	99,586,219

5. Contingent Liabilities:

(In Rs.)

	As at Mar 31, 2010	As at Mar 31, 2009
(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.	2,657,820,819	1,623,163,525
(b) Claims against the company not acknowledged as debts Claims not acknowledged as debts represent luxury tax claimed on room revenue by the Government and disputed by the company in the High Court. The amount has been paid to the Government and possibility of reimbursement depends on the outcome of the cases pending before the adjudicating authority.	9,668,526	9,668,526
(c) Income tax matters (i) The Income Tax Department has filed appeals against the orders of the CIT(A) during FY2005-06 for the assessment years 1998-99 to 2002-03, in respect of the issues relating to revenue recognition, which were decided in favour of the Company. Amount involved with respect to this matter (including demand for the assessment years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 for which assessments were subsequently completed in respect of which the Company has gone/will be going on appeal. The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed) is Rs. 1,315,373,266/- (including interest of Rs. 251,752,898); As at 31st March, 2009, Rs. 779,467,899/- (including interest of Rs. 137,783,499). (ii) Disallowance of expenditure during construction / Software expenses. Rs. 35,484,928/- (including interest of Rs 5,966,891); As at 31st March, 2009 Rs. 31,266,979/- (including interest of Rs 4,900,440) The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed. However, even if these liabilities crystallise, there would be future tax benefits available on account of timing differences, except for interest and income tax rate differences. Cash outflows would depend on the outcome of the appeals. (iii) Others (including interest of Rs 9,909,258) (as at 31st March, 2009 Rs 10,454,727)	78,537,507	50,397,417
(d) Other matters under appeal (i) The Government of Kerala issued an Order dated 3 rd July 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated 3 rd July 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings (ii) The Company have received a notice dated December 11, 2009 from Commissioner, Ooty Municipality seeking to demolish the unauthorized construction at Zest Danish Villa Resort situated at No.30, Sheddon Road, Ooty. The Company has filed a review petition before the Municipal Administration and Water Supply Department, Chennai which is awaiting hearing.		

Significant Accounting Policies and Notes to the Consolidated Accounts

6. Capital Commitments:

(In Rs.)

	As at Mar 31, 2010	As at Mar 31, 2009
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	688,233,492	313,842,033

7. In respect of hire purchase transactions, the details of instalments payable in future are as follows:

(In Rs.)

	As at March 31, 2010	
	Not later than 1 year	Later than 1 year but not later than 5 years
Minimum instalment payable	Nil (672,539)	Nil (Nil)
Present value of instalments payable	Nil (647,576)	Nil (Nil)

Figures in brackets are in respect of the previous year.

8. Employee Benefits

(In Rs.)

		Gratuity	
		2009-10	2008-09
a.	Net Asset/ (Liability) recognized in the balance sheet		
	Present value of funded obligation	12,978,631	9,975,960
	Fair value of plan assets	13,870,609	9,996,621
	(Deficit) / surplus	891,978	20,661
	Net asset	891,978	20,661
b.	Expense recognized in the Profit & Loss account		
	Current service cost	3,158,575	2,275,840
	Interest cost	798,077	558,106
	Expected return on plan assets	(891,978)	(679,996)
	Actuarial (gains) / losses	(316,399)	367,629
	Total expense	2,748,275	2,521,579
c.	Change in present value of obligation		
	Present value of defined benefit obligation as at the beginning of the year	9,975,960	7,194,235
	Current service cost	3,158,575	2,275,840
	Interest cost	798,077	558,106
	Actuarial (gains) /losses	(316,399)	383,601
	Benefits paid	(637,582)	(435,822)
	Present value of defined benefit obligation as at the end of the year	12,978,631	9,975,960
d.	Change in fair value of plan assets		
	Plan assets at the beginning of the year	9,996,621	7,699,235
	Expected return on plan assets	891,978	679,996
	Actuarial gains /(losses)	NIL	15,972
	Contributions by employer	3,619,592	2,037,240
	Benefits paid	(637,582)	(435,822)
	Plan assets at the end of the year	13,870,609	9,996,621
e.	Principal actuarial assumptions		
1	Discount rate	8.0%	8.0%
2	Expected return on plan assets	8.0%	8.0%
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality
f.	Basis used to determine expected rate of return The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed this to be the average rate of return on plan assets.	8.0%	8.0%
g.	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.		

Significant Accounting Policies and Notes to the Consolidated Accounts

9. 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.

Secondary segment information:

(In Rs.)

	As at March 31, 2010			As at March 31, 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Sales	4,609,663,199	125,165,761	4,734,828,960	3,862,836,382	69,028,253	3,931,864,635
Segment assets	12,798,395,295	19,500,458	12,817,895,753	9,999,821,972	35,971,798	10,035,793,770
Additions to fixed assets	1,467,959,076	Nil	1,467,959,076	1,634,132,612	40,845	1,634,173,457

10. Deferred Tax:

(In Rs.)

Particulars	As at 01.04.2009	Movement during the year	As at 31.03.2010
Deferred tax asset			
Provision for doubtful debts	77,785	105,920	183,705
Provision for leave encashment	5,206,027	395,379	5,601,406
Others	879,724	2,751,715	3,631,439
Total	6,163,536	3,253,014	9,416,550
Deferred tax liability			
Difference between book and tax depreciation	(300,923,317)	(41,594,475)	(342,517,792)
Net deferred tax (liability) / asset	(294,759,781)	(38,341,461)	(333,101,242)

11. Related Party Transactions:

(i)	Names of related parties and nature of relationship where control exists:
A.	Holding Company Mahindra & Mahindra Limited (w.e.f August 11,2008) Mahindra Holdings & Finance Limited (upto August 10, 2008)
B.	Fellow Subsidiaries with whom the company has transactions during the year Mahindra Logisoft Business Solutions Limited Mahindra Intertrade Limited Mahindra Consulting Engineers Limited Satyam Computer Services Limited Mahindra United Football Company Mahindra Navistar Automotives Limited Mahindra Shubhlabh Services Limited Mahindra & Mahindra Financial Services Limited Mahindra Lifespace Developers Limited Mahindra World City (Jaipur) Limited Mahindra World City Developers Limited Mahindra Logistics Limited Mahindra Water Utility Ltd Mahindra Renault Private Limited
C.	Other entities under the control of the company Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
D.	Key Management Personnel Ramesh Ramanathan (Managing Director)

Significant Accounting Policies and Notes to the Consolidated Accounts

(ii) The related party transactions are as under:

(In Rs)

Nature of transactions	Controlling company		Fellow Subsidiaries		Other entities under the control of the company		Key Management Personnel	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Loan taken :								
Mahindra Lifespace Developers Ltd	-	-	-	750,000,000	-	-	-	-
Advances Given :								
Debtors Securitised :								
Mahindra & Mahindra Financial Services Limited	-	-	750,000,000	1,000,000,000	-	-	-	-
Loan Repaid :								
Mahindra Lifespace Developers Ltd	-	-	-	750,000,000	-	-	-	-
Sales								
Services:	17,695,582	2,880,180	-	-	-	-	-	-
Satyam Computer Services Limited	-	-	9,603,000	-	-	-	-	-
Mahindra United Football Company	-	-	1,647,652	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	1,181,887	-	-	-	-	-
Mahindra Ugine Steel Company Limited	-	-	56,394	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	288,000	-	-	-	-	-
Mahindra Renault Private Limited	-	-	-	450,000	-	-	-	-
Purchases:								
Services	-	-	-	-	-	-	-	-
Mahindra Logisoft Business Solution Ltd	-	-	19,983,252	22,026,853	-	-	-	-
Mahindra World City Developers Limited	-	-	226,800	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	-	38,094	-	-	-	-
Interest Expense								
Mahindra Lifespace Developers Ltd	-	-	-	38,354,797	-	-	-	-
Dividend paid	220,064,499	127,929,140	-	-	-	-	-	-
Reimbursements received								
Satyam Computer Services Limited	-	-	6,552,000	-	-	-	-	-
Mahindra United Football Company	-	-	1,053,511	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	509,905	-	-	-	-	-
Mahindra Water Utility Ltd	-	-	-	12,171	-	-	-	-
Reimbursements made	21,841,110	17,915,586	-	-	-	-	-	-
Mahindra World City Developers Limited	-	-	-	226,800	-	-	-	-
Outstanding:								
Payable		2,364,034						
Mahindra Logisoft Business Solutions Ltd	-	-	1,563,784	-	-	-	-	-
Mahindra United Football Company	-	-	200,000	-	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	9,698,536	13,678,196	-	-
Receivable	35,465,407							
Mahindra Lifespace Developers Ltd	-	-	486,819	486,819	-	-	-	-
Mahindra World City Developers Limited	-	-	279,000	279,000	-	-	-	-
Satyam Computer Services Limited	-	-	3,051,000	-	-	-	-	-
Mahindra United Football Company	-	-	636,568	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	675,427	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	305,714	305,714	-	-	-	-
Mahindra Logistics Limited	-	-	-	604,054	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	12,010,000	12,010,000	-	-
Managerial remuneration							22,819,957	12,718,598
Loan to Key Managerial Personnel							2,496,870	2,700,184

12. The details of investments purchased and sold during the year:

Investment in mutual funds	Units purchased / transfer in (Nos.)	Cost of purchases (Rs.)	Units sold (Nos.)	Sale Value (Rs.)
HDFC Liquid Fund Premium	13,255,883	162,514,478	13,255,883	162,514,478
ICICI Prudential Mutual Fund	1,217,723	125,043,029	1,217,723	125,043,029
IDFC Cash fund	2,835,322	30,002,246	2,835,322	30,002,246
Kotak Liquid Inst. Premium	12,267,917	150,013,322	12,267,917	150,013,322
Sundaram BNP Paribas Ultra Short Term	3,988,829	40,035,881	3,988,829	40,035,881
Fortis Mutual Fund(Liquid Fund)	9,998,835	100,018,349	9,998,835	100,019,349
Fortis Mutual Fund(Liquid plus daily dividend)	10,155,095	101,582,431	10,155,095	101,582,431
IDFC Mutual Fund-Super Inst Plan	12,259,518	122,625,834	12,259,518	122,625,834
Kotak Liquid Inst. Premium	9,815,494	120,024,839	9,815,494	120,024,839
HDFC Liquid Fund Premium	9,797,334	120,113,355	9,797,334	120,024,839

Significant Accounting Policies and Notes to the Consolidated Accounts

13. Earnings per share:

	2009-10	2008-09
Net profit after tax and minority interest (in INR.)	1,170,592,700	797,119,362
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	81,626,333	76,941,144
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos)	82,569,244	78,296,322
Earnings Per Share – Basic (in Rs.)	14.34	10.36
Earnings per share – Diluted (in Rs.)	14.18	10.18
Nominal value of shares (in Rs.)	10	10

14. The company made an Initial Public Offer of 5,896,084 equity shares of Rs 10 each for cash at a premium of Rs 290 per equity share, aggregating to Rs 17,688.25 lacs of which Rs 6,761.75 lacs have been spent towards the object of the issue (Rs 5,316.01 lacs were utilised for construction of resorts and Rs 1,445.74 lacs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.
15. The Government of India, Ministry of Corporate Affairs, in exercise of the powers conferred Section 212(8) of the Companies Act 1956, has vide its Order No. 47/191/2010-CL-III dated 25th March, 2010 directed that the provisions contained in Section 212(1) of the Companies Act, 1956, pursuant to which the balance sheet etc. of the subsidiaries are required to be attached to the Company's accounts shall not apply for the financial year ended 31st March 2010.

Information disclosed in accordance with the above order:

Particulars	Names of the Subsidiaries								
	Mahindra Holidays & Resorts USA Inc		MHR Hotel Management GmbH		Heritage Bird (M) Sdn Bhd		BAH Hotelanlagen AG		Mahindra Hotels & Residences India Limited
	INR	USD	INR	EURO	INR	MYR	INR	EURO	INR
Capital	45,503	1,000	2,089,500	35,000	4,026,772	300,002	4,682,412	70,000	500,000
Reserves	10,984,165	209,656	101,635	1,766	(1,732,645)	(176,103)	264,053,987	3,947,491	(170,893)
Total Assets	16,153,747	358,733	2,340,410	38,627	72,801,671	5,279,309	334,952,271	5,528,177	1,320,247
Total Liabilities	16,153,747	358,733	2,340,410	38,627	72,801,671	5,279,309	334,952,271	5,528,177	1,320,247
Investments	-	-	-	-	-	-	-	-	-
Turnover (incl other income)	9,344,007	195,727	6,594,248	97,736	10,787,400	780,000	44,862,422	664,924	-
Profit before tax	15,030,891	314,849	1,220,127	18,084	(1,219,087)	(88,148)	8,499,244	125,971	(42,514)
Provision for taxation	6,079,050	135,000	118,073	1,750	140,264	10,142	59,036	875	-
Profit after tax	8,585,991	179,849	1,102,055	16,334	(1,359,351)	(98,290)	8,440,208	125,096	(42,514)
Proposed dividend	-	-	-	-	-	-	-	-	-

Translated at exchange rate prevailing as on 31.03.2010
 1 USD=INR 45.03, 1 EURO=INR 60.59, 1 MYR = INR 13.79

16. Previous year's figures have been regrouped / recast, wherever necessary, to conform to this year's classification.

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

PS Doraiswamy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date : April 29, 2010

