RED HERRING PROSPECTUS
Dated March 6, 2013

The information in this Red Herring Prospectus is not complete and may be changed. The Issue is meant only for QIBs and is not an offer to any other class of investors to purchase the Equity Shares. This Red Herring Prospectus is not soliciting an offer to subscribe to or buy Equity Shares in any jurisdiction where such offer or subscription is not permitted.

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

(Mahindra Holidays & Resorts India Limited was incorporated as a private limited company called 'Mahindra Holidays & Resorts India Private Limited' on September 20, 1996. The status of our Company was changed to a public limited company by a special resolution of the members passed at the annual general meeting held on January 29, 1998. The fresh certificate of incorporation consequent upon conversion was issued to our Company on April 17, 1998, by the Registrar of Companies, Tamil Nadu at Chennai. The corporate identity number of our Company is L55101TN1996PLC036595)

Issue of up to 4,141,084 equity shares of face value ₹ 10 each (the "**Equity Shares**") of Mahindra Holidays & Resorts India Limited (the "**Company**") at a price determined in accordance with the pricing methodology as described under "***Issue Procedure***" on page 122, aggregating to ₹ [●] million (the "**Issue**"). The Issue Price (as defined hereinafter) is ₹ [●] per Equity Share.

THIS ISSUE AND THE DISTRIBUTION OF THIS RED HERRING PROSPECTUS (THE "RED HERRING PROSPECTUS") IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS"). THIS RED HERRING PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS ("QIBS") (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds (as defined hereinafter) and Insurance Companies (as defined hereinafter), subject to valid ASBA Applications (as defined hereinafter) being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in this Issue only through an application supported by blocked amount ("**ASBA**") providing details about the ASBA Account (as defined hereinafter) which will be blocked by the Self Certified Syndicate Bank. For details, see "***Issue Procedure***".

This Red Herring Prospectus has not been reviewed or approved by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), The National Stock Exchange of India Limited (the "**NSE**"), the BSE Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**") and is intended only for use by QIBs. A copy of this Red Herring Prospectus has been delivered to the Stock Exchanges and SEBI and for registration to the Registrar of Companies, Tamil Nadu at Chennai (the "**RoC**"). Copies of the Prospectus will be filed with the Stock Exchanges, SEBI and the RoC. This Red Herring Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus.

The Equity Shares of our Company are listed and traded on the BSE and the NSE. The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform as the Equity Shares listed and traded on the Stock Exchanges. In-principle approvals under Clause 24(a) of the Equity Listing Agreement (as defined hereinafter) for listing of the Equity Shares offered in the Issue have been received from the Stock Exchanges. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through this Red Herring Prospectus. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" BEGINNING ON PAGE 38 OF THIS RED HERRING PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS RED HERRING PROSPECTUS.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to this Red Herring Prospectus together with the ASBA Applications and Confirmation of Allocation Notes. Please see "***Issue Procedure***" beginning on page 122. The distribution of this Red Herring Prospectus or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Red Herring Prospectus, agrees to observe the foregoing restrictions and make no copies of this Red Herring Prospectus or any documents referred to in this Red Herring Prospectus.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company, other than this Red Herring Prospectus, does not form part of this Red Herring Prospectus and prospective investors should not rely on such information contained in, or available through, any such website.

The Promoter has, pursuant to a notice dated March 5, 2013, disclosed its intention to divest upto 3,400,000 Equity Shares pursuant to an offer for sale through the stock exchange (the "**OFS**") mechanism.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on the Regulation S. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions***" on page 144 and 149 respectively.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
Kotak Mahindra Capital Company Limited 1st Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email: mhril.ipp @kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration No: INM000011252	**ICICI Securities Limited** ICICI Centre, HT Parekh Marg, Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: mhril.ipp@icicisecurities.com Investor grievance email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Manvendra Tiwari SEBI Registration No: INM000011179	**Religare Capital Markets Limited** 901, 9th floor, Tower- 1, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013 Tel: (91 22) 6766 3663 Fax: (91 22) 6766 3575 Email: mhril.ipp@religare.com Website: www.religarecm.com Investor Grievance ID: grievance.ibd@religare.com Contact Person: Anupam Kumar / Pranay Shetty SEBI Registration No: INM000011062*	**Karvy Computershare Private Limited** Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081 Tel: (91 40) 4465 5000 Fax: (91 40) 2343 1551 E-mail: mahindraholidays.ipp@karvy.com Website: www.karisma.karvy.com Contact Person: M. Murli Krishna SEBI Registration No: INR00000021

ISSUE PROGRAMME **			
ISSUE OPENS ON	**[●]**	**ISSUE CLOSES ON**	**[●]**

* *The SEBI registration certificate of Religare Capital Markets Limited, one of the book running lead managers to the Issue, as merchant banker, has expired on December 11, 2012. As required under Regulation 8A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, an application for permanent registration, in the prescribed manner, was made on September 7, 2012 by Religare Capital Markets Limited to SEBI, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited. No communication has been received by Religare Capital Markets Limited from SEBI rejecting the said application.*

** *Details of the Issue programme shall be disclosed in the Floor Price / Price Band Announcement (as defined hereinafter) to be issued at least one day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement and the Floor Price / Price Band Announcement for further details. Investors are advised to read the above mentioned announcements together with this Red Herring Prospectus.*

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Red Herring Prospectus and, having made all reasonable enquiries confirms that, this Red Herring Prospectus contains all information with respect to our Company and its Subsidiaries and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Red Herring Prospectus are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Red Herring Prospectus are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Red Herring Prospectus misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Red Herring Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, the Book Running Lead Managers or the Syndicate Member. The delivery of this Red Herring Prospectus at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in reliance on Regulation S and other applicable securities laws of the jurisdictions where these offers and sale occur. The Equity Shares are transferable only in accordance with the restrictions described in "***Transfer Restrictions***" on page 149. Purchasers of the Equity Shares will be deemed to make the representations set forth in "***Notice to Investors – Representations by Investors***" and "***Transfer Restrictions***" on pages 2 and 149, respectively.

The distribution of this Red Herring Prospectus and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Red Herring Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company, the Book Running Lead Managers or the Syndicate Member which would permit an offering of the Equity Shares offered in the Issue or distribution of this Red Herring Prospectus in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any Issue materials in connection with the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Red Herring Prospectus has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and our Company stating that it is in connection with the Institutional Placement Programme and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Red Herring Prospectus as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting, investment and related matters concerning the Issue. In addition, none of our Company, the Book Running Lead Managers or the Syndicate Member is making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII-A of the SEBI Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on our Company's website, except this Red Herring Prospectus, or the website of the Book Running Lead Managers does not constitute nor form part of this Red Herring Prospectus. Prospective investors should not rely on the information contained in, or available through such websites, except this Red Herring Prospectus. This Red Herring Prospectus contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company, the Book Running Lead Managers and the Syndicate Member, as follows:

- You are a "QIB" (hereinafter defined), having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI Regulations;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You have made the representations and warranties set forth in "***Transfer Restrictions***" and "***Selling Restrictions***" beginning on pages 149 and 144 respectively;

- You are aware that this Red Herring Prospectus has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, other than the RoC pursuant to applicable provisions of the Companies Act, and is intended only for use by QIBs;

- If you are Allotted the Equity Shares, you shall not, for a period of one year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Red Herring Prospectus), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers and the Syndicate Member may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers and the Syndicate Member have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to our Company and the Issue that was not made publicly available by our Company;

- Neither our Company nor the Book Running Lead Managers nor the Syndicate Member nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Managers or the Syndicate Member. Neither the Book Running Lead Managers nor the Syndicate Member nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical facts included in this Red Herring Prospectus, including those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Red Herring Prospectus;

- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation (as defined hereinafter), Allotment Criteria and the CAN (as defined hereinafter). For further details, please see "***Issue Procedure***" beginning on page 122;

- You have read this Red Herring Prospectus in its entirety, including in particular, "**Risk Factors**" beginning on page 38;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in this Red Herring Prospectus and publicly available information about our Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares offered in the Issue, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Managers nor the Syndicate Member nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers, the Syndicate Member or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against, any of our Company, the Book Running Lead Managers, the Syndicate Member or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (iv) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

- You shall apply in this Issue only through ASBA mechanism;

- You are neither a Promoter (as defined hereinafter) nor a person related to the Promoters, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoters or the Promoter Group (hereinafter defined) or persons related to the Promoters. For the purposes of this representation you will be deemed to be related to the Promoters if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters, any veto rights or any right to appoint any nominee director on the Board (as defined hereinafter), other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;

- You have no right to withdraw your ASBA Application or revise downwards the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;

- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;

- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (hereinafter defined);

- You, together with other QIBs that belong to the same group as you or are under common control as you, shall not be Allotted Equity Shares in excess of 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. For the purposes of this representation:

  (i) The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  (ii) The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

  For meaning of the terms 'companies under the same group' under sub-section (11) of Section 372 of the Companies Act and 'control' under Regulation 2(1)(e) of the Takeover Regulations, see "***Issue Procedure***" on page 122.

  However, this is subject to changes in case the Company, in consultation with the Book Running Lead

Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. See "***Issue Procedure – Number of Allottees***" on page 124;

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant (as defined hereinafter) account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time, or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers, the Syndicate Member or our Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Managers, our Company, the Syndicate Member nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in this Red Herring Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Managers nor our Company nor the Syndicate Member will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- The Book Running Lead Managers and the Syndicate Member do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Red Herring Prospectus and the Prospectus;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;

- You agree to indemnify and hold our Company, the Book Running Lead Managers, the Syndicate Member and their respective shareholders, directors, officers, employees and affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Red Herring Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

- You agree to abide by the Basis of Allocation provided in this Red Herring Prospectus and the Allocation done in accordance with Basis of Allocation as overseen by the Stock Exchanges;

- You agree to provide additional documents as may be required by our Company and the Syndicate (as defined hereinafter) for finalisation of the Basis of Allocation along with the Stock Exchanges. Our Company, the Book Running Lead Managers, the Syndicate Member and their affiliates may rely on the accuracy of such documents provided by you; and

- Our Company, the Book Running Lead Managers, the Syndicate Member, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers and the Syndicate Member on their own behalf and on behalf of our Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 ("**FII Regulations**"), an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with applicable 'know your client' requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of an FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Red Herring Prospectus. This Red Herring Prospectus does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company, the Book Running Lead Managers or the Syndicate Member. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company, the Book Running Lead Managers or the Syndicate Member. Our Company, the Book Running Lead Managers and the Syndicate Member do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers or the Syndicate Member and do not constitute any obligations of or claims on the Book Running Lead Managers or the Syndicate Member. Affiliates of the Book Running Lead Managers that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Red Herring Prospectus has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Red Herring Prospectus;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Red Herring Prospectus, unless the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'the Company' or 'our Company' are to Mahindra Holidays & Resorts India Limited, and references to 'we', 'us' or 'our' are to Mahindra Holidays & Resorts India Limited and its Subsidiaries on a consolidated basis, unless otherwise specified.

In this Red Herring Prospectus, all references to "Indian Rupees" "₹" and "Rs." are to Indian Rupees and all references to "U.S. dollars", "USD" and "U.S.$" are to United States dollars. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions.

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'fiscal year', 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

Our Company publishes its consolidated and unconsolidated financial statements in Indian Rupees. Our Company's audited consolidated financial statements (from which the consolidated summary financial statements included herein are extracted) have been prepared in accordance with Indian GAAP and the Companies Act. Unless otherwise indicated, all financial data in this Red Herring Prospectus are derived from our Company's audited financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP and accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting policies. Our Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. For further details, please see "***Risk Factors – Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS***" on page 51.

In terms of the SEBI Letter, the financial statements of our Company, including the (i) audited consolidated financial statements of our Company as of and for the fiscal years ended March 31, 2012, 2011 and 2010; (ii) audited unconsolidated financial statements of our Company as of and for the fiscal years ended March 31, 2012, 2011 and 2010, and (iii) the audited unconsolidated financial statements of our Company for the nine month period ended December 31, 2012; have been prepared in accordance with Indian GAAP, are included in this Red Herring Prospectus (by way of inclusion of the consolidated summary financial statements and the unconsolidated summary financial statements for respective periods set forth above, which are extracted from the audited consolidated and audited unconsolidated financial statements for the respective periods) and are referred to herein as the "***Financial Statements***". We have also, in the section "***Management's Discussion & Analysis of Financial Condition and Results of Operations***", included: (i) the statement of Company's Subsidiaries indicating the Company's shareholding in each Subsidiary as of December 31, 2012; (ii) Key financial information for Subsidiaries as at March 31, 2012, based on information included in our annual report for fiscal year 2012; and (iii) a confirmation of no material update in any Subsidiary post March 31, 2012. For details, see "***Issue Procedure – SEBI Letter***".

In this Red Herring Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of our Company contained in this Red Herring Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which our Company competes. Unless stated otherwise, the statistical information included in this Red Herring Prospectus relating to the industry in which our Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Book Running Lead Managers nor the Syndicate Member have independently verified this data and do not make any representation regarding the accuracy of such data. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company, the Book Running Lead Managers nor the Syndicate Member can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Red Herring Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Red Herring Prospectus that are not historical facts. These forward-looking statements contained in this Red Herring Prospectus (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Our inability to manage the timing of vacation requests of our members may lead to loss of members;
- Our inability to sell vacation ownerships or failure to attract non-member guests to match the increase in our inventory of apartments and rooms;
- Our inability to maintain effective quality control systems at the resorts;
- High level of dependence on senior management and key managerial personnel;
- Our inability to manage our growth strategy;
- Inability to procure land at our desired locations on acceptable terms;
- A slowdown in economic growth in India and other countries; and
- Changes in the regulatory regime applicable to our business.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 38, 82, 87 and 62 respectively. The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our

Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Red Herring Prospectus or the respective dates indicated in this Red Herring Prospectus, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company incorporated with limited liability under the laws of India. All of our Company's Directors, except one, are residents of India. All of the key managerial personnel named here are residents of India and substantially all the assets of our Company are located in India. As a result, it may be difficult for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government of India (the "**GoI**" or the "**Government**") has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On December 31, 2012, the exchange rate (RBI reference rate) was ₹ 54.78 to U.S. $ 1.00 (Source: http://*www.rbi.org.in*).

	Period End	**Average#***	**High***	**Low***
Financial Year:	(₹ Per U.S.$1.00)			
2012	51.16**	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
2010	45.14	47.42	50.53	44.94
Quarter Ended:				
December 31, 2012	54.78	54.14	55.70	51.62
September 30, 2012	52.70***	55.24	56.38	52.70
June 30, 2012	56.31****	54.22	57.22	50.56

Average official rate for each working day of the relevant period.
* Note: High, low and average are based on the RBI reference rate
** Data as on March 30, 2012
*** Data as on September 28, 2012
**** Data as on June 29, 2012

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Red Herring Prospectus shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company Related Terms

Term	Description
"the Company" or "our Company"	Mahindra Holidays & Resorts India Limited, a public limited company incorporated under the Companies Act
Articles of Association or Articles	The Articles of Association of our Company, as amended from time to time
Auditor	The statutory auditor of our Company, M/s. Deloitte Haskins & Sells, Chartered Accountants
Board or Board of Directors	The board of directors of our Company
Directors	Directors on the Board, as may be appointed from time to time
ESOS 2006	Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2006
ESOS Trust	Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
M&M	The promoter of our Company, Mahindra & Mahindra Limited
Promoter	Mahindra & Mahindra Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations.
Registered Office	Mahindra Towers, 2nd Floor, No. 17/18, Patullos Road, Chennai – 600 002, Tamil Nadu, India
Subsidiaries	Mahindra Holidays & Resorts USA Inc., Mahindra Hotels and Residences India Limited, MHR Hotel Management GmbH, Heritage Bird (M) Sdn Bhd., Bell Tower Resorts Private Limited, BAH Hotelanlagen AG, Holiday on Hills Resorts Private Limited, Gables Promoters Private Limited, Divine Heritage Hotels Private Limited, MH Boutique Hospitality Limited and Infinity Hospitality Group Company Limited
"we" or "us" or "our"	Unless the context otherwise requires, Mahindra Holidays & Resorts India Limited and our Subsidiaries on a consolidated basis.

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants on the basis of the ASBA Applications submitted by

Term	Description
	them and in accordance with the Allotment Criteria
Allotment Criteria	The method as finalised by our Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method
Allotment or Allotted or Allot	Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Issue
Allottees	QIBs to whom the Equity Shares are Allotted pursuant to the Issue
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of this Red Herring Prospectus
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application
ASBA	Application supported by blocked amount
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of this Red Herring Prospectus and which shall also be an authorisation to an SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted.
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in "***Issue Procedure***" beginning on page 122
Bidding Locations	Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda and Surat
Book Running Lead Managers	Kotak, I-Sec and Religare
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price
Cap Price	The higher end of the Price Band, if any, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted

Term	Description
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Date	The date on which funds blocked by the SCSB are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Prospectus is filed with the RoC
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price will be decided by our Company in consultation with the Book Running Lead Managers in accordance with the SEBI Letter, if applicable, and shall be announced at least one day prior to the Issue Opening Date. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected.
Floor Price / Price Band Announcement	The announcement of either the Floor Price or the Price Band, made by our Company at least one day prior to the Issue Opening Date
Institutional Placement Programme or IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI Regulations
I-Sec	ICICI Securities Limited
Issue	The offer and issuance of up to 4,141,084 Equity Shares to QIBs, pursuant to Chapter VIII-A of the SEBI Regulations
Issue and Placement Agreement	The issue and placement agreement dated March 5, 2013, among our Company and the Book Running Lead Managers in relation to the Issue
Issue Closing Date	The last date up to which the ASBA Applications shall be accepted, which date shall be announced along with the Floor Price/Price Band Announcement
Issue Opening Date	The date on which the Designated Branches and the members of the Syndicate will start accepting the ASBA Applications, which date shall be announced along with the Floor Price / Price Band Announcement
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the SCSBs and the members of the Syndicate (in the Bidding Locations)
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be and in accordance with the SEBI Letter, if applicable
Issue Size	The aggregate size of the Issue, comprising of up to 4,141,084 Equity Shares each Allotted at the Issue Price
Kotak	Kotak Mahindra Capital Company Limited
Price Band	Price band, if any, announced by our Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which will be decided by our Company in consultation with the Book Running Lead Managers in accordance with the SEBI Letter, if applicable, and which shall be announced at least one day prior to

Term	Description
	the Issue Opening Date
Pricing Date	The date on which our Company in consultation with the Book Running Lead Managers finalises the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with the provisions of the Companies Act, containing, *inter alia*, the Issue Size, the Issue Price and certain other information
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Public issue account agreement dated March 5, 2013 among our Company, the Book Running Lead Managers, the Syndicate Member, the Registrar and the Public Issue Account Bank
Public Issue Account Bank	The bank which is clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being Yes Bank Limited
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with the provisions of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. This Red Herring Prospectus will be filed with the RoC at least three days before the Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Registrar to the Issue	Karvy Computershare Private Limited
Religare	Religare Capital Markets Limited
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downwards the price per Equity Share or the number of Equity Shares applied for.
SEBI Letter	The approval of the SEBI obtained pursuant to letter dated February 28, 2013 in relation to minimum number of investors required and disclosure of financial information. Please see – "***Issue Procedure – SEBI Letter***" on page 122.
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Stock Exchanges	The BSE and the NSE
Syndicate Agreement	The agreement dated March 5, 2013 among the Syndicate and our Company in relation to the Issue
Syndicate ASBA Bidding Centres	Centres in the Bidding Locations where the Applicants can register their ASBA Applications with a member of the Syndicate

Term	Description
Syndicate Member	Kotak Securities Limited
Syndicate or members of the Syndicate	The Book Running Lead Managers and the Syndicate Member
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the ASBA Application
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the Stock Exchanges, "Working Days", shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms

Term	Description
Acre	43,560 sq. ft.
AED	United Arab Emirates Dirham
Alternative Investment Fund/AIF	Alternative Investment Fund as defined in and registered under SEBI AIF Regulations
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
Civil Procedure Code	Code of Civil Procedure, 1908
Client ID	Beneficiary account identity
Companies Act	Companies Act, 1956
CRM	Customer relationship management
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EMI	Equated monthly instalments

Term	Description
EPS	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
Equity Listing Agreement	The equity listing agreements entered by our Company with each of the Stock Exchanges
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI
Financial year or fiscal year or fiscal or FY	Period of 12 months ended March 31 of that particular year
FVCI or foreign venture capital investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI	Government of India
Hectare	107,639 sq. ft.
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards converged with International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India
ISO	International Organization for Standardization
Land Bank	All lands to which our Company or its Subsidiaries have title, including the land on which we are currently constructing our resorts but excluding the land on which our operational resorts are situated.
Limited liability partnership	A limited liability partnership registered with the Registrar of Companies under the Limited Liability Partnership Act, 2008

Term	Description
MAT	Minimum Alternate Tax
MoU	Memorandum of Understanding
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NCR	National Capital Region
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the I.T. Act
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RCI	Resort Condominiums International
Rs./ ₹	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ESOP Guidelines	Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Securities Act	The U.S. Securities Act of 1933
sq. ft.	square feet
STT	Securities Transaction Tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America

Term	Description
VCF(s) or Venture capital funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.

SUMMARY OF OUR BUSINESS

Overview

We are one of the leading leisure hospitality providers in India, offering quality family holidays with a range of services designed to meet the diverse holiday needs and interests of a family. We provide family holidays primarily through vacation ownership memberships. Our members can choose to stay and holiday at resorts in a range of holiday destinations for a pre-determined number of days in a year for a fixed number of years. Our resorts offer the use of furnished accommodation, such as apartments and rooms, and an experience through resort specific amenities and facilities, such as restaurants, ayurvedic spas, kids clubs and a variety of holiday activities.

We seek to be the preferred partner to the urban family for family holidays and holiday services in India. It is our vision to be the number one family holiday provider in our target markets by consistently delivering attractive resort destinations, innovative offerings and service excellence, not only during the holiday but also throughout the membership period.

'Club Mahindra Holidays' is our flagship service offering. In addition to Club Mahindra Holidays, our portfolio of vacation ownership offerings also include 'Club Mahindra Fundays', a points based holiday ownership product for corporates to use for employee reward and recognition and clubmahindra.travel, a travel and holiday related service for both members and other customers. Until recently, our portfolio of offerings also included 'Zest', which targeted young urban families for short break holidays and 'Mahindra Homestays', which marketed homestays to overseas and Indian travellers wishing to experience the real India by lodging with a host family in India. In line with our strategy of focusing on our flagship service offering 'Club Mahindra Holidays', we have discontinued enrolling new members for Zest and have discontinued accepting new bookings for Mahindra Homestays, from December 2012 and February, 2013 respectively. However, we continue to service existing Zest members.

Club Mahindra Holiday membership currently entitles members the choice of holidaying at any of our 40 resorts, for seven days each year, in a season and apartment type of their choice, for 10 or 25 years depending on the tenure of the membership. Club Mahindra members enrolled prior to January 2002 were entitled to vacation for 33 years and as of December 31, 2012, we have 11,130 such members. Our members also have the option of choosing to holiday outside their season and apartment of their entitlement by using our exchange program. There is further flexibility accorded to our members in being able to bring or carry forward their annual entitlement, subject to certain limits. In addition, our members can choose to access a range of resorts globally through our RCI affiliation. As of December 31, 2012, we have 143,744 Club Mahindra Holiday vacation ownership members.

Club Mahindra Fundays was launched in October 2006 and targets corporate houses. Club Mahindra Funday membership currently entitles corporates for a period of 10 years to offer family holidays to their employees. We launched clubmahindra.travel in April 2007 to provide a one-stop shop for travel and holiday related services.

Our memberships provide members the right to use our resorts over the period of their membership and are not a property or deeded sale. This type of a membership, where the member has the flexibility to choose a different resort and the time to holiday every year (with certain seasonal limitations) is known as a "floating week – floating resort" model. We also provide our members with a fixed price structure, which we believe is consumer friendly. In addition, we also provide easy EMI options for the membership price to our prospective members.

Our Company was selected as a Business Superbrand 2008 by The Brand Council in India, subsequently, our flagship brand Club Mahindra Holidays has been selected as a Superbrand 2009. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. Our Company was awarded the 'CSI 2011 Awards for Excellence in IT' for the travel and hospitality sector by the Computer Society of India. In 2011, our Company won the 'President's Club Award', an award created to recognise top performing RCI affiliates, for its exceptional performance and achievements. RCI has awarded 12 of our resorts the prestigious RCI Gold Crown Award and our resort at Varca, Goa has been recognized for having received the RCI Gold Crown Award for 11 years in a row and our resort at Munnar, Kerala has been recognized for having received the RCI Gold Crown Award for 10 years in a row. The RCI Gold Crown Award annually recognizes resorts across the world for superior resort facilities, services and hospitality based on user feedback. Apart from the RCI Gold Crown Award, our resort at Munnar has also been accredited with a 5 Star Rating by the Ministry of Tourism, Government of India. Further, our resort at Coorg was listed as No. 1 in 'Top 25 Hotels for Families in India' and as No. 2 in 'Top 25 Hotels for Families in Asia' by Tripadvisor as part of the 'Travellers' Choice Awards 2012'. As part of the 'Travellers' Choice Awards 2012' by Trip Advisor, our resort at Coorg was also included in the 'Top 25 All Inclusive Resorts in Asia'. Our member relations department has been ISO 9001:2000 certified by Indian Registered Quality Systems in July 2007. Further, the information security management system of our Company has been ISO 27001:2005 certified by British Standards Institution.

Our fees include a membership fee which is paid at or around the time of enrolment as a member (depending upon the payment plan selected by the member) as well as an annual subscription fee which is payable annually throughout the membership period for annual servicing and maintenance of the resorts. The member also pays for use of various facilities and services at the resort, including food and beverages, spa facilities and services and certain holiday activities.

For the year ended March 31, 2012, our consolidated total income was ₹ 6,496.81 million and net profit was ₹ 1,023.32 million, as compared to consolidated total income of ₹ 5,464.45 million and net profit of ₹ 1,003.44 million for the year ended March 31, 2011. Our unconsolidated total income and net profit for the nine months ended December 31, 2012 was ₹ 5,116.98 million and ₹ 760.50 million respectively.

Our Strengths

One of the leading leisure hospitality providers in India

We are one of the leading leisure hospitality providers in India. As of December 31, 2012 and March 31, 2012, we had 155,221 and 143,258 vacation ownership members, respectively. Our membership enrolments have increased at a CAGR of 15.56% over the last three fiscal years. Over the same period, our average our room inventory also increased at a CAGR of 20.30%. Club Mahindra started enrolling vacation ownership members from 1997 and we have successfully become a provider of quality family holidays having coverage in India, Thailand, Malaysia and Austria with a total of 40 resorts and 16 branch offices, 35 direct and nine franchisee retail sales outlets, as on December 31, 2012. In addition, as of December 31, 2012, we have 139 direct-to-home franchised operations, and representative and service offices in Dubai. We believe that the above factors demonstrate our leading position in the vacation ownership industry which helps us to attract potential members and grow our revenues.

Delivery of quality family holiday experience

We believe that we have a deep understanding of the needs and preferences of our customers. While we have a total of 155,221 members as of December 31, 2012, the aggregate of their families constitute our customer base as we serve the needs of the entire family while on holiday. Our consumer understanding is based on an elaborate multiple point feedback mechanism, such as touch screen kiosks or holiday exchange profiler ("**HEP**") at resorts which provide real-time feedback, SMS feedback, other customer contact programs and structured market research. Our customised CRM solution enables us to track preferences of the entire family, anticipate the needs of our customers and create appropriate service offerings for different segments, such as families, young urban customers and corporate customers. Our resort operations teams provide holiday experiences for the family at our resorts through resort specific amenities and facilities such as restaurants, bars, swimming pools, "Svaastha" ayurvedic spas, kids clubs and holiday activity centers with a diverse range of activities, conducted by a team of animators (our own holiday activity staff) called "Champs". Our resorts are also connected to our central data network, allowing us to further leverage our CRM capabilities. According to a survey commissioned by us in May 2011 and conducted by CSMM, a specialist customer satisfaction measurement agency of Indian Market Research Bureau and part of Walker Information Inc., approximately 75% of our customers have rated their holiday experience at our resorts as excellent, very good or good. Moreover, 27% of our vacation ownerships sold in the fiscal year 2012 are attributable to member referrals.

We now focus on guiding the overall holiday experience of our members by our 'Member First' philosophy, which is intended to upgrade the experience of members to one of much greater engagement and satisfaction and to offer holistic return from a long term investment perspective.

Integrated, mixed - use and self funding business model with recurring income streams

We manage all aspects of our operations through one entity – this integration brings together our management competence of member acquisition (marketing and sales of lifestyle offerings), servicing of and contact with members, identifying land and developing resorts, acquiring resort properties, resort operations (delivering family holiday experiences) and providing value-added services. We believe our integrated business model reduces our cost of operations, allows us to implement changes across the entire value chain, and helps us to continually tailor and improve our services in response to customer feedback and changing trends.

Additionally, we utilize a mixed-use model of being a vacation ownership company and also providing non-members access to our unutilized apartments on a per-night-tariff basis. This enables us to enhance our revenues through optimum occupancy and sales from our restaurants and other services. We believe that this mixed-use model is also a catalyst for our growth by creating an interest in our membership program for non-members. However, as part of our 'Member First' philosophy, we focus on providing preference and priority to our members over non-members and our resorts are open for booking to non-members only if room inventory is unused. Currently, bookings for non-members at our resorts are open only 15 days or lesser in advance.

Further, the capital expenditure to expand our inventory is mostly funded through the upfront membership fees paid by our members, which makes our business model less dependent on external debt. Our business model also has recurring income streams in the form of annual subscription fees and income from facilities and services at the resorts. We offer instalment based payment option to our members where they have the option to pay their membership fees through an EMI plan of tenure ranging from 6 to 48 months. Our Company securitises these future receivables to banks/financial institutions in order to draw funds upfront. These factors have ensured that our debt is low and we believe that these factors provide us with an advantage of being able to raise funds from external sources when necessary. Furthermore, our Club Mahindra Holiday memberships are offered for a period of 10 years or 25 years, which provides us with an opportunity to re-use the memberships again at the end of the 10 year or 25 year term, as the case may be, without having to further expand our inventory. We believe this factor would enable us to generate revenue in the future without incurring substantial capital expenditure.

Our prestigious parentage

Our Company is a part of the Mahindra group of companies, which is one of the leading and one of the largest business groups in India. The Mahindra Group is among the largest industrial houses in India. The Mahindra Group is a US$ 15.9 billion (based on revenues, at exchange rate of US$1 = ₹ 52.36) multinational group based in Mumbai, India, Mahindra Group employs more than 155,000 people in over 100 countries. Mahindra Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, information technology and vacation ownership. In addition, Mahindra Group enjoys a strong presence in the agribusiness, aerospace, components, consulting services, defence, energy, financial services, industrial equipment, logistics, real estate, retail, steel and two wheeler industries. In 2012, Mahindra Group featured on the Forbes Global 2000 list, a listing of the biggest and most powerful listed companies in the world. We believe that our association with the Mahindra Group has enabled us to absorb its corporate values and principles and adhere to the established corporate governance practices. We further believe that our association with the Mahindra Group lends strength to the trust and reliability reposed in us, and enables us to attract and retain fresh talent and in member acquisitions. We further believe that sharing goals and objectives with the Mahindra Group enables us to utilize various synergies which aid in our business and operations.

Club Mahindra brand recognition

At the time of establishing our operations in 1996, we leveraged our business on the Mahindra brand, which is a well established brand name in India. Thereafter, we continued to invest resources to build the brand 'Club Mahindra'. Our Company was selected as a Business Superbrand 2008 by The Brand Council in India, subsequently, our flagship brand Club Mahindra Holidays was selected as a Superbrand 2009. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. This established brand name also accorded us the opportunity to successfully launch new service offerings, such as Club Mahindra Fundays and clubmahindra.travel.

Strong marketing channels

We employ a variety of marketing and sales channels to enrol members. Our marketing channels include advertisements in print media, television, direct mail, e-commerce and on-ground market promotions backed by outbound telemarketing. Our marketing initiatives have received awards from the Mumbai Ad Club in the past for media innovation. We have been following a "permission marketing" approach. We believe we have the skills and a wide distribution coverage, necessary to sell vacation ownership memberships to our target customers. We conduct sales presentations at homes of the prospective customer through direct and franchisee sales teams. In addition, we make presentations at direct and franchisee retail centres called Club Mahindra Holidayworld located at shopping malls and at our resort locations. We also focus on leveraging our growing member base to increase sales through referrals which has proved to be an efficient marketing and sales approach in the recent past. During the year ended March 31, 2012 and the nine month period ended December 31, 2012, referrals attributed to 27% and 30%, respectively, of the total vacation ownerships sold. Our multi-channel sales operations have a pan-India presence covering eight metropolitan and tier II cities. We believe that through our marketing and sales approach we have the ability to identify and access our prospective members and sell our service offerings.

Experienced senior management team

Our senior management team effectively plans and executes our growth strategies. Most of our key managerial personnel have substantial experience in the hotel operations, insurance companies, fast moving consumer goods and the hospitality industries, within and outside India. Our senior management also brings experience from diverse industries such as the retail, insurance products and telecommunications. We believe that having a strong senior management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth.

Our Strategies

We intend to pursue the following principal strategies to leverage our competitive strengths and grow our business:

Enhance our member growth and service excellence by increasing our distribution network and growing the number of resorts and room inventory

We seek to be the preferred partner to the urban family for holidays and holiday services in India. Our focus is to enhance our member growth, service excellence, innovative offerings, brand value and the variety of resorts. We believe that we can accelerate our member acquisition process by increasing our distribution network in cities under coverage and add to the number of cities being covered. As of December 31, 2012, we have a total of 40 resort properties across India, Thailand, Malaysia and Austria, of which we own 19 properties. Our resorts (resorts owned by us or on long term lease with us) contribute an aggregate of 2,134 apartments and rooms of a total of 2,242 apartments and rooms owned or leased by us. We intend to increase the number of our resorts in India and overseas, particularly through greenfield development and acquisitions in popular holiday destinations. For example, we recently completed the acquisition of stake in a company which owns a property in Bangkok, Thailand. In addition, we intend to increase the number of apartments and rooms at some of our existing resorts and focus on developing resorts at new destinations. We may also from time to time selectively lease hospitality properties at high demand destinations to add to the choice of destinations for our members. Increasing our membership base and the number of resorts would enable us to increase our total income from vacation ownership.

We also intend to leverage our Land Bank to construct resorts with 300 to 400 rooms. Currently, we have four ongoing greenfield projects at Virajpet (Karnataka), Naldhera (Shimla), Kanha (Madhya Pradesh) and Assanora (Goa). The project at Virajpet is at an advanced stage of completion of its first phase and we have commenced initial pre-construction activities for the projects at Naldhera, Kanha and Assanora. We are also expanding our resort at Munnar (Kerala). Greenfield projects allow us to control and create a resort environment which provides a unique Club Mahindra holiday experience to our members. For details of our ongoing projects and Land Bank, please see "***Our Business – Our Proposed Resorts and Land Bank***" on page 98.

Continue to build the desirability of our resort experience and focus on our flagship product, Club Mahindra Holidays

Our resorts shall continue to be full service resorts at attractive locations, delivering complete holiday experiences through a wide range of holiday activities, restaurants, amenities and destination-specific experiences. In addition we intend to enhance holiday experiences through resort design, adding innovative activities, and non-conventional accommodation such as log huts, floating cottages and tents.

We intend to continue guiding the overall holiday experience of our members by our 'Member First' philosophy, which is intended to upgrade the experience of members to one of much greater engagement and satisfaction and to offer holistic return from a long term investment. Guided by the 'Member First' philosophy, we have undertaken transformations including standardising resort processes for a uniform experience across resorts. To service our members better, we have added 425 rooms (net) to our inventory during fiscal year 2012. Further, we have upgraded our core reservation engine which now incorporates all entitlement related rules of our members in the system. As a result, we have successfully implemented a complete online booking solution for our members, which was launched in December 2011. Our members have been, increasingly, utilising our online booking solution for making their bookings since its launch. We also launched a new website in April 2012, which utilises the functionalities of our significantly upgraded IT infrastructure. The website has features that will allow assessment of the tastes and preferences of members based on their history, and offer proactive suggestions and holiday options, making the user experience much more interactive. We intend to continue investing in developing our IT infrastructure to enhance customer experience.

Furthermore, as part of the 'Member First' philosophy, we focus on providing preference and priority to our members over non-members and our resorts are open for booking to non-members only if room inventory is unused. Currently, bookings for non-members at our resorts are open only 15 days or lesser in advance.

We also intend to focus more on our flagship product, Club Mahindra Holidays, which contributed 78.49% and 80.25%, respectively, of our consolidated revenue for the year ended March 31, 2012 and of our unconsolidated revenue for the nine month period ended December 31, 2012. In line with this strategy, we have discontinued enrolling new members for Zest memberships and have discontinued accepting new bookings for Mahindra Homestays since December 2012 and February, 2013 respectively. However, we continue to service our existing Zest members.

Leverage on our existing brand and reduce customer acquisition costs

Within the last decade, we have established Club Mahindra as one of the leading brands in the leisure hospitality segment. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. In 2011, our Company won the 'President's Club Award', an award created to recognise top performing RCI affiliates, for its exceptional performance and achievements. Our Company was selected as a Business Superbrand 2008 by The Brand Council in India and subsequently, our flagship brand Club Mahindra Holidays was selected as a Superbrand 2009. Further, our resort at Coorg was listed as No. 1 in 'Top 25 Hotels for Families in India' and as No. 2 in 'Top 25 Hotels for Families in Asia' by Tripadvisor as part of the 'Travellers' Choice Awards 2012'. As part of the 'Travellers' Choice Awards 2012' by Trip Advisor, our resort at Coorg was also included in the 'Top 25 All Inclusive Resorts in Asia'. We believe these have contributed significantly to our growth and our ability to improve our average unit realisations. We will continue to leverage on our demonstrated ability to build brands and intend to invest resources in strengthening Club Mahindra Holidays.

We also intend to rely on our existing brand and reduce customer acquisition costs by reducing expenses towards advertising through expensive media such as print media. We will continue to leverage our growing member base to increase sales through member referrals which is an efficient and cost effective marketing and sales approach.

Expand our operations into new international markets

We intend to expand our operations into international markets to sell the family holidays vacation ownership concept, acquire or develop resort properties and increase our member base. We intend to focus on select international geographies where Indians usually travel to on holiday. We are in the process of evaluating markets such as Dubai, Sri Lanka, South East Asia and have received an investment approval from the Board for investment in Dubai. In line with the same, we are in the process of finalizing our investment in a limited liability company to be incorporated in Dubai, which in turn will have a leasehold right in a hotel property. We believe that this will increase our member base and resort inventory thus resulting in increased revenues.

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including in "***Risk Factors***", "***Use of Proceeds***", "***Placement***" and "***Issue Procedure***" beginning on pages 38, 59, 141 and 122 respectively.

The following is a general summary of the terms of the Issue:

Issuer	Mahindra Holidays & Resorts India Limited
Issue Size	Up to 4,141,084 Equity Shares
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the SEBI Letter, if applicable*, the Basis of Allocation, Allotment Criteria and the CAN. For details Please see "***Issue Procedure***" beginning on page 122.
Eligible Investors	QIBs
Class of Equity Shares	The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, see "***Description of the Equity Shares***" beginning on page 153.
Equity Shares issued and outstanding immediately prior to the Issue	84,639,772 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue	88,780,856 Equity Shares.
Price Band	The Price Band, if any, as decided by our Company in consultation with the Book Running Lead Managers, which shall be announced at least one day prior to the Issue Opening Date.
Floor Price	The Floor Price, as decided by our Company in consultation with the Book Running Lead Managers, in accordance with the SEBI Letter, if applicable*, which shall be announced at least one day prior to the Issue Opening Date.
Cap Price	The higher end of the Price Band, if any, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted.
Listing	(i) Applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from BSE and the NSE vide letters dated March 6, 2013; and (ii) the application for the final listing and trading approval will be made after Allotment.
Lock-up	The Company will not, without the prior written consent of the Book Running Lead Managers, from the date hereof and for a period of up to 60 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention

	with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the MHRIL ESOS 2006; or (ii) the issuance of the Issue Shares pursuant to the terms of this Agreement and the Offering Documents; The Promoter, during the period commencing on the date hereof and ending 30 days after the date of Allotment of Equity Shares under the Issue (the "**Lock-up Period**"), agrees not to: (a) directly or indirectly, offer, lend, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares held by it or any securities convertible into or exercisable for the Equity Shares held by it (including, without limitation, securities convertible into or exercisable or exchangeable for the Equity Shares held by it which may be deemed to be beneficially owned by M&M), or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares held by it or any securities convertible into or exercisable or exchangeable for the Equity Shares held by it (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of the Equity Shares held by it or such other securities, in cash or otherwise); or (c) deposit the Equity Shares held by it with any other depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares held by it in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided, however, that the foregoing restrictions do not apply (i) to any sale, transfer or disposition of the Equity Shares by M&M to the extent such sale, transfer or disposition is required by Indian law; (ii) any sale, transfer or disposition of Equity shares by the Promoter, pursuant to enforcement of any pledge that has been created by the Promoter in respect of the Equity Shares; and (iii) any sale pursuant to a notice dated March 5, 2013, pursuant to which M&M has disclosed its intention to divest upto 3,400,000 Equity Shares pursuant to an offer for sale through the stock exchange mechanism.
Transferability Restrictions	The Equity Shares Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Please see "***Transfer Restrictions***" beginning on page 149.
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2013.
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately ₹ [●] million. Please see "***Use of Proceeds***" on page 59.

Risk Factors	Please see "***Risk Factors***" beginning on page 38 for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting and dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Allotment of the Equity Shares issued, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.
Security Codes for the Equity Shares	**ISIN:** INE998I01010 **BSE Code:** 533088 **NSE Code:** MHRIL

* Pricing-related provisions of Chapter VIII of the SEBI Regulations will be applicable only if we Allot Equity Shares in the Issue to less than 10 investors, and not if we Allot Equity shares in the Issue to 10 investors or more. For further details, please see "***Issue Procedure – SEBI Letter***" on page 122.

SELECTED FINANCIAL INFORMATION

*The following selected financial information is extracted from and should be read in conjunction with, our (i) consolidated summary financial statements and notes thereto as of an for the fiscal years ended March 31, 2012, 2011 and 2010, which are extracted from our audited consolidated financial statements of the Company for the respective years; and (ii) unconsolidated summary financial statements and notes thereto as of and for the fiscal years ended March 31, 2012, 2011 and 2010, and for the nine month period ended December 31, 2012, , which are extracted from our audited unconsolidated financial statements of the Company for the respective years/period; each included in this Red Herring Prospectus. You should refer to the section titled "**Management's Discussion and Analysis of Financial Condition and Results of Operation**" beginning on page 62. Our financial statements are prepared in accordance with Indian GAAP and have been audited by M/s. Deloitte Haskins & Sells, Chartered Accountants*

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Balance Sheet

Amount in ₹ Millions

Particulars	Note	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS :				
Share Capital	**3**	838.46	836.06	832.87
Reserves and Surplus	**4**	4,795.16	4,165.00	3,552.52
		5,633.62	**5,001.06**	**4,385.39**
Minority Interest		**3.43**	**3.28**	**3.25**
Non- Current liabilities				
Long term Borrowings	**5**	66.37	71.73	60.59
Deferred tax liabilities (net)	**6**	366.33	367.77	333.08
Deferred Income - Advance towards members facilities		10,679.71	9,844.27	8,371.70
(refer note 2 (vii) (a))				
Long term provisions	**7**	15.16	11.35	10.62
		11,127.57	**10,295.12**	**8,775.99**
Current liabilities				
Short term Borrowings	**8**	23.09	30.53	100.16
Trade payables	**9**	885.09	681.16	734.44
Deferred Income - Advance towards members facilities		553.21	441.61	339.71
(refer note 2 (vii) (a))				
Other current liabilities	**10**	1,183.67	830.19	769.19
Short term provisions	**11**	402.15	398.27	399.12
		3,047.21	**2,381.76**	**2,342.62**
		19,811.83	**17,681.22**	**15,507.25**
ASSETS				
Non-current assets				
Fixed Assets				
Tangible assets	**12**	5,267.35	4,754.58	4,380.88
Goodwill on consolidation	**12**	680.96	45.52	45.52

Particulars	Note	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Intangible assets	**12**	17.99	24.05	37.47
Capital work in progress	**36**	1,837.55	1,263.37	956.96
Intangible assets under development		118.03	3.02	-
		7,921.88	**6,090.54**	**5,420.83**
Non-current investments	**13**	0.25	0.25	0.25
Long term loans and advances	**14**	1,211.98	780.16	598.13
Other Non-Current Assets	**15**	3,644.72	4,485.09	4,888.44
		4,856.95	**5,265.50**	**5,486.82**
Current assets				
Current investments	**16**	1,261.71	1,133.08	1,953.77
Inventories	**17**	41.92	34.88	32.60
Trade receivables	**18**	5,180.51	4,379.38	2,143.72
Cash and cash equivalents	**19**	150.57	637.20	278.59
Short term loans and advances	**20**	398.08	128.91	190.92
Other current assets	**21**	0.21	11.73	-
		7,033.00	**6,325.18**	**4,599.60**
		19,811.83	**17,681.22**	**15,507.25**

Consolidated Summary Statement of Profit and Loss

Amount in ₹ Millions

Particulars	Note	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Revenue from operations	**22**	5,781.13	5,004.23	4,733.91
Other Income	**23**	715.68	460.22	478.00
Total Revenue		**6,496.81**	**5,464.45**	**5,211.91**
EXPENDITURE :				
Employee benefits expense	**24**	1,328.76	899.92	766.83
Finance costs	**25**	6.51	3.11	11.89
Depreciation and amortisation expense	**12**	230.96	221.28	195.64
Other expenses	**26**	3,497.96	2,871.87	2,471.66
Total Expenses		**5,064.19**	**3,996.18**	**3,446.02**
Profit before tax		1,432.62	1,468.27	1,765.89
Less : Tax expense				
- Current tax		410.20	430.50	550.50
- Overseas Tax		0.46	0.13	6.37
- Deferred tax		(1.44)	34.69	38.34
Profit for the year		**1,023.40**	**1,002.95**	**1,170.68**
Minority Share of (profit) / loss		(0.08)	0.49	(0.09)
Profit for the year		**1,023.32**	**1,003.44**	**1,170.59**
Earnings per share: (In ₹)				
Basic		12.21	12.01	14.34
Diluted		12.19	11.92	14.18

Consolidated Summary Cash Flow Statement

Amount in ₹ Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before tax	1,432.62	1,468.27	1,765.89
Adjustments :			
Depreciation	230.96	221.28	195.64
Finance costs	6.51	3.11	11.89
Interest income	(8.57)	(28.27)	(12.73)
Dividend income	(110.53)	(73.20)	(43.75)
Loss/(Gain) on fixed assets sold/scrapped (net)	(0.32)	5.50	(0.48)
Provision for doubtful debts	0.01	0.96	0.79
Unrealised exchange loss/(gain)	(112.58)	1.65	14.34
Operating profit before working capital changes	**1,438.10**	**1,599.30**	**1,931.59**
Changes in :			
Deferred income - Advance towards members' facilities	947.04	1,575.76	2,903.50
Trade and other receivables	(260.19)	(1,432.06)	(2,443.40)
Inventories	(7.03)	(2.28)	20.01
Trade and other payables	810.57	(381.89)	621.91
	1,490.39	**(240.47)**	**1,102.02**
Income taxes paid	(874.38)	(466.10)	(848.24)
NET CASH FROM OPERATING ACTIVITIES	**2,054.11**	**892.73**	**2,185.37**
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(1,501.24)	(1,020.53)	(1,542.30)
Proceeds from sale of fixed assets	1.46	27.46	18.24
Bank balance not considered as cash and cash equivalents	(30.17)	-	-
Interest received	8.47	19.50	8.42
Dividend income	110.53	73.20	43.75
NET CASH USED IN INVESTING ACTIVITIES	**(1,410.95)**	**(900.37)**	**(1,471.89)**
CASH FLOW FROM FINANCING ACTIVITIES :			
Repayments of borrowings	(12.80)	(58.49)	(146.78)
Dividends paid	(336.92)	(336.88)	(235.00)
Dividend distribution tax paid	(54.66)	(55.96)	(39.94)
Loan to ESOP Trust	(132.00)	-	-
Proceeds from issue of equity shares to ESOP Trust	147.00	-	-
Issue of equity shares	-	-	1,624.25
Purchase consideration paid on acquisition of subsidiary	(635.44)	-	-
Finance costs paid	(6.51)	(3.11)	(11.89)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	**(1,031.33)**	**(454.44)**	**1,190.64**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(388.17)**	**(462.08)**	**1,904.12**

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
CASH AND CASH EQUIVALENTS :			
Opening balance	**1,767.16**	**2,229.24**	**325.12**
Cash and Bank balances acquired on acquisition of subsidiary	**3.38**	**-**	**-**
Closing balance	**1,375.61**	**1,767.16**	**2,229.24**
	1,378.99	**1,767.16**	**2,229.24**
	(388.17)	**(462.08)**	**1,904.12**
Reconciliation between Cash and Cash equivalents with the Balance Sheet			
Cash and cash equivalents as per Balance Sheet	150.57	637.20	278.59
Less: Bank balances not considered as Cash and cash equivalents	33.29	3.12	3.12
Net Cash and cash equivalents	117.28	634.08	275.47
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	1,261.71	1,133.08	1,953.77
Cash and cash equivalents at the end of the year	**1,378.99**	**1,767.16**	**2,229.24**

UNCONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Unconsolidated Summary Balance Sheet

(Amount in ₹ Millions)

Particulars	Note	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS :					
Share Capital	**3**	838.80	838.46	836.06	832.87
Reserves and Surplus	**4**	5,610.55	4,849.95	4,196.91	3,560.36
		6,449.35	**5,688.41**	**5,032.97**	**4,393.23**
Non- Current liabilities					
Deferred tax liabilities (net)	**5**	378.90	366.33	367.77	333.08
Deferred Income - Advance towards members facilities		11,888.42	10,679.19	9,840.22	8,368.02
(refer note 2 (vii) (a))					
Long term provisions	**6**	21.20	14.65	11.35	10.62
		12,288.52	**11,060.17**	**10,219.34**	**8,711.72**
Current liabilities					
Short term Borrowings	**7**	414.47	7.92	15.82	100.16
Trade payables	**8**	713.85	849.83	635.44	699.18
Deferred Income - Advance towards members facilities		625.77	551.18	441.61	338.05
(refer note 2 (vii) (a))					
Other current liabilities	**9**	1,580.22	1,171.55	829.03	767.76
Short term provisions	**10**	12.45	402.09	398.23	399.12
		3,346.76	**2,982.57**	**2,320.13**	**2,304.27**
		22,084.63	**19,731.15**	**17,572.44**	**15,409.22**
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	**11**	4,420.39	4,394.58	4,378.09	4,029.93
Intangible assets	**11**	37.96	15.66	24.05	37.46
Capital work in progress	**40**	2,221.89	1,836.38	1,345.02	934.63
Intangible assets under development		177.92	118.03	3.02	-
		6,858.16	**6,364.65**	**5,750.18**	**5,002.02**
Non-current investments	**12**	1,755.83	823.23	317.78	317.78
Long term loans and advances	**13**	1,542.41	1,290.45	742.82	659.52
Other Non-Current Assets	**14**	4,564.94	3,633.62	4,451.31	4,863.99
		7,863.18	**5,747.30**	**5,511.91**	**5,841.29**
Current assets					
Current investments	**15**	269.26	1,261.71	1,133.08	1,953.77
Inventories	**16**	62.34	36.70	31.40	29.68
Trade receivables	**17**	4,980.21	5,180.51	4,379.38	2,141.86
Cash and cash equivalents	**18**	100.87	83.94	628.32	244.10

Particulars	Note	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Short term loans and advances	**19**	1,886.44	1,041.66	126.44	189.93
Other current assets	**20**	64.17	14.68	11.73	6.57
		7,363.29	**7,619.20**	**6,310.35**	**4,565.91**
		22,084.63	**19,731.15**	**17,572.44**	**15,409.22**

Unconsolidated Summary Statement of Profit and Loss

(Amount in ₹ Millions)

Particulars	Note	Nine months period ended	Year ended	Year ended	Year ended
		December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
REVENUE :					
Revenue from operations	**21**	4,711.52	5,738.30	4,871.25	4,686.59
Other Income	**22**	405.46	627.46	470.32	476.17
Total Revenue		**5,116.98**	**6,365.76**	**5,341.57**	**5,162.76**
EXPENDITURE :					
Employee benefits expense	**23**	1,088.63	1,264.22	847.34	753.58
Finance Costs	**24**	5.28	3.51	1.59	11.59
Depreciation and amortisation expense	**11**	157.50	203.41	201.01	190.96
Other expenses	**25**	2,761.10	3,439.46	2,798.82	2,439.43
Total Expenditure		**4,012.51**	**4,910.60**	**3,848.76**	**3,395.56**
Profit before tax		1,104.47	1,455.16	1,492.81	1,767.20
Less : Tax expense					
- Current tax		331.40	410.20	430.50	550.50
- Deferred tax		12.57	(1.44)	34.69	38.33
Profit after tax		**760.50**	**1,046.40**	**1,027.62**	**1,178.37**
Earnings per share: (In ₹)					
Basic		9.07*	12.49	12.30	14.44
Diluted		9.07*	12.46	12.21	14.27
* not annualised					

Unconsolidated Summary Cash Flow Statement

(Amount in ₹ Millions)

		Nine months period ended	Year ended	Year ended	Year ended
		December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Profit before tax	1,104.47	1,455.16	1,492.81	1,767.20
	Adjustments :				
	Depreciation	157.50	203.41	201.01	190.96
	Finance costs	5.28	3.51	1.59	11.59
	Interest income	(57.34)	(30.64)	(34.23)	(17.49)
	Dividend income	(48.88)	(110.53)	(73.20)	(43.75)
	(Gain) on fixed assets sold/scrapped (net)	(0.69)	(0.32)	(0.86)	(0.48)
	Provision for doubtful debts/(write back)	(0.76)	0.01	0.95	0.32
	Unrealised exchange loss/(gain) (net)	13.64	(8.69)	(8.71)	5.24
		68.75	56.75	86.55	146.39
	Operating profit before working capital changes	**1,173.22**	**1,511.91**	**1,579.36**	**1,913.59**
	Changes in :				
	Deferred income - Advance towards members' facilities	1,283.83	948.53	1,575.79	2,905.42
	Trade and other receivables	(1,113.41)	(380.93)	(1,426.59)	(2,643.62)
	Inventories	(25.64)	(5.30)	(1.72)	22.71
	Trade and other payables	282.79	696.70	(324.12)	516.85
		427.57	**1,259.00**	**(176.64)**	**801.36**
	Income taxes paid	(340.55)	(872.03)	(465.04)	(838.58)
	NET CASH FROM OPERATING ACTIVITIES	**1,260.24**	**1,898.88**	**937.68**	**1,876.37**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of fixed assets including capital work in progress	(651.05)	(892.24)	(1,015.51)	(1,189.58)
	Proceeds from sale of fixed assets	0.73	1.46	27.45	18.23
	Purchase of investments	(932.60)	(505.45)	-	(311.38)
	Interest received	7.91	7.74	19.48	3.36
	Dividend income	48.88	110.53	73.20	43.75
	NET CASH (USED IN) INVESTING ACTIVITIES	**(1,526.13)**	**(1,277.96)**	**(895.38)**	**(1,435.62)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Repayments of borrowings	406.55	(7.90)	(84.34)	(146.78)
	Dividends paid	(338.29)	(336.92)	(336.88)	(235.00)
	Dividend distribution tax paid	(54.92)	(54.66)	(55.96)	(39.94)
	Loan to ESOP Trust	-	(132.00)	-	-

		Nine months period ended	Year ended	Year ended	Year ended
		December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**
	Proceeds from issue of equity shares to ESOP Trust	-	147.00	-	-
	Issue of equity shares	0.44	-	-	1,624.25
	Advances to subsidiaries	(718.13)	(648.68)	-	245.96
	Finance costs	(5.28)	(3.51)	(1.59)	(11.59)
	NET CASH (USED IN) / FROM FINANCING ACTIVITIES	**(709.63)**	**(1,036.67)**	**(478.77)**	**1,436.90**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(975.52)**	**(415.75)**	**(436.47)**	**1,877.66**
	CASH AND CASH EQUIVALENTS :				
	Opening balance	**1,342.53**	**1,758.28**	**2,194.75**	**317.09**
	Closing balance	**367.01**	**1,342.53**	**1,758.28**	**2,194.75**
		(975.52)	**(415.75)**	**(436.47)**	**1,877.66**
	Reconciliation between Cash and Cash equivalents with the Balance Sheet				
	Cash and cash equivalents as per Balance Sheet	100.87	83.94	628.32	244.10
	Less: Bank balances not considered as Cash and cash equivalents	3.12	3.12	3.12	3.12
	Net Cash and cash equivalents	97.75	80.82	625.20	240.98
	Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	269.26	1,261.71	1,133.08	1,953.77
	Cash and cash equivalents at the end of the period	**367.01**	**1,342.53**	**1,758.28**	**2,194.75**

RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 87 and 62 respectively. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may adversely affect our business, financial condition and results of operations. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.*

Unless otherwise stated, the financial information used in this section is derived from our consolidated summary financial statements for fiscal years 2010, 2011 and 2012 and unconsolidated summary financial statements for the nine month period ended December 31, 2012, extracted from our audited consolidated financial statements and audited unconsolidated financial statements for the respective periods prepared under Indian GAAP. The words "our," "us" and "we" refer to our Company and its Subsidiaries, including all businesses, assets and liabilities held therein

Internal Risk Factors

Our inability to manage the timing of vacation requests of our members could lead to member dissatisfaction as well as loss of revenue generation opportunities.

Our members have the flexibility to choose the time (within certain seasonal limitations) and location of their vacations. If more than the anticipated number of members apply for a vacation in the same resort on the same dates of the year, we may not be in a position to satisfy their vacation requests. Declining members the usage of their requested week may lead to member dissatisfaction, which could have an adverse effect on our reputation, growth and results of operations.

Conversely, if less than the anticipated number of members apply to stay at any resort at any given time, we may have a large number of unused apartments, which could lead to a loss of revenue generation opportunities.

Our growth prospects may be affected if our inventory of apartments and rooms does not correspond to the number of vacation ownerships sold by us. Further, our inability to sell vacation ownerships or failure to attract non-member guests to match the increase in our inventory of apartments and rooms may have an adverse effect on our results of operations.

The vacation ownerships we sell are limited by, amongst other things, the total number of apartments and rooms available during the relevant season. As such, if we do not develop, acquire or lease additional resorts or increase the number of apartments and rooms at our existing resorts, we may not be able to sell additional vacation ownerships. As part of our growth strategy, we continuously focus on creation of new resorts. However, as development of resorts takes a substantial lead-time due to various factors, we cannot assure you that such circumstances would not arise in the future, wherein the number of vacation ownerships sold by us may be more than that can be serviced by our inventory of apartments and rooms. Also, certain of our resorts are leased on a short term basis from third parties. If the lessors of these resorts do not renew their lease agreements with us on terms acceptable to us, or at all, or if we are unable to enter into agreements with other lessors of resorts, our inventory of apartments and rooms may be limited. These may limit our growth prospects and adversely affect our business.

Further, our room inventory addition between fiscal 2009 and 2012 has been at a CAGR of 20.3% (from 1,177 to 2,049), which is higher than the CAGR of 15.56% of the growth in our member base during the same period (from 92,825 to 143,258 members). Our inability to sell vacation ownerships or failure to attract non-member guests to match the increase in our inventory of apartments and rooms would result in our inventory being unused and this may have an adverse effect on our results of operations.

As we generate revenues primarily through sale of vacation ownerships (61.30%, 61.17% of our total income for the nine month period ended December 31, 2012 (on an unconsolidated basis) and the fiscal year 2012, respectively (on a consolidated basis), was generated from sale of vacation ownerships), such mismatch between our inventory of apartments and rooms and the number of vacation ownerships sold, may increase our expenditure and decrease our revenue during the period of the development of our resorts and the period where our excess inventory is unused.

Once we enroll a member, we have a long term commitment to service such member. Our inability to maintain and operate our resorts may affect the services offered to our members which in turn may affect our reputation, revenues and results of operations.

Upon enrolment of a member to Club Mahindra Holidays, we have an obligation to service our members for a period of 10 years or 25 years, depending on the tenure of the membership. Further, our members enrolled prior to January 2002 were entitled to vacation for 33 years. Servicing our members requires us to maintain our resorts at certain specified standards for such number of years. Further, the facilities available in each resort are different. We can give no assurance that we will be in a position to service our members for the entire tenure at their level of expectation. Further, out of a total of 2,242 apartments and rooms, 741 apartments and rooms have been taken by us on lease and we are required to adhere to the terms of the respective lease agreements. There can be no assurance that we would not breach any of the terms and conditions of our lease. Occurrence of such a breach may result in the lease being terminated. Our inability to maintain and operate our resorts or to maintain the leases for our leased properties or to maintain the properties situated outside India may have an adverse effect on our reputation, revenues and results of operations.

We may be unable to attract, retain and motivate senior management, hospitality and other skilled personnel, which could have an adverse impact on our operations.

Owing to competition, we may not be able to attract, motivate and retain personnel with the skills and experience needed to successfully manage our business, operations, projects and resorts, and successfully implement our business plan. There have been substantial changes in our key managerial personnel in the last 18 months. Our inability to attract, hire or retain the necessary executive, hospitality, sales, project, marketing and other personnel, or the loss of the services of any member of our senior management team, could adversely affect our strategic and customer relationships, financial condition or results of operations and impede our ability to execute our growth strategies.

The land on which our resort at Munnar is located is subject to legal proceedings.

One of our flagship resorts at Munnar is located on a land that is subject to legal proceedings. The Sub-Collector, District of Devikulam had issued an order on July 3, 2007 cancelling the assignment of the land underlying the Munnar property to our Company and directing the Tahsildar to re-possess the land on the basis that such land is agricultural land. We filed an appeal before the Commissioner of Land Revenue, Trivandrum against the order of the Sub-Collector, however the appeal was dismissed by the Commissioner of Land Revenue through an order dated November 22, 2007. We have filed a writ petition before the Kerala High Court on December 11, 2007 praying for, inter alia, quashing of the orders of the Commissioner of Land Revenue and Sub-Collector, District of Devikulam, and for an interim stay of all proceedings pursuant to the order of the Commissioner of Land Revenue. The Kerala High Court has admitted our writ petition and stayed the orders passed by the Commissioner of Land Revenue and Sub-Collector, District of Devikulam on December 13, 2007. The revenue from our resort at Munnar, as a percentage of our total revenues is stated below:

	Nine months ended December 31, 2012 (Unconsolidated)	**Fiscal Year 2012 (Consolidated)**	**Fiscal Year 2011 (Consolidated)**
Income from Munnar (₹ in million)	69.56	85.07	109.93
Total Income (₹ in million)	5,116.98	6,496.81	5,464.45
Percentage of Total Income (%)	1.36%	1.31%	2.01%

In the event of an adverse final order being passed against us, we may lose ownership of our Munnar resort, which will have an adverse effect on our business and results of operations.

The development and operation of our Lake Pavna resort at Tungi in Maharashtra are subject to receipt of approvals from relevant authorities.

The construction and development of our Lake Pavna resort at Tungi are subject to further approvals from relevant authorities. Whilst we have submitted further drawings of the plan for the resort to the relevant authorities, such drawings remain subject to their approval. There can be no assurance that such drawings submitted by us will be accepted and approved by the authorities. Further, the development and construction plan submitted by our Company may be subject to further modifications, if required. For details of the legal proceedings in this regard, see "***Legal Proceedings – Civil Cases***" on page 162. Any inability on our part to comply with the requirements or conditions imposed by the authorities on the development of the resort may result in failure to exploit the development of the land and to realise the value of our investment in developing the resort, which may have a material and adverse effect on our business and our financials.

There are certain tax proceedings pending against us, which, if finally determined against us, will have an adverse effect on our business.

The vacation ownership industry in India does not have a commonly acceptable revenue recognition policy. Under our revenue recognition policy, admission fee which is non refundable is recognized as income on admission of 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. The admission fee and entitlement fee together constitute the membership fee payable by our members at the time of enrolment. Our Company is involved in two proceedings in relation to income taxation matters regarding our revenue recognition policy wherein the Income Tax Department has asserted that the entire membership fees be considered as taxable income for the relevant assessment year. The legal proceedings relate to the assessment years 2004-05 and 2009-10. The total amount involved in relation to such cases is ₹ 1,016.24 million as on December 31, 2012**.**

Our Company is also involved in certain service tax proceedings wherein our Company has challenged the orders passed by the service tax authority imposing penalties on various grounds including, inter alia non payment of service tax on certain services rendered. The total amount involved in relation to such cases is ₹ 589.85 million. Further, our Company is involved in proceedings in connection with levy of luxury tax in Tamil Nadu and Kerala. The total amount involved in relation to such cases is ₹ 72.35 million.

For more information regarding these income tax proceedings, see "***Legal Proceedings***" on page 161.

We can give no assurance that these legal proceedings will be decided in our favour. In the event that any or all of these legal proceedings are ruled against us it would have an adverse effect on the cash flows. In addition, we may be required to pay the aforesaid amounts along with other applicable penalties and levies, which would have an adverse effect on our results of operations.

We need to adhere to our standard operating procedures and service level agreements and have effective quality control systems without which our business, reputation, results of operations or financial condition could be adversely affected.

The performance and quality of our services at our resorts are critical to the success of our business. These factors depend significantly on the effectiveness of our quality control systems and standard operating procedures or the service level agreements for the leased resorts, which in turn, depend on the skills and experience of the hospitality personnel, the quality training program, and our ability to ensure that such personnel adhere to our policies and guidelines. Any failure or deterioration of our quality control systems could have an adverse effect on our business, reputation, results of operations or financial condition.

We have acquired resorts in the past and may continue to undertake acquisitions, investments, divestitures or strategic relationships in the future which may pose management and other challenges.

We have acquired resorts in the past and may undertake acquisitions, investments, divestitures or strategic relationships in the future as part of our growth strategy in India and overseas. We may be unable to identify acquisition targets that complement our business, and even if we are able to identify suitable acquisition targets, we may not be able to complete acquisitions of such targets on commercially reasonable terms, or at all. In addition, these acquisitions, investments, divestitures or strategic relationships, may not necessarily contribute to our profitability, may divert the attention of our management or require us to assume high levels of debt or contingent or unforeseen liabilities, as part of such transactions. Additionally, we could experience difficulty in combining operations and cultures, and may not realize the anticipated synergies or efficiencies from such transactions. Our ability to successfully integrate acquisitions will depend on a number of factors, including our ability to market and sell vacations at the acquired resorts and our ability to manage acquired resorts in a manner that results in customer satisfaction.

Acquisitions of resorts outside India involve additional risks to those described above, including those related to integration of operations across different cultures and languages, currency risks and the economic, political and regulatory risks associated with specific countries. It is difficult for us to conduct a thorough independent due diligence review of non-public information for such resorts, particularly in certain foreign jurisdictions and in complex matters, such as environmental liabilities, tax and other retrospective regulatory areas. We cannot assure you that our reviews, diligence or inspections (or the relevant review, diligence or inspection reports on which we have relied) would have revealed all liabilities or other problems with the business of such resorts.

There is no assurance that we will be successful with respect to any of these factors. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

Our inability to manage our growth strategy could disrupt our business and reduce our profitability.

We have experienced growth in recent years in inventory and an increase in our memberships and expect our business to continue to grow, including internationally. Although we plan to continue to expand our scale of operations through organic growth and investments in other entities, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. We expect our future growth to place significant demands on our management and operations, and require us to continuously evolve and improve our financial, operation and other internal controls across the organization. In particular, continued expansion increases the risks discussed in this section as well as other risks.

The success of our business will depend greatly on our ability to implement our business and strategies effectively. For details, see "***Our Business***" on page 87. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of our targeted clients. Our inability to manage our business and strategies could have an adverse effect on our business, financial condition and profitability.

We have discontinued new bookings under Mahindra Homestays and sales of new memberships of Zest in the fiscal year 2013, which may adversely impact our results of operations.

In line with our strategy to focus on our flagship offering of Club Mahindra Holidays, we have discontinued new bookings under Mahindra Homestays from February 2013 and have stopped the sale of new memberships of Zest from December 2012. We would, however, continue to service all existing members of Zest (which was a ten year membership programme). Details of revenue generated from both these service offerings are as below:

Zest

	Nine months ended December 31, 2012 (Unconsolidated)	**Fiscal Year 2012 (Consolidated)**	**Fiscal Year 2011 (Consolidated)**
Income from Zest (₹ in million)	164.64	266.66	187.75

Total Income (₹ in million)	5,116.98	6,496.81	5,464.45
Percentage of Total Income (%)	3.22%	4.10%	3.44%

Homestays

	Nine months ended December 31, 2012 (Unconsolidated)	Fiscal Year 2012 (Consolidated)	Fiscal Year 2011 (Consolidated)
Income from Homestays (₹ in million)	10.29	15.41	12.40
Total Income (₹ in million)	5,116.98	6,496.81	5,464.45
Percentage of Total Income (%)	0.20%	0.24%	0.23%

If our resorts do not qualify for participation in an exchange network or if we lose our affiliation with RCI, our Club Mahindra Holidays and Club Mahindra Fundays members could be dissatisfied and our future sales for such service offerings could be affected.

The attractiveness of vacation ownership interest is enhanced by the availability of exchange networks that allow our Club Mahindra Holiday and Club Mahindra Fundays members to exchange their occupancy rights for occupancy rights in a participating network resort. RCI provides broad-based exchange services and our existing 17 resorts are currently qualified for participation in the RCI exchange network. Under our agreements with RCI, we are required to maintain certain standards at our RCI affiliated resorts and our inability to maintain such standards would result in the affiliation being withdrawn by RCI. We cannot be certain that we will be able to continue to qualify our resorts or any future resorts for participation in the RCI network or any other exchange network. If such exchange networks cease to function effectively, or if our resorts are not accepted as exchanges for other desirable resorts, or if RCI withdraws their affiliation with us, our members could be dissatisfied and the sales of vacation ownership interests could decline, which may adversely affect our business and results of operations.

Inability to procure land at our desired locations on acceptable terms may impact our revenues and operations.

As part of our growth strategy and in order to provide best experience to our members, we have purchased and intend to purchase land and develop our own resorts. As on January 31, 2013, we have a Land Bank of 290.14 acres, which are being used or proposed to be used for the development of our proposed resorts. Our future growth plans are dependent on our ability to procure land at our desired locations and on acceptable terms for our future resorts. We may be unable to purchase land if the owners are not ready to sell their land at all or on acceptable terms. Further, suitable land is, in some instances, becoming increasingly expensive on account of various factors, including regulatory restrictions on foreign investment for land acquisition gradually being relaxed, combined with the growth strategies and financing plans of other companies in our business and other businesses which involve land acquisition. In addition, while we may have undertaken the required due diligence on the land prior to purchasing it, there can be no assurance that we may not have inherited a defective title to the land. Any such factors or other factors affecting our ability to acquire desired land, will affect our business and our ability to expand our existing resorts and develop new resorts, resulting in an adverse effect on our revenues and results of operations. Further, any prohibition or restrictions imposed by any government authorities on the development of any portion of our Land Bank or any further land that we may acquire may adversely affect our ability to develop and build resorts.

We face uncertainty of title to lands on which our resorts are located. Failure to obtain good title to a particular plot of land may materially prejudice the success of a development and could adversely impact our business and prospects.

We face uncertainty of title to lands on which our resorts are located. The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. Some of these lands may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances of which we may not be aware. Legal disputes in respect of land title can take several years and considerable expense to resolve if they become the subject of court proceedings and their outcome can be uncertain. The failure to obtain good title to a particular plot of land may materially prejudice the success of a development for which that plot is a critical part and may require us to write off expenditures in respect of the development and, as a result, could adversely impact our business and prospects.

Our resort operations are subject to hazards such as theft and other risks, and could expose us to liabilities, loss in income and increased expenses.

Our resort operations are subject to hazards inherent in our services, such as risks of theft, vandalism, work accidents, fire or explosion, including hazards that may cause injury and loss of life, at our resorts, severe loss and damage to and destruction of property and environment. Some of such incidents which may or may not be caused as a result of negligence or fault of ours could also result in imposition of civil or criminal penalties on us. In addition, such events could affect our business, reputation, financial condition or results of operations.

We have certain contingent liabilities which, if materialise, may adversely affect our business, results of operations, financial condition and prospects.

As of December 31, 2012 and March 31, 2012, we had certain contingent liabilities that have not been provided for in our financial statements. The following table provides our unconsolidated contingent liabilities as at December 31, 2012 and our consolidated contingent liabilities as at March 31, 2012:

(₹ in million)

Particulars	**As of December 31, 2012 (unconsolidated)**	**As of March 31, 2012 (consolidated)**
Receivables securitised with recourse	3,509.77	2,673.12
Claims against our Company not acknowledged as debt in respect of luxury tax	72.35	6.42
Service tax demands for various years disputed by our Company	589.85	-
Income tax matters under appeal	1,016.24	2,854.57

In the event that any of these contingent liabilities materialises, our business, results of operations, prospects, cash flows and financial condition may be adversely affected. For details of contingent liabilities of our Company, see "***Financial Statements***" on page 173.

Our Promoter will continue to exercise significant influence over us and their interests in our business may be different to those of other shareholders.

Prior to this Issue, 82.69% of our issued and outstanding shares are owned by Mahindra & Mahindra Limited, our Promoter. Subsequent to the successful completion of this Issue, 78.83% of our issued and outstanding shares will be held by our Promoter (subject to divestment of any part of its shareholding by the Promoter in our Company pursuant to the OFS mechanism (including pursuant to its notice dated March 5, 2013) or through any other route permitted by law). Our Promoter has, pursuant to its notice dated March 5, 2013, disclosed its intention to divest up to 3,400,000 Equity Shares pursuant to the OFS mechanism. Subsequent to the successful completion of this Issue and the aforementioned divestment of Equity Shares by our Promoter pursuant to the OFS mechanism, 75.00% of our issued and outstanding shares will be held by our Promoter. Our Promoter has, and will continue to have, considerable influence over our business and may take actions that do not reflect the will or best interests of the other shareholders, or our best interests. This concentration of ownership also may delay, defer or prevent a merger, acquisition or change in control and may make some transactions more difficult or impossible to complete. We cannot assure you that the interests of our Promoter will not conflict with our interests or with the interests of other shareholders.

We may be subject to unrest or slow-downs by our employees which may affect our business.

India has labour legislations that protect the interests of workers, including a legislation that sets forth detailed procedures for the establishment of unions, dispute resolution, and employee removal and a legislation that imposes certain financial obligations on employers upon retirement of employees. To the extent that we are subject to unrest, slow-down or increased wage costs due to our employees, either individually or collectively, in one resort or across more than one resort, our business may be adversely affected.

Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations. The potential liability for any failure to comply with environmental laws or for any currently unknown environmental problems could be significant.

We are subject to environmental, health and safety regulations. Under various applicable environmental laws and regulations, we, as the owner or operator of real property may be liable for failing to maintain air and water pollution within prescribed levels, or for failing to comply with various environmental regulations while constructing and operating our resorts. We are also subject to laws and regulations governing relationships with employees for minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits, as well as applicable food safety laws.

Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. If there is any change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

Losses from hurricanes, earthquakes or other disasters in excess of insured limits, as well as uninsured losses, could be significant and could affect our business and results of operations.

Four of our resorts are located in areas that are subject to hurricanes and tropical storms. Additionally, resorts may be subject to damage resulting from earthquakes and other natural disasters. We carry public liability insurance at all of our owned and leased resorts, and fire and special perils insurances with coverage for fires, floods, windstorms and earthquakes at some of our resorts and offices. For instance, during December 2011, our resort at Puducherry was affected by a hurricane, resulting in closure of that resort's operations for a period of four months. We have submitted an insurance claim of ₹ 91.00 million for the losses incurred in this regard, which is currently pending. Any loss not reimbursed by the insurance company could have an adverse effect on our results of operations such as loss from temporary reduction in inventory or from cancellation of bookings. Further, there are certain types of losses, such as losses arising from acts of war and civil unrest that are not generally insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose our capital invested in a resort, as well as the anticipated future revenues from the resort, and would continue to be obligated on any mortgage indebtedness or other obligations related to the property. Any such loss could have an adverse effect on our business and results of operations.

We are subject to risks relating to competition that may adversely affect our performance.

The issues affecting companies in our industry primarily include competition from a broad range of lodging, hospitality, smaller vacation ownership and entertainment companies. Our competitors may offer more favourable terms than the terms that we currently offer. The terms of our sales may be influenced by the terms that our competitors are offering at the time we enter into such contracts. In addition, our business faces other competitive risks, and if such risks materialize, the performance of our business may be adversely affected.

The infringement or the inability to register our intellectual property rights could adversely affect our business.

We have currently registered 26 trademarks/service marks, eight copyrights and 97 domain names, and have made applications for the registration of 10 trademarks/service marks which are currently pending. Out of our pending applications for registration of trademark/service mark, two are currently being opposed. Further, we have initiated litigation in relation to infringement of a service mark. The infringement or the inability to register our trademarks, copyrights, designs and other intellectual property rights could adversely affect our business. Moreover, other parties may challenge the protection of our intellectual property. Our intellectual property rights are fundamental to our brand and we believe the strength of our brand gives us a competitive advantage. We use our intellectual property rights to protect the goodwill of our brand, promote our brand name recognition, enhance our competitiveness and otherwise support our business goals and objectives. We cannot assure you that the steps we take to obtain, maintain and protect our intellectual property rights will be adequate.

We rely heavily on our existing brands and, specifically, the Mahindra brand name, the dilution of which could adversely affect our business. Further, we do not own the Mahindra trademark.

We believe the 'Mahindra' brand commands strong brand recall in India due to its long presence in the Indian market and the diversified businesses in which the group operates. Our success depends on our ability to maintain the brand image of our existing products and effectively build up brand image for our new service offerings. Decrease in quality of our service offerings due to reasons beyond our control or allegations of defects, even when false or unfounded, could tarnish the image of our established brands and may cause consumers to choose other service providers. Further, there can be no assurance that this established brand name will not be adversely affected in the future by events that are beyond our control. In the event that (i) we are unable to leverage on the 'Mahindra' brand name for any reason, (ii) our group companies' actions or incidences adversely affect the 'Mahindra' brand name, (iii) a third party having a right to use our brand name for a specific purpose on limited terms under an arrangement with us misuses our brand, or (iv) customer complaints or adverse publicity from any other source damages our brand, our business, financial condition and results of operations may be adversely affected.

Further, there is significant goodwill in the Mahindra name and trademark. The use of the Mahindra trademark has been licensed to us by Mahindra & Mahindra Limited, a Promoter, with effect from September 20, 1996. If the Mahindra trademark becomes unavailable to us in the event of a breach or termination of the agreement, or in the event of a failure by Mahindra & Mahindra Limited to protect its intellectual property in the Mahindra name and trademark or if the terms under which we have licensed the said name, trademark and logo from Mahindra & Mahindra Limited are altered, our business, financial condition and results of operations could be adversely affected.

Some of our resorts are leased on a short term basis and are terminable by the lessor without assigning any reason.

In addition to our owned resorts and resorts taken under long terms leases, as of December 31, 2012, we have leased 108 apartments and rooms on a short term basis (term less than two years) from third parties to provide additional choice to our members. Such leases are terminable not only by us but also by the lessor without assigning any reason. If the lessors of these resorts terminate their leases or do not renew their lease agreements with us on terms acceptable to us, or at all, or if we are unable to enter into agreements with other lessors of resorts, additional choice to our members would be limited. This may result in member dissatisfaction, affecting our growth prospects and our business. The 108 apartments and rooms on short term lease constitute 4.82% of the total 2,242 apartments and rooms across our 40 resorts.

Some of our leased resorts are not managed or operated by us. If standard operating procedures and service level agreements are not adhered to, our members may be dissatisfied, which would affect our business and results of operations.

Out of our 2,242 apartments and rooms, 741 apartments and rooms have been taken on lease by us. Out of these 741 apartments and rooms taken on lease, 120 apartments and rooms across five resorts are not under our management. Such resorts are managed and operated by third parties from whom we have leased such properties and their management and operations are not under our control. In the event the management of such resorts are not in compliance with standard operating procedures and service level agreements, our members maybe dissatisfied with the services provided by such resorts and this could affect our business and results of operations.

We are exposed to financial risk if our members default on their payment of membership fees and annual subscription fees. Additionally, cancellations of membership including on account of defaults in payment may require us to reverse revenue already recognized by us.

As of December 31, 2012 (on an unconsolidated basis), 26.88% of our receivables were securitized with various banks and financial institutions as security for the financing obtained by us from such banks and financial institutions. In the event of cancellation of memberships that are are securitized with the banks, the banks will have recourse to us for providing substitute new or existing members, which could affect our cash flows and results of operations. If the number of cancellations is significant, our securitization ratings and our future capital expenditure could be adversely affected. We are also subject to default risk on annual subscription fees payable by members.

Further, our members have the option to either pay the full amount of the membership fees or pay through an EMI plan of tenure ranging from 6 to 48 months. Most of our members opt for the EMI based payment plan. Under our revenue recognition policy, the 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 our member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period. In case of cancellation of membership, revenue recognised (excluding the payment already made by a member) is reversed by our Company. Such instances of cancellations and consequent reversal of revenue recognised may adversely affect our results of operations and financial condition.

Disruptions and other impairment of our information technologies and systems could adversely affect our business.

Any disruption or other impairment in our information technology capabilities could harm our business. Currently our Company is in the process of implementing SAP across all operations of our Company. Growth of our business depends inter alia, on the successful implementation of the SAP and the use of other sophisticated information technologies and systems for reservation systems, property management, communications, procurement, member record databases, call centers and administrative systems. We cannot assure you that we will be able to implement the SAP completely and continue to operate effectively and maintain such information technologies and systems.

In addition, our information technologies and systems are vulnerable to damage or interruption from various causes, including power losses, computer systems failures, natural calamities, internet and telecommunications or data network failures, computer viruses, hacking and similar events. We maintain certain disaster recovery capabilities for critical functions in our business. However, we cannot assure you that these capabilities will successfully prevent a disruption to or an adverse effect on our business or operations in the event of a disaster or other business interruption. Any extended interruption in our technologies or systems could significantly curtail our ability to conduct our business and generate revenue.

Demand seasonality may cause fluctuations in the income generated from our room rentals from non-members. Additionally, we are subject to impact of weather and other conditions in the regions where we operate.

We experience seasonal fluctuations in our income from our non-member room rentals. As a part of our 'Members First' strategy, we have imposed certain restrictions on booking of rooms by non-members such as accepting non-member bookings only 15 days or lesser in advance and not accepting non-member bookings at some of our key resorts**,** on account of which income from non-member room rentals may reduce substantially. Such rental income constituted 2.70% of our total income for the fiscal year 2012.

In addition, our results of operations may be affected by the potential impact of weather or other conditions in the regions where we operate. As we expand into new markets and geographical locations, we may experience increased or different seasonality dynamics that create fluctuations in operating results different from the fluctuations we have experienced in the past.

Disruptions or lack of basic infrastructure such as our electricity, water supply and transport could adversely affect our operations.

Any disruption in basic infrastructure such as supply of electricity, water and transportation could affect the operations of our resorts, the services to our guests and increase our operating costs, and, as a result, could have an adverse effect on our business, results of operations and financial condition.

We require regulatory approvals in the ordinary course of our business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require regulatory approvals, sanctions, licenses, registrations and permissions for operating our business, most of which expire in due course from time to time. We generally apply for renewals of such regulatory approvals, sanctions, licenses, registrations and permissions, prior to or upon their expiry. For example, we have applied for the renewal of the boarding and lodging license for our Lake Pavna resort property at Tungi and the same is under process. Further, we have recently acquired certain resorts, which would require the existing approvals, licenses, registrations and permissions in the name of the vendor to be transferred to our Company. In addition, we rely upon the owners of some of our leased resorts to obtain and maintain all regulatory approvals, sanctions, licenses, registrations and permissions for operating those resorts. However, we cannot assure you that we or such owners will obtain all regulatory approvals, sanctions, licenses, registrations and permissions that we may require in the future, or receive renewals or transfers of existing or future approvals, sanctions licenses, registrations and permissions in the time frames required for our operations or at all, which could adversely affect our business, financial condition and results of operations. Further, the approvals, sanctions licenses, registrations and permissions granted to us may be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, which may adversely affect our business, financial condition and results of operations.

We undertake construction risks in the development of our resorts.

We contract with third-party contractors to construct our resorts including for expansion or renovation of our existing resorts, and, accordingly their compliance with our construction schedules and budgets is not fully under our control. The timing and quality of construction of our various projects depends on the availability and skill of these third parties, as well as contingencies affecting them, including labour and raw material shortages and industrial action such as strikes and lockouts. We may not be able to identify appropriately experienced third parties and cannot assure you that skilled third parties will continue to be available at reasonable rates and in the areas in which we develop our resorts, or at all. We may not be able to recover compensation for any resulting defective works or materials or such contractors. We cannot assure you that the services rendered by any of our third-party contractors will always be satisfactory or match our requirements for quality. Any consequent delay in project execution could materially and adversely affect our business, financial condition and results of operations. In addition, claims may be asserted against us for construction defects and may give rise to liabilities.

Further, state and local laws may impose liability on property developers with respect to construction defects discovered or repairs required to be made by future owners of a property. Our construction activities are also subject to risks relating to:

- the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, sales and other required governmental and local regulatory permits and authorizations;
- construction costs or delays at a property may exceed original estimates which could make the development uneconomical or unprofitable;
- the possibility of fines and penalties being imposed on us due to non-compliance with statutory requirements by the contractor; and
- the ability to obtain adequate financing to complete the acquisition, construction or renovation work at resorts.

Any of the above risks, should they occur, could have an adverse effect on our business, results of operation and financial condition.

We are subject to operating or other risks generally applicable to the leisure hospitality industry.

Our business is subject to the following operating or other risks generally applicable to the leisure hospitality industry:

- changes in preferences of our members;

- increases in costs due to inflation that may not be fully offset by price and fee increases in our business;
- competition for desirable sites for the development of resorts; and
- liability under state and local laws with respect to any construction defects in the resorts we develop.

In the event any of the above risks materialise, our business, results of operation and financial condition may be adversely affected.

Our inability to maintain our relationships with our franchisee sales agents and ensure adherence to standard operating procedures by our franchisee sales agents may affect our sales operations.

We conduct our sales through various channels, including through franchisee sales agents. If our franchisee sales agents terminate or do not renew their agreements with us, our franchisee network may be reduced, which may affect our sales operations. In addition, while we have certain minimum standards required to be maintained by our franchisee sales agents, absence of adequate monitoring of these sales agents by us or our inability to maintain effective relationships may also affect our sales operations and results of operations.

The vacation ownership industry has suffered from lack of consumer confidence in the past and our inability to gain the confidence of prospective members may impact our future growth.

The vacation ownership industry in India has suffered from loss of consumer confidence by virtue of inappropriate business practices by certain companies resulting in a general disgruntlement against the vacation ownership industry. We have faced and continue to face the challenge of building consumer confidence in our industry and our inability to generate the required faith and confidence in prospective members will impact our future growth, revenues and results of operation.

There are certain legal proceedings and inquiries pending against our Company, which, if finally determined against us, will have an adverse effect on our business.

There are certain outstanding legal proceedings against us that are incidental to our business and operations, including certain criminal proceedings against us. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. Further, an adverse judgment in any of these proceedings could have an adverse impact on our business, financial condition and results of operations. For details of the material litigations against our Company, see "***Legal Proceedings***" on page 161.

We have not entered into any definitive agreements to use the Net Proceeds.

The Net Proceeds are expected to be used as set forth under "***Use of Proceeds***" beginning on page 59. The use of the Net Proceeds is at our sole discretion. We have not entered into any definitive agreements to utilise these Net Proceeds. We have not identified or approved of any investments in assets or otherwise, or any acquisition targets to utilise the Net Proceeds. There can be no assurance that we will be able to enter into such agreements on terms favourable to us or at all. Accordingly, investors in this Issue will need to rely upon the judgment of our management, who will have considerable discretion with respect to the use of proceeds.

There is no assurance on our Company's ability to pay dividends on the Equity Shares in the future.

While our Company's dividend policy is as set out in the section "***Dividends***" on page 61, the amount of future dividend payments by our Company, if any, will depend on our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, may not declare dividends on the Equity Shares.

Financial statements of our Company for the nine month period ended December 31, 2012 are not strictly comparable with our financial statements for the previous years.

The financial statements included in this Red Herring Prospectus include (i) consolidated summary financial statements of our Company for the fiscal years ended March 31, 2012, 2011 and 2010 extracted from our the audited consolidated financial statements for the respective years; (ii)unconsolidated summary financial statements of our Company for the fiscal years ended March 31, 2012, 2011 and 2010 extracted from our audited unconsolidated financial statements for the respective years; and (iii) the unconsolidated summary financial statements of our Company for the nine month period ended December 31, 2012 extracted from our audited unconsolidated financial statements for this period. The audited consolidated financial statements of our Company for the nine month period ended December 31, 2012 or an extract or summary thereof have not been included in this Red Herring Prospectus.

Accordingly, the unconsolidated summary financial statements of our Company for the nine month period ended December 31, 2012 are not strictly comparable with the consolidated summary financial statements for the fiscal years ended March 31, 2012, 2011 and 2010.

External Risk Factors

A slowdown in economic growth in India and other countries could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India.

The uneven global recovery reflects several underlying issues and consequent risks. First, despite indications of a gathering recovery momentum, the U.S. economy remains dependent on the extension and expansion of monetary and fiscal stimulus in the form of the continuation of near-zero interest rates, quantitative easing and tax reliefs, raising questions on the sustainability of such policy approach and the impact of the eventual unwinding and reversal of these stimuli. In the second half of 2011, the global financial markets experienced significant volatility as a result of, among other things, the downgrading by Standard and Poor's Rating Group, a division of McGraw-Hill Companies, Inc. ("**Standard & Poor's**") of the long-term sovereign credit rating of the United States to "AA+" from "AAA" on August 5, 2011. On July 13, 2011, Moody's Investors Services Limited ("**Moody's**") placed the U.S. government under review for a possible credit downgrade, and on August 2, 2011, Moody's Investors Services Limited confirmed the U.S. government's existing sovereign rating, but stated that the rating outlook is negative. On July 10, 2012, Fitch Ratings Limited ("**Fitch**") affirmed its existing sovereign rating and outlook of the U.S. government. Should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market.

In Europe, especially the Eurozone, large budget deficits and rising public debts have triggered sovereign debt finance crisis that resulted in the bailouts of Greece, Ireland, Portugal and Spain and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in January 2012, Standard & Poor's downgraded the sovereign ratings of various European Union countries and entities, including France, Austria and the European Financial Stability Facility.

Japan has also experienced deflationary pressure since the early 1990s, made worse by the devastating earthquake and tsunami of March 2011 and the consequent damage to its nuclear industry. In emerging and developing economies, particularly China, India, Brazil and Russia, risks to macroeconomic and financial stability have arisen from the influx of short-term capital, excessive currency movements and pressures on general and asset price inflation. These have necessitated further policy tightening, introduction of liquidity management measures and imposition of some forms of capital controls.

The resulting economic pressure and dampened consumer sentiment has adversely affected our business and our results of operations. The risks associated with new member acquisitions are more acute during periods of economic slowdown or recession because such periods are accompanied by decreased discretionary consumer and corporate spending. The economic uncertainties may continue or take place in the future, adversely affect our business, results of operations and financial condition.

Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.

India's sovereign currency long-term debt is currently rated (i) "BBB-" (negative) by Standard & Poor's, (ii) "BBB-" (negative) by Fitch and (iii) "Baa3" (stable) by Moody's. Between April and June 2012, Standard and Poor's and Fitch each downgraded India's sovereign credit outlook from "stable" to "negative," citing the absence, or inadequacy, of domestic reforms. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.
No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not downgrade the credit ratings of India. Any such downgrade would result in India's sovereign debt rating being rated speculative grade, which could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our project expenditure plans, business and financial performance.

Our business may be adversely affected by recent changes in competition law in India.

The Competition Act, 2002, as amended (the "**Competition Act**"), was enacted for the purpose of preventing practices having an appreciable adverse effect on competition in India, and has mandated the Competition Commission of India (the "**CCI**") to regulate such anti-competitive practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India are void and may result in substantial penalties. any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition in the relevant market in India and is considered void. Further, the Competition Act prohibits the abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. If we or any of our employees is penalised under the Competition Act, our business may be adversely affected.

On March 4, 2011, the Government of India notified and brought into force the provisions under the Competition Act in relation to combinations (the "**Combination Regulation Provisions**") with effect from June 1, 2011. The Combination Regulation Provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the Combination Regulation Provisions under the Competition Act. The manner in which the Competition Act and the CCI affect the business environment in India may adversely affect our business.

Changing laws, rules and regulations and legal uncertainties may adversely affect our business and financial performance.

Our business and operations are governed by various laws and regulations. Our business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to our business.

There can be no assurance that the central or state government in India will not implement new regulations and policies which will require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on its operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations.

For example, the Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (the "**Land Acquisition Bill**") was introduced before the Indian Parliament to govern land acquisition processes in India. While the Land Acquisition Bill has not yet been enacted into law, it includes certain provisions, such as those relating to additional restrictions on land acquisition (e.g., certain types of agricultural land) and includes provisions relating to the compensation, rehabilitation and resettlement of affected persons, which if enacted could have an adverse impact on our ability to acquire further land for our resorts.

In December 2012, the Companies Bill was tabled before and passed by the lower house of the Indian Parliament. The Companies Bill provides, inter alia, for significant changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures and corporate social responsibility. The Companies Bill has not yet been tabled before the upper house of the Indian Parliament. The Companies Bill will require the approval of the upper house of the Indian Parliament, as well as the approval of the President of India and publication in the Official Gazette before becoming law. There is therefore no certainty that the Companies Bill will be passed in its current form, or at all. At this stage, we cannot predict with certainty the impact of the Companies Bill or the Land Acquisition Bill on our business and operations, if enacted.

Further, Government of India has announced the union budget for the fiscal year 2014 and the Finance Bill, 2013 has been tabled before the Parliament. However, the Finance Act has not yet been passed by the Parliament. As such, there is no certainty on the impacts that the Finance Bill, 2013 may have on our business and operations or on the industry that we are in.

Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS.

Our financial statements are prepared in accordance with Indian GAAP, which differs in significant respects from U.S. GAAP and IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP or IFRS, which may be material to your consideration of the financial information prepared and presented in accordance with Indian GAAP contained in this Red Herring Prospectus. You should rely on your own examination of our Company, the terms of the Issue and the financial information contained in this Red Herring Prospectus.

Our transition to the use of the IFRS converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

On February 25, 2011, the Ministry of Corporate Affairs, Government of India ("**MCA**"), notified that the IFRS converged Indian Accounting Standards ("**IND AS**") will be implemented in a phased manner and stated that the date of implementation of IND AS will be notified by the MCA at a later date. As of date, there is no significant body of established practice on which to draw from in forming judgments regarding the implementation and application of IND AS. Additionally, IND AS has fundamental differences with IFRS and as a result, financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as Indian companies begin to prepare IND AS financial statements.

Further, there is no assurance on the impact of IND AS on our significant accounting policies. The adoption of IND AS by us and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have an adverse effect on our financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments, as well as other financial policies and regulations, may have an adverse effect on our business, financial condition and results of operations.

We are subject to taxes and other levies imposed/to be imposed by the Central or State Governments in India, including customs duties, central sales tax, state sales tax, service tax, income tax, value added tax, luxury tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State Governments may adversely affect our competitive position and profitability.

Central and State Governments of India have introduced various schemes to boost tourism. Any withdrawal of such schemes may affect our working.

There are certain incentives and concessions granted or provided by the Government of India or the applicable state governments that are currently being enjoyed by the tourism industry. There is no guarantee that such incentives or concessions will continue or will not be withdrawn by the Government of India or the applicable state governments in the future.

Our revenues are highly dependent on the travel industry and declines in or disruptions to the travel industry, such as those caused by acts of God, war, financial instability or a downturn in economic growth, may adversely affect our financial condition and results of operation.

Declines in or disruptions to the travel industry may adversely affect our financial condition and results of operations. Our revenues and profits, and in turn our financial condition, may be adversely affected by exogenous events that generally adversely affect the travel industry. Such events include terrorist incidents and threats (and heightened travel security measures instituted in response to such incidents and threats), acts of God (such as earthquakes, hurricanes, fires, floods and other natural disasters), war, bird flu and other pandemics, the financial instability of air carriers, airline job actions and strikes, increases in gas and other fuel prices and a downturn in economic growth. The occurrence or worsening of any of these types of events could result in a decrease in overall travel and consequently in a decrease in travel by non-local visitors to our resorts.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on our business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative impact on the economies, financial markets and business activities in the countries in which our end markets are located, which could have an adverse effect on our business. The outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia and the outbreak of avian influenza, or bird flu, across Asia and Europe, have adversely affected a number of countries and companies. Although we have not been adversely impacted by these outbreaks, we can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on our business.

The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition. The spread of pandemic diseases, or the occurrence of natural disasters, in India or the international markets in which we operate, could restrict the level of economic activities generally or slow down or disrupt our business activities, which could in turn adversely affect our business, financial condition and results of operations.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect consumer confidence and the Indian and worldwide financial markets. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about regional stability. India has also experienced civil disturbances due to adverse social, economic and political events in India, which could continue in the future. The materialization of any of these risks could adversely affect investors' perceptions of India and Indian companies, our business and results of operations.

Political instability or changes in the Government or its policies could impact the liberalization of the Indian economy and adversely affect economic conditions in India generally.

The Government has traditionally exercised, and continues to exercise, significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or social developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. However, the rate of economic liberalization could change and we cannot assure you that such policies will be continued. A change in the government or in the government's future policies could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

Risks Related to the Equity Shares

After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in, and changing perceptions concerning the industries in which we operate, adverse media reports on us, changes in the estimates of our performance or recommendations by financial analysts and significant developments in India's economic liberalization, deregulation policies and fiscal regulations. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in certain other economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Equity Shares circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

There may be less information available about companies listed on Indian stock exchanges than companies listed on stock exchanges in other countries.

There may be less publicly available information about companies listed on Indian stock exchanges, including us, than is regularly disclosed by companies listed on stock exchanges in other countries. There is also a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in certain other economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many certain other countries. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Indian stock exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution, or unless we have obtained government approval to issue without such special resolution, subject to votes being cast in favor of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in us would be reduced.

Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Any future equity issuance may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us may lead to the dilution of your shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. For instance, for the purpose of meeting minimum public shareholding requirements (as detailed below), our Promoter has, pursuant to a notice dated March 5, 2013, disclosed its intention to divest upto 3,400,000 Equity Shares pursuant to the OFS mechanism. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Under the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), listed companies are required to maintain public shareholding of at least 25% of their issued share capital. Pursuant to the Securities Contracts (Regulation) (Amendment) Rules, 2010, notified on June 4, 2010 and the notification of the Ministry of Finance, Government of India dated August 9, 2010, the SCRR was amended to define public shareholding to refer to persons other than a company's promoter and promoter group and subsidiaries and associates, and excluding shares held by a custodian against which depository receipts have been issued overseas. We are required to increase our public shareholding to at least 25% of our issued share capital within three years of the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010. Failure to comply with the minimum public shareholding provision may require us to delist our Equity Shares and may result in penal action being taken against us. We may not be able to meet these requirements even after the Allotment of Equity Shares pursuant to the Issue and to meet such requirements, our Promoters may sell or we may issue Equity Shares in the future.

You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. For details, see "***Taxation***" on page 156.

An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the Allotment of the Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the Allotment of Equity Shares, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot assure you that these restrictions will not have an adverse effect on the price of the Equity Shares.

We cannot assure you that our Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, which may restrict your ability to dispose of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted by the BSE and the NSE until after the Equity Shares offered in this Issue have been allotted. In addition, we are required to deliver the Red Herring Prospectus and the Prospectus to the Registrar of Companies for registration under the applicable provisions of the Companies Act and the SEBI Regulations. Approval will require all other relevant documents authorising the issuance of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares.

MARKET PRICE INFORMATION

As of the date of this Red Herring Prospectus, 84,639,772 Equity Shares have been issued and are fully paid up. The Equity Shares are listed on the BSE and the NSE. As the Equity Shares are actively traded on the BSE and the NSE, the stock market data has been given separately for each of these Stock Exchanges. Our Equity Shares have been listed on the BSE and the NSE since July 16, 2009.

The table set forth below indicates the high and low prices of the Equity Shares and the volume of trading activity for the specified periods. The closing prices of the Equity Shares on both BSE and the NSE on March 5, 2013 were ₹ 277.85 and ₹ 279.35 per Equity Share, respectively.

The high, low and average market prices of the Equity Shares for the periods indicated are as below:

BSE									
Year ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)(3)**
2010	March 29, 2010	562.25	28,893	16.23	July 16, 2009	317.10	8,496,446	2,760.21	396.57
2011	July 22, 2010	564.95	6,889	3.88	February 10, 2011	338.75	1,943	0.66	443.80
2012	April 6, 2011	391.70	69,356	27.41	March 16, 2012	268.40	2,556	0.69	331.11

(Source: www.bseindia.com)

NSE									
Year ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)(3)**
2010	March 29, 2010	567.20	116,236	65.41	July 16, 2009	317.45	12,746,398	4,145.31	397.15
2011	July 22, 2010	563.95	223,367	123.13	February 10, 2011	340.25	2,584	0.88	443.97
2012	April 6, 2011	389.35	173,541	68.03	March 16, 2012	266.75	7,193	1.94	331.10

(Source: www.nseindia.com)

Notes:

(1) High, low and average prices are of the daily closing prices.

(2) In case of two days with the same closing price, the date with the higher volume has been considered.

(3) Average price represents the average of the daily closing prices of each day for each year presented.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus:

BSE									
Month	**Date**	**High (₹)** [(1)]	**Volume (No. of Equity Shares)** [(2)]	**Volume on date of High (In ₹ million)**	**Date**	**Low (₹)**	**Volume (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)** [(3)]
February	February 1, 2013	302.20	2,483	0.75	February 26, 2013	275.80	8,145	2.26	292.47
January	January 8, 2013	341.70	7,460	2.53	January 30, 2013	303.60	4,559	1.40	326.22
December	December 27, 2012	346.05	16,773	5.91	December 7, 2012	320.95	12,492	4.04	330.53
November	November 26, 2012	324.65	80,422	26.20	November 15, 2012	276.55	1,622	0.45	292.59
October	October 19, 2012	290.90	80,830	23.51	October 30, 2012	274.45	3,530	0.98	282.67
September	September 21, 2012	292.00	25,916	7.62	September 5, 2012	267.55	971	0.26	281.59

(Source: www.bseindia.com)

NSE									
Month	**Date**	**High (₹)** [(1)]	**Volume (No. of Equity Shares)** [(2)]	**Volume on date of High (In ₹ million)**	**Date**	**Low (₹)**	**Volume (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)** [(3)]
February	February 1, 2013	300.95	11,211	3.41	February 26, 2013	275.65	11,830	3.28	292.33
January	January 8, 2013	343.90	16,441	5.60	January 30, 2013	302.40	44,720	13.56	325.43
December	December 27, 2012	346.15	84,822	29.86	December 7, 2012	319.65	60,414	19.49	330.72
November	November 26, 2012	324.50	231,741	74.88	November 2, 2012	277.10	10,825	3.00	292.43
October	October 18, 2012	289.60	8,990	2.61	October 30, 2012	273.95	7,065	1.95	282.92
September	September 21, 2012	291.90	7,984	2.30	September 5, 2012	267.15	5,502	1.48	281.80

(Source: www.nseindia.com)

Notes:

[(1)] High, low and average prices are of the daily closing prices.

[(2)] In case of two days with the same closing price, the date with the higher volume has been considered.

[(3)] Average Price represents the average of the daily closing prices of each day for each month presented.

Market price on January 22, 2013, the first working day following the Board meeting approving the Issue was:

Date	**BSE**				**NSE**			
	Open	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
January 22, 2013	329.80	331.00	319.70	320.65	329.30	332.05	318.70	319.95

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
Volume (No. of Equity Shares)				14,524				19,479

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
February	244,442	305,558
January	114,295	475,447
December	750,312	1,543,257
November	648,046	1,418,027
October	162,933	277,013
September	77,546	120,844

(Source:www.bseindia.com, www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be approximately ₹ [●] million. After deducting fees and expenses of approximately ₹ [●] million, the net proceeds of the Issue will be approximately ₹ [●] million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds of the Issue to meet the expansion/renovation of existing resorts, acquisition of new land parcels/properties, construction/development of new resorts at various locations within and outside India either by way of acquisition of fixed assets/companies or bodies corporate or by investment in Subsidiaries/companies or bodies corporate which will hold such assets/ develop resorts and for general corporate purposes.

Subject to supervision of the Audit Committee and the Board as required under the provisions of the Equity Listing Agreement, the management of our Company will have flexibility in deploying the proceeds received by our Company from the Issue. Pending utilisation of the net proceeds of the Issue as described above, our Company intends to temporarily invest the funds in interest bearing instruments including deposits with banks and investments in equity or debt mutual funds.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation and total debt, on an unconsolidated basis, as of December 31, 2012 and as adjusted to give effect to the Issue. This table should be read in conjunction with "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and our financial information contained in "***Financial Statements***" beginning on pages 62 and 173 respectively.

(In ₹ Million)

	As of December 31, 2012	As adjusted for the Issue
Shareholders' funds		
Equity share capital*	838.80	[●]**
Reserves and surplus	5,610.55	[●]**
Total shareholders' funds (A)	6,449.35	**[●]****
Total Debt		
Long Term Borrowings	-	
Short Term Borrowings	414.47	
Total Debts (B)	**414.47**	**[●]****
Total (A+B)	**6,863.82**	**[●]****

* *Includes 759,842 Equity Shares allotted to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust.*

** *To be included in the Prospectus after determination of the Issue Price.*

There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering this Red Herring Prospectus with the RoC until the Equity Shares offered in the Issue have been listed on the Stock Exchanges or the Application Amounts are refunded, on account of *inter alia*, refusal of the listing of such Equity Shares by the Stock Exchanges.

DIVIDENDS

Our Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of our Company's earnings, capital requirements, overall financial position and other factors prevailing at the time.

The dividend paid by our Company in the last three Fiscals is as provided below:

	Financial Year 2010	Financial Year 2011	Financial Year 2012
Face value per Equity Share (₹)	10	10	10
Dividend (₹ Million)*	336.92	336.92	338.56
Dividend per equity share (₹)	4	4	4
Dividend rate (% to paid up capital)	40	40	40

** Excluding corporate dividend tax*

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our consolidated summary financial statements and notes thereto as of an for the fiscal years ended March 31, 2012, 2011 and 2010, which are extracted from our audited consolidated financial statements of the Company for the respective years; and (ii) unconsolidated summary financial statements and notes thereto as of and for the fiscal years ended March 31, 2012, 2011 and 2010, and for the nine month period ended December 31, 2012, , which are extracted from our audited unconsolidated financial statements of the Company for the respective years/period; and the notes thereto, which appear elsewhere in this Red Herring Prospectus and are prepared in accordance with the Companies Act and Indian GAAP. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP. Accordingly, all references to a particular fiscal year are to the 12 month period ended March 31 of that year. Unless specified otherwise, the discussion in this section is based on our consolidated summary financial statements for the fiscal years 2012, 2011 and 2010.

The audited consolidated financial statements for the year ended March 31, 2010 have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure as per the revised Schedule VI of the Companies Act which became effective from April 1, 2011 and also to conform with the classification criteria for the subsequent comparative periods presented in the consolidated summary financial statements.

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, please see "**Risk Factors**" on page 38.*

Overview

We are one of the leading leisure hospitality providers in India, offering quality family holidays with a range of services designed to meet the diverse holiday needs and interests of a family. We provide family holidays primarily through vacation ownership memberships. Our members can choose to stay and holiday at resorts in a range of holiday destinations for a pre-determined number of days in a year for a fixed number of years. Our resorts offer the use of furnished accommodation, such as apartments and rooms, and an experience through resort specific amenities and facilities, such as restaurants, ayurvedic spas, kids clubs and a variety of holiday activities.

We seek to be the preferred partner to the urban family for family holidays and holiday services in India. It is our vision to be the number one family holiday provider in our target markets by consistently delivering attractive resort destinations, innovative offerings and service excellence, not only during the holiday but also throughout the membership period.

'Club Mahindra Holidays' is our flagship service offering. In addition to Club Mahindra Holidays, our portfolio of vacation ownership offerings also include 'Club Mahindra Fundays', a points based holiday ownership product for corporates to use for employee reward and recognition and clubmahindra.travel, a travel and holiday related service for both members and other customers. Until recently, our portfolio of offerings also included 'Zest', which targeted young urban families for short break holidays and 'Mahindra Homestays', which marketed homestays to overseas and Indian travellers wishing to experience the real India by lodging with a host family in India. In line with our strategy of focusing on our flagship service offering 'Club Mahindra Holidays', we have discontinued enrolling new members for Zest and have discontinued accepting new bookings for Mahindra Homestays, from December 2012 and February, 2013 respectively. However, we continue to service existing Zest members.

Club Mahindra Holiday membership currently entitles members the choice of holidaying at any of our 40 resorts, for seven days each year, in a season and apartment type of their choice, for 10 or 25 years depending on the tenure of the membership. Club Mahindra members enrolled prior to January 2002 were entitled to vacation for 33 years and as of December 31, 2012, we have 11,130 such members. Our members also have the option of choosing to holiday outside their season and apartment of their entitlement by using our exchange program. There is further flexibility accorded to our members in being able to bring or carry forward their annual entitlement, subject to certain limits. In addition, our members can choose to access a range of resorts globally through our RCI affiliation. As of December 31, 2012, we have 143,744 Club Mahindra Holiday vacation ownership members.

Club Mahindra Fundays was launched in October 2006 and targets corporate houses. Club Mahindra Funday membership currently entitles corporates for a period of 10 years to offer family holidays to their employees. We launched clubmahindra.travel in April 2007 to provide a one-stop shop for travel and holiday related services.

Our memberships provide members the right to use our resorts over the period of their membership and are not a property or deeded sale. This type of a membership, where the member has the flexibility to choose a different resort and the time to holiday every year (with certain seasonal limitations) is known as a "floating week – floating resort" model. We also provide our members with a fixed price structure, which we believe is consumer friendly. In addition, we also provide easy EMI options for the membership price to our prospective members.

Our Company was selected as a Business Superbrand 2008 by The Brand Council in India, subsequently, our flagship brand Club Mahindra Holidays has been selected as a Superbrand 2009. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. Our Company was awarded the 'CSI 2011 Awards for Excellence in IT' for the travel and hospitality sector by the Computer Society of India. In 2011, our Company won the 'President's Club Award', an award created to recognise top performing RCI affiliates, for its exceptional performance and achievements. RCI has awarded 12 of our resorts the prestigious RCI Gold Crown Award and our resort at Varca, Goa has been recognized for having received the RCI Gold Crown Award for 11 years in a row and our resort at Munnar, Kerala has been recognized for having received the RCI Gold Crown Award for 10 years in a row. The RCI Gold Crown Award annually recognizes resorts across the world for superior resort facilities, services and hospitality based on user feedback. Apart from the RCI Gold Crown Award, our resort at Munnar has also been accredited with a 5 Star Rating by the Ministry of Tourism, Government of India. Further, our resort at Coorg was listed as No. 1 in 'Top 25 Hotels for Families in India' and as No. 2 in 'Top 25 Hotels for Families in Asia' by Tripadvisor as part of the 'Travellers' Choice Awards 2012'. As part of the 'Travellers' Choice Awards 2012' by Trip Advisor, our resort at Coorg was also included in the 'Top 25 All Inclusive Resorts in Asia'. Our member relations department has been ISO 9001:2000 certified by Indian Registered Quality Systems in July 2007. Further, the information security management system of our Company has been ISO 27001:2005 certified by British Standards Institution.

Our fees include a membership fee which is paid at or around the time of enrolment as a member (depending upon the payment plan selected by the member) as well as an annual subscription fee which is payable annually throughout the membership period for annual servicing and maintenance of the resorts. The member also pays for use of various facilities and services at the resort, including food and beverages, spa facilities and services and certain holiday activities.

For the year ended March 31, 2012, our consolidated total income was ₹ 6,496.81 million and net profit was ₹ 1,023.32 million, as compared to consolidated total income of ₹ 5,464.45 million and net profit of ₹ 1,003.44 million for the year ended March 31, 2011. Our unconsolidated total income and net profit for the nine months ended December 31, 2012 was ₹ 5,116.98 million and ₹ 760.50 million respectively.

Basis of Preparation of Accounts

In accordance with Accounting Standard ("**AS**") 21 – Consolidated Financial Statements, our consolidated financial statements for the fiscal years 2012, 2011 and 2010 consolidate the financial results of our subsidiaries, namely Mahindra Holidays and Resorts USA Inc, MHR Hotel Management Gmbh, Mahindra Hotels and Residences India Limited, Bell Tower Resorts Private Limited, Heritage Bird (M) Sdn Bhd and BAH Hotelanlagen AG. We acquired 100% of the equity share capital of Bell Tower Resorts Private Limited during fiscal year 2012. During the nine months ended December 31, 2012, we have acquired 100% of the equity share capital of Holiday on Hills Resorts Private Limited, Gables Promoters Private Limited and Divine Heritage Hotels Private Limited and have acquired 49% of share capital and management control over MH Boutique Hospitality Limited, Thailand which in turn holds 51% of the share capital of Infinity Hospitality Group Company Limited, Thailand. By virtue of management control, MH Boutique has become Subsidiary of our Company and similarly, by virtue of MH Boutique Hospitality Limited, Thailand holding of 51% in Infinity Hospitality Group Company Limited, Thailand, it is also a Subsidiary of our Company.

Our financial results are prepared and presented in one business segment, sale of vacation ownership and other related services. As of the date of this Red Herring Prospectus, our subsidiaries, Mahindra Holidays and Resorts USA Inc, Mahindra Hotels & Residences India Limited and MH Boutique Hospitality Limited, Thailand do not conduct any business.

Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

Increase in our member base

Our financial results are directly affected by the number of vacation ownerships we can sell, resulting in an increase in our member base and the additional fees received by us from such new members. As of December 31, 2012, March 31, 2012, 2011 and 2010, we had 155,221, 143,258, 125,169 and 109,884 members, respectively, through our own and franchisee marketing and sales channels present across India.

Success of our marketing and sales network and our brand prominence

Our results of operations are also dependent upon the spread and service abilities of our marketing and sales network. As of December 31, 2012, we have 16 branches and 44 retail outlets across India of which 35 are owned and 9 are franchised. We have 139 direct to home operations which are franchised by us. Also, as of such date, we have 18 on-site operations at some of our resorts. In addition, we have service and representative offices in Dubai. We are in the process of discontinuing our service office in Dubai from April 2013 on account of opening a representative office and necessary formalities in this regard are being initiated.

In the fiscal year 2012, approximately 27% of our sales were through member referrals. Our membership enrolments have increased at a CAGR of 15.56% over the last three fiscal years. Over the same period, our average unit realisation for a member also increased at a CAGR of 7.99%.

Our business is significantly dependent on the continued establishment and promotion of our flagship brand, being Club Mahindra Holidays, and other brands through which we offer our service offerings, including Club Mahindra Fundays and clubmahindra.travel. In line with our strategy of focusing on our flagship service offering 'Club Mahindra Holidays', we have discontinued enrolling new members for Zest and have discontinued accepting new bookings for Mahindra Homestays, from December 2012 and February 2013 respectively. However, we continue to service existing Zest members. Promoting and positioning these brands largely depends on the success of our marketing and merchandising efforts and our ability to provide a consistent, high-quality consumer experience.

Ability to acquire and build our room and resort inventory

Our revenues are also dependent on the number of rooms at our resorts and our resort network. We have historically been able to create tourist destinations of lesser known places such as Munnar, Binsar, Coorg, Ashtamudi and Kumbalgarh. We believe that this ability helps us choose from a wider range of destinations which are lower cost alternatives. We either purchase land and construct our resorts, or acquire or take resorts on lease on a long term basis. As at December 31, 2012, we have 19 owned resorts and 21 resorts on lease, of which we operate and manage 16 leased resorts, which allows us to control the quality of the consumer experience.

Operating Expenses

Our results of operations are affected by our ability to control the cost of developing and operating resorts and leased rooms and the costs and margins of our food and beverage operations. Our results of operations are also affected by changes in employee benefits expense, and sales and marketing costs including spending on information technology and member relations. Further, our resorts have to be renovated periodically to keep up with changing trends and consumer demands, and such renovation may involve significant development and maintenance costs. We expect that our operating expenses will continue to increase as a result of the growth of our business and other factors.

Changes in Economic and Market Conditions

Our results of operations are affected by factors such as changes in global and domestic economies, changes in local market conditions, the cost and availability of financing and other similar factors. The growth in the Indian economy is expected to continue to be a strong driver for growth in the hospitality sector. In the past, increases in disposable incomes and change in spending habits, as well as in business opportunities, have stimulated leisure travel, leading to increased demand for our offerings and resorts. However, the current slowdown in global economies and challenging macroeconomic conditions in India can impact us by creating negative consumer sentiment regarding discretionary spend, and consequently having an adverse impact on our business, results of operations and financial condition. Specifically, in the second quarter of fiscal 2012, we experienced a reduction in the pace of new member acquisitions for our flagship Club Mahindra Holidays vacation ownership programme, as customers postponed purchase decisions.

Significant Accounting Policies

Our consolidated financial statements are prepared in accordance with Indian GAAP, the mandatory accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules 2006, as amended and with the relevant provisions of the Companies Act, and the accompanying notes thereto included in this Red Herring Prospectus. Our Subsidiaries which are incorporated outside India prepare their accounts in accordance with accounting standards applicable to the respective jurisdictions where they are incorporated. Certain key accounting policies that are relevant and specific to our business and operations have been described below. Our financial statements have been prepared based on historical cost convention on an accrual basis and in accordance with applicable accounting standards.

Principles of Consolidation

The financial statements of our 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 in accordance with AS-21 – Consolidated Financial Statements after eliminating intra-group transactions and any unrealised gains or losses on the balances remaining within the group.

The difference in the cost of investment in the subsidiaries over our Company's portion of equity of the subsidiary is recognized in the financial statements as goodwill or capital reserve.

The financial statements of our 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.

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 recognised 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 recognised 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 installments 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.

(c) Interest on installment sales is recognised as income on an accrual basis.

(d) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.

(e) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, the 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 recognised when services are rendered.

(h) Interest income from loans is accounted on time proportion basis and dividend income from mutual funds is accounted as and when right to receive is established.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation is calculated on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 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.

Inventories

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

Investments

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

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 statement of profit and loss.

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 statement of profit and loss.

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.

Results of Operations

The following table sets forth select financial data from our unconsolidated profit and loss account for the nine months period ended December 31, 2012 and the consolidated profit and loss accounts for the fiscal years 2012, 2011 and 2010, the components of which are also expressed as a percentage of total revenue for such periods.

	Nine months ended		**Fiscal Year**		**Fiscal Year**		**Fiscal Year**	
	December 31, 2012 (Audited Unconsolidated)		**2012 (Audited Consolidated)**		**2011 (Audited Consolidated)**		**2010 (Audited Consolidated)**	
	(₹ in million)	**% of total revenue**	**(₹ in million)**	**% of total revenue**	**(₹ in million)**	**% of total revenue**	**(₹ in million)**	**% of total revenue**
Revenue:								
Revenue from operations	4,711.52	92.08	5,781.13	88.98	5,004.23	91.58	4,733.91	90.83
Other income	405.46	7.92	715.68	11.02	460.22	8.42	478.00	9.17
Total Revenue	**5,116.98**	**100.00**	**6,496.81**	**100.00**	**5,464.45**	**100.00**	**5,211.91**	**100.00**
Expenditure:								
Employee benefits expense	1,088.63	21.27	1,328.76	20.45	899.92	16.47	766.83	14.71
Other Expenses	2,761.10	53.96	3,497.96	53.84	2,871.87	52.55	2,471.66	47.42
Finance costs	5.28	0.11	6.51	0.10	3.11	0.06	11.89	0.23
Depreciation and amortisation	157.50	3.08	230.96	3.56	221.28	4.05	195.64	3.76
Total Expenditure	**4,012.51**	**78.42**	**5,064.19**	**77.95**	**3,996.18**	**73.13**	**3,446.02**	**66.12**
Profit before tax	1,104.47	21.58	1,432.62	22.05	1,468.27	26.87	1,765.89	33.88
Provision for taxation:								
Current Tax	331.40	6.48	410.20	6.31	430.50	7.88	550.50	10.56
Overseas Tax			0.46	0.00	0.13	0.00	6.37	0.12
Deferred Tax	12.57	0.24	(1.44)	(0.02)	34.69	0.64	38.34	0.74

	Nine months ended December 31, 2012 (Audited Unconsolidated)		Fiscal Year 2012 (Audited Consolidated)		Fiscal Year 2011 (Audited Consolidated)		Fiscal Year 2010 (Audited Consolidated)	
	(₹ in million)	% of total revenue	(₹ in million)	% of total revenue	(₹ in million)	% of total revenue	(₹ in million)	% of total revenue
Profit for the year	**760.50**	**14.86**	**1,023.40**	**15.75**	**1,002.95**	**18.35**	**1,170.68**	**22.46**
Minority share of profit/(loss)	-	-	(0.08)	0.00	0.49	0.01	(0.09)	0.00
Profit for the year	**-**	**-**	**1,023.32**	**15.75**	**1,003.44**	**18.36**	**1,170.59**	**22.46**

Total Revenue

We are in the business of sale of vacation ownership. Our total revenue primarily comprises income from sale of vacation ownership, income from resorts, annual subscription fee, and income from travel services & home stays. Our total revenue was ₹ 6,496.81 million, ₹ 5,464.45 million and ₹ 5,211.91 million for the fiscal years 2012, 2011 and 2010, representing fiscal year over fiscal year increases of 18.89% and 4.85%, respectively. Our total revenue increased at a CAGR of 13.69 % over the last three fiscal years. We attribute the growth in our total revenue during the fiscal year 2012 to increase in income from sale of vacation ownerships, increase in annual subscription fees as a result of an increase in the number of new members as well as an increase in subscription fees payable by existing members, income from sale of services at the resorts, increase in income from travel services and home stays as well as dividend from current investments and interest income (primarily on installment sales), gain on foreign exchange translation and income from securitisation. Further, for the nine month period ended December 31, 2012 our unconsolidated total revenues were ₹ 5,116.98 million.

Revenue from operations

Our revenue from operations includes income from sale of vacation ownership, income received on account of cancellation or termination of memberships, the annual subscription fee received from our members, income from resort operations and income from travel services and home stays. Income from resort operations includes income from room rentals when our resort services are sold to non-members, sale of food and beverages (both alcoholic and non-alcoholic) and other income including laundry, health clubs and excursions. Our revenue from operations was ₹ 5,781.13 million, or 88.98% of our total income for the fiscal year 2012, as compared to ₹ 5,004.23 million, or 91.58% of our total income for the fiscal year 2011 and ₹ 4,733.91 million, or 90.83% of our total income for the fiscal year 2010. Our revenue from operations increased at a CAGR of 13.71% over the last three fiscal years. Further, for the nine months ended December 31, 2012, our unconsolidated revenue from operations was ₹ 4,711.52 million, or 92.08% of our total unconsolidated income.

Other Income

Our other income primarily consists of dividend income from current investments, income from interest earned on installment sales, bank deposits and other interest income, income from securitisation, gain from foreign exchange translation, gain on fixed assets sold and other miscellaneous income, which includes income from resort access fees, upgradation charges and guest fee charges. Our other income was ₹ 715.68 million for the fiscal year 2012, as compared to ₹ 460.22 million for the fiscal year 2011 and ₹ 478.00 million for fiscal year 2010. Our other income increased at a CAGR of 13.51% over the last three fiscal years. Except for a gain on foreign exchange translation and income from securitisation, our other income is generally recurring. Further, for the nine months ended December 31, 2012, our unconsolidated other income was ₹ 405.46 million, or 7.92% of our total unconsolidated income.

Expenditure

Our total expenditure consists of expenses incurred on employees' remuneration and welfare expenses, finance costs, depreciation and amortisation and other expenses. Our total expenditure as a percentage of our total income was 77.95%, 73.13% and 66.12% for the fiscal years 2012, 2011 and 2010, respectively. Further, for the nine months ended December 31, 2012, our total unconsolidated expenditure was ₹ 4,012.51 million, or 78.42% of our total unconsolidated income.

Employee Benefits Expense

Employee benefits expense consists of salaries, wages and bonus paid to our employees, contributions to provident and other funds for the benefit of our employees and other staff welfare expenses. Employee benefits expense accounted for 20.45%, 16.47% and 14.71% of our total income for the fiscal years 2012, 2011 and 2010 respectively. Further, for the nine months ended December 31, 2012, our total unconsolidated employee benefits expense was ₹ 1,088.63 million, or 21.27% of our total unconsolidated income.

Other Expenses

Our other expenses consist of expenses on food, beverages and other items consumed, operating supplies expenses, power and fuel costs, rent costs, rates and taxes, costs of repairs and maintenance of buildings, costs of resort renovations, office equipment and other costs, communication costs, insurance costs, advertisement costs, sales promotion expenses, sales commissions, discounts, travelling costs, software charges, consultancy charges, service charges, bad debts written-off, loss on fixed assets sold or scrapped, auditors remuneration, directors fees and commissions to non-executive directors, loss on exchange fluctuation and miscellaneous expenses. Other expenses accounted for 53.84%, 52.55% and 47.42% of our total income for the fiscal years 2012, 2011 and 2010, respectively. Further, for the nine months ended December 31, 2012, our total unconsolidated other expenses were ₹ 2,761.1 million, or 53.96% of our total unconsolidated income.

Finance Costs

Finance costs consist of interest on borrowings. Finance costs accounted for 0.10%, 0.06% and 0.22% of our total income for the fiscal years 2012, 2011 and 2010, respectively. Further, for the nine months ended December 31, 2012, our finance costs were ₹ 5.28 million, or 0.11% of our total unconsolidated income. See "***– Financial Condition, Liquidity and Capital Resources – Indebtedness***" for a summary of our outstanding indebtedness.

Depreciation and amortisation expenses

Our depreciation and amortization expenses accounted for 3.56%, 4.05% and 3.76% of our total income for fiscal years 2012, 2011 and 2010 respectively. Further, for the nine months ended December 31, 2012, our depreciation and amortisation expenses were ₹ 157.50 million, or 3.08% of our total unconsolidated income.

Tax Expense

Our tax expense comprises of current tax, overseas tax and deferred tax. Our total tax was ₹ 409.22 million, ₹ 465.32 million and ₹ 595.21 million for the fiscal years 2012, 2011 and 2010, respectively. Our effective tax rates for fiscal years 2012, 2011 and 2010 were 28.56%, 31.69% and 33.71%.

For a summary of tax benefits available to us, see "***Statement of Tax Benefits***" on page 156.

Minority Share of (Profit)/Loss

The minority share of (profit)/loss represents 25% and 1.07% of share of profit/loss held by the minority shareholders in MHR Hotel Management GmbH and BAH Hotelanlagen AG respectively. The minority share of profit ₹ 0.08 million for the fiscal year 2012 and ₹ 0.09 million for the fiscal year 2010, while the minority share of loss was ₹ 0.49 million for fiscal 2011.

Fiscal Year 2012 Compared to Fiscal Year 2011

Our results of operations for the fiscal year 2012 were particularly affected by the following factors:

- increase in sales of vacation ownership;
- increase in the price of our membership plans;
- increase in income from annual subscription fee;
- increase in income from interest and securitisation; and
- increase in expenses, primarily being resort operations, cost of significant inventory added during the year and upgrading current resorts, sales and marketing expenses including implementation of more robust systems and processes;

Total Revenue

Our total revenue increased by 18.89% to ₹ 6,496.81 million for the fiscal year 2012 from ₹ 5,464.45 million for the fiscal year 2011, primarily due to increase in income from sale of vacation ownerships, increase in annual subscription fees as a result of an increase in the number of new members as well as an increase in subscription fees payable by existing members, income from sale of services at the resorts, increase in income from travel services and home stays as well as dividend income from current investments, interest income (primarily on installment sales), gain on foreign exchange translation and income from securitisation.

Revenue from operations

Our revenue from operations increased by 15.52% to ₹ 5,781.13 million for the fiscal year 2012 from ₹ 5,004.23 million for the fiscal year 2011. Our income from sale of vacation ownership increased by 18.41% to ₹ 3,973.84 million for the fiscal year 2012 from ₹ 3,355.95 million for the fiscal year 2011. Our annual subscription fee increased by 28.97% to ₹ 929.61 million for the fiscal year 2012 from ₹ 720.79 million for the fiscal year 2011. These increases were primarily due to the sales of vacation ownership, resulting in an increase in our customer base and consequent increase in annual subscription fees, as well as increase in annual subscription fees payable by members. Our income from sale of services at the resorts decreased by 7.08% to ₹ 831.31 million for the fiscal year 2012 from ₹ 894.64 million for the fiscal year 2011. This decrease is primarily attributable to decrease in room rentals from third parties from ₹ 270.05 million to ₹ 175.66 million, which is due to imposing restrictions on non-member bookings at our resorts, in line with our member-first focus. We had 143,258 members as of March 31, 2012, as compared to 125,169 members as of March 31, 2011.

Other Income

Our other income increased by 55.51% to ₹ 715.68 million for the fiscal year 2012 from ₹ 460.22 million for the fiscal year 2011, primarily due to an increase in income from interest on installment sales (as a result of vacation ownership sold on installment plans and interest earned on such installments), dividend income from current investments, gain on foreign exchange translation, income from securitization and miscellaneous income.

Expenditure

Our total expenditure increased by 26.73% to ₹ 5,064.19 million for the fiscal year 2012 from ₹ 3,996.18 million for the fiscal year 2011, primarily as a result of resort operations cost of significant inventory added during the year and upgrading current resorts; sales and marketing expenses including implementation of more robust systems and processes; and creating a management bandwidth to drive these efforts.

Employee benefits expense

Our employee benefits expense increased by 47.65% to ₹ 1,328.76 million for the fiscal year 2012 from ₹ 899.92 million for the fiscal year 2011, primarily due to an increase in the number of employees on account of addition of 425 rooms (net room addition) during this year as well as creating a management bandwidth to drive our business growth, and consequent salaries, wages and bonuses paid to our officers and employees as part of our growth and expansion.

Other Expenses

Our other expenses increased by 21.80% to ₹ 3,497.96 million for the fiscal year 2012 from ₹ 2,871.87 million for the fiscal year 2011, primarily due to an increase in sales promotion expenses of ₹ 1,168.98 million for the fiscal year 2012 from ₹ 943.83 million for the fiscal year 2011, an increase in rent, including resort lease rentals, of ₹ 300.74 million for the fiscal year 2012 from ₹ 271.82 million for the fiscal year 2011, an increase in operating supplies of ₹ 203.82 million for the fiscal year 2012 from ₹ 145.32 million for fiscal year 2011, an increase in sales commission of ₹ 349.63 million in the fiscal year 2012 from ₹ 262.21 million in the fiscal year 2011, increase in advertisement expenses of ₹ 249.75 million in the fiscal year 2012 from ₹ 157.43 million in the fiscal year 2011 and an increase in service charges of ₹ 136.18 million for the fiscal year 2012 from ₹ 92.47 million for the fiscal year 2011.

Finance Costs

Our finance costs increased by 109.32% to ₹ 6.51 million for the fiscal year 2012 from ₹ 3.11 million for the fiscal year 2011, due to an increase in short term borrowings.

Depreciation and amortisation

Our depreciation and amortisation charge increased by 4.37% to ₹ 230.96 million for the fiscal year 2012 from ₹ 221.28 million for the fiscal year 2011. The increase was primarily attributable to acquisition of Bell Towers Resorts Private Limited during the year.

Tax Expense

Our provision for taxes decreased by 12.06% to ₹ 409.22 million for the fiscal year 2012 from ₹ 465.32 million for the fiscal year 2011. The effective tax rate of fiscal year 2012 is 28.56% as compared to 31.69% for fiscal year 2011. Our effective tax rate decreased primarily on account of higher dividend income from current investments (which is exempt from income tax) and reduction in deferred tax. The reduction in deferred tax was primarilyon account of timing differences arising on account of depreciation as per the Schedule XIV of the Companies Act as compared to income tax laws. Such differences arose on account of write off of assets at our resort at Puducherry due to a cyclone

Profit for the year

Our profit after tax (but before minority share of (profit)/loss) increased by 2.04% to ₹ 1,023.40 million for the fiscal year 2012 from ₹ 1,002.95 million for the fiscal year 2011. The corresponding profit for the respective years after minority share of (profit)/loss were ₹ 1,023.32 million and ₹ 1,003.44 million, an increase of 1.98%.

Fiscal Year 2011 Compared to Fiscal Year 2010

Our results of operations for the fiscal year 2011 were particularly affected by the following factors:

- decrease in sales of vacation ownership, on account of operational consolidation and focus on strengthening customer acquisition process to build a robust customer portfolio;
- increase in the price of our membership plans;
- increase in income from annual subscription fee;
- increase in income from interest, and decrease in income from securitisation; and
- increase in expenses, primarily being resort operations, cost of inventory added during the year, sales and marketing expenses including implementation of more robust systems and processes;

Total Revenue

Our total revenue increased by 4.85% to ₹ 5,464.45 million for the fiscal year 2011 from ₹ 5,211.91 million for the fiscal year 2010, primarily due to increase in annual subscription fees as a result of an increase in the number of new members as well as an increase in subscription fees payable by existing members, increase in income from sale of services at the resorts, increase in income from travel services and home stays as well as dividend and interest income (primarily on installment sales). However, our income from sale of vacation ownerships in fiscal 2011 was lower than in fiscal 2010, primarily on account of operational consolidation and focus on strengthening customer acquisition process to build a robust customer portfolio.

Revenue from operations

Our revenue from operations increased by 5.71% to ₹ 5,004.23 million for the fiscal year 2011 from ₹ 4,733.91 million for the fiscal year 2010. Our income from sale of vacation ownership decreased by 3.77% to ₹ 3,355.95 million for the fiscal year 2011 from ₹ 3,487.31 million for the fiscal year 2010. Our annual subscription fee increased by 39.30% to ₹ 720.79 million for the fiscal year 2011 from ₹ 517.43 million for the fiscal year 2010. This increase was primarily due to the increase in annual subscription fees arising due to increase in number of vacation ownership members during the year as well as annual subscription fees payable by members. Our income from sale of services at the resorts increased by 27.39% to ₹ 894.64 million for the fiscal year 2011 from ₹ 702.30 million for the fiscal year 2010. This increase is primarily attributable to increase in room rentals from third parties from ₹ 225.42 million to ₹ 270.05 million and increase in income from food and beverages from ₹ 307.62 million to ₹ 397.83 million. We had 125,169 members as of March 31, 2011, as compared to 109,884 members in as of March 31, 2010.

Other Income

Our other income decreased by 3.72% to ₹ 460.22 million for the fiscal year 2011 from ₹ 478.00 million for the fiscal year 2010, primarily due to a decrease in income from securitisation of receivables being ₹ 11.68 million in fiscal year 2011 from ₹ 222.86 million in fiscal year 2010, which offset the increase in income from interest on installment sales (as a result of vacation ownership sold on installment plans and interest earned on such installments), dividend income and miscellaneous income.

Expenditure

Our total expenditure increased by 15.97% to ₹ 3,996.18 million for the fiscal year 2011 from ₹ 3,446.02 million for the fiscal year 2010, primarily as a result of increase in employee benefits expense, increase in sales promotion expenses, advertising expenses, discounts and other expenses incidental to our business.

Employee benefits expense

Our employee benefits expense increased by 17.36% to ₹ 899.92 million for the fiscal year 2011 from ₹ 766.83 million for the fiscal year 2010, primarily due to an increase in the number of employees on account of increase in number of operational resorts

Other Expenses

Our other expenses increased by 16.19% to ₹ 2,871.87 million for the fiscal year 2011 from ₹ 2,471.66 million for the fiscal year 2010, primarily due to an increase in sales promotion expenses of ₹ 943.83 million for the fiscal year 2011 from ₹ 809.38 million for the fiscal year 2010, an increase in rent, including resort lease rentals, of ₹ 271.82 million for the fiscal year 2011 from ₹ 217.72 million for the fiscal year 2010, an increase in operating supplies of ₹ 145.32 million for the fiscal year 2011 from ₹ 128.72 million for fiscal year 2010, a decrease in sales commission of ₹ 262.21 million in the fiscal year 2011 from ₹ 373.94 million in the fiscal year 2010, increase in advertisement expenses of ₹ 157.43 million in the fiscal year 2011 from ₹ 117.41 million in the fiscal year 2010, increase in discounts of ₹ 109.61 million in the fiscal year 2011 from ₹ 58.97 million in the fiscal year 2010 and an increase in service charges of ₹ 92.47 million for the fiscal year 2011 from ₹ 85.79 million for the fiscal year 2010.

Finance Costs

Our finance costs decreased by 73.84% to ₹ 3.11 million for the fiscal year 2011 from ₹ 11.89 million for the fiscal year 2010, due to lower borrowings.

Depreciation and amortisation

Our depreciation and amortisation charge increased by 13.11% to ₹ 221.28 million for the fiscal year 2011 from ₹ 195.64 million for the fiscal year 2010. The increase was generally attributable to addition of resorts during the year.

Tax Expense

Our provision for taxes decreased by 21.82% to ₹ 465.32 million for the fiscal year 2011 from ₹ 595.21 million for the fiscal year 2010. The effective tax rate of fiscal year 2011 was 31.69% as compared to 33.71 % for fiscal year 2011. Our effective tax rate decreased primarily on account of higher dividend income from current investments (which is exempt from income tax).

Profit for the year

Our profit after tax (but before minority share of (profit)/loss) decreased by 14.33% to ₹ 1,002.95 million for the fiscal year 2011 from ₹ 1,170.68 million for the fiscal year 2010. The corresponding profit for the respective years after minority share of (profit)/loss were ₹ 1,003.44 million and ₹ 1,170.59 million, a decrease of 14.28%.

Financial Condition, Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds mainly from internal sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-term business objectives and meeting debt service and other commitments.

We have been historically financing our capital requirements primarily through funds generated from our operations, financing from banks and other financial institutions in the form of term loans and securitisation of receivables. Our primary capital requirements have been towards purchase of land and development/upgradation of our properties. We believe that we will have sufficient resources from our operations and Net Proceeds of this Issue to meet our capital requirements for at least the next 12 months. In the event we enter into strategic investments or acquisitions, we may need to obtain financing from banks, financial institutions or other lenders.

Cash Flows

The table below summarizes our unconsolidated cash flows for the nine months ended December 31, 2012 and our consolidated cash flows for fiscal years 2012, 2011 and 2010:

(₹ *in million*)

	Fiscal Year			
	Nine months ended December 31, 2012 (Audited Unconsolidated)	**2012 (Audited Consolidated)**	**2011 (Audited Consolidated)**	**2010 (Audited Consolidated)**
Net cash generated from / (used in) operating activities	1,260.24	2,054.11	892.73	2,185.37
Net cash generated from / (used in) investing activities	(1,526.13)	(1,410.95)	(900.37)	(1,471.89)

Net cash generated from / (used in) financing activities	(709.63)	(1031.33)	(454.44)	1,190.64
Net Increase / (Decrease) in cash and cash equivalents	(975.52)	(388.17)	(462.08)	1,904.12

Cash and cash equivalents decreased to ₹ 1,378.99 million as of March 31, 2012 against ₹ 1,767.16 million as of March 31, 2011. Cash and cash equivalents includes current account balance, current investments (investments in mutual funds) and cash on hand, but excludes bank deposits.

Operating Activities

Net cash generated from operating activities was ₹ 1,260.24 million for the nine month period ended December 31, 2012 based on our unconsolidated accounts, and consisted of net profit before taxation of ₹ 1,104.47 million, as adjusted for a number of non-cash items, primarily depreciation of ₹ 157.50 million, and other items, primarily interest income and dividend income received of ₹ 57.34 million and ₹ 48.88 million respectively and changes in working capital, such as changes in deferred income (advance towards members' facilities) of ₹ 1,283.83 million, trade and other receivables of ₹ 1,113.41million, trade and other payables of ₹ 282.79 million and income taxes paid of ₹ 340.55 million.

Net cash generated from operating activities was ₹ 2,054.11 million for the fiscal year 2012, and consisted of net profit before taxation of ₹ 1,432.62 million, as adjusted for a number of non-cash items, primarily depreciation of ₹ 230.96 million, and other items, primarily interest and dividend income received of ₹ 8.57 million and ₹ 110.53 million respectively and changes in working capital, such as changes in deferred income (advance towards members' facilities) of ₹ 947.04 million, trade and other receivables of ₹ 260.19 million, trade and other payables of ₹ 810.57 million and income taxes paid of ₹ 874.38 million.

Net cash generated from operating activities was ₹ 892.73 million for the fiscal year 2011, and consisted of net profit before taxation of ₹ 1,468.27 million, as adjusted for a number of non-cash items, primarily depreciation of ₹ 221.28 million, and other items, primarily interest income and dividend income received of ₹ 28.27 million and ₹ 73.20 million respectively and changes in working capital, such as changes in deferred income (advance towards members' facilities) of ₹ 1,575.76 million, trade and other receivables of ₹ 1,432.06 million, trade and other payables paid in advance of ₹ 381.89 million and income taxes paid of ₹ 466.10 million.

Net cash generated from operating activities was ₹ 2,185.37 million for the fiscal year 2010, and consisted of net profit before taxation of ₹ 1,765.89 million, as adjusted for a number of non-cash items, primarily depreciation of ₹ 195.64 million, and other items, primarily interest income and dividend income of ₹ 12.73 million and ₹ 43.75 million and changes in working capital, such as changes in deferred income (advance towards members' facilities) of ₹ 2,903.50 million, trade and other receivables of ₹ 2,443.40 million, trade and other payables of ₹ 621.91 million and income taxes paid of ₹ 848.24 million.

Investing Activities

Net cash used in investing activities was ₹ 1,526.13 million for the nine month period ended December 31, 2012 based on our unconsolidated accounts, primarily due to additions of fixed assets including capital work in progress of ₹ 651.05 million and purchase of investments of ₹ 932.60 million.

Net cash used in investing activities was ₹ 1,410.95 million for the fiscal year 2012, primarily due to additions of fixed assets including capital work in progress and expenditure pending allocation (comprising of building, plant and machinery, furniture and fixtures and leasehold land) of ₹ 1,501.24 million, partially offset by amount received towards dividend income (₹ 110.53 million) and interest income (₹ 8.47 million).

Net cash used in investing activities was ₹ 900.37 million for the fiscal year 2011, primarily due to additions of fixed assets including capital work in progress and expenditure pending allocation (comprising of building, plant and machinery, furniture and fixtures and leasehold land) of ₹ 1,020.53 million, partially offset by amount received towards dividend income (₹ 73.20 million) and interest income (₹ 19.50 million).

Net cash used in investing activities was ₹ 1,471.89 million for the fiscal year 2010, primarily due to additions of fixed assets including capital work in progress and expenditure pending allocation (comprising of building, plant and machinery, furniture and fixtures and leasehold land) of ₹ 1,542.30 million.

Financing Activities

Net cash used in financing activities was ₹ 709.63 million for the nine month period ended December 31, 2012 based on our unconsolidated accounts, primarily as a result of advances to subsidiaries of ₹ 718.13 million, dividends paid of ₹ 338.29 million, dividend distribution tax of ₹ 54.92 million and finance costs of ₹ 5.28 million, which was offset by increase in borrowings of ₹ 406.55 million.

Net cash used in financing activities was ₹ 1,031.33 million for the fiscal year 2012, primarily as a result of purchase consideration on acquisition of subsidiary of ₹ 635.44 million, dividends paid of ₹ 336.92 million, dividend distribution tax of ₹ 54.66 million, loan to the MHRIL ESOS Trust of ₹ 132.00 million and repayment of borrowings of ₹ 12.80 million, which was offset by proceeds from issue of equity shares to the MHRIL ESOS Trust of ₹ 147.00 million during the fiscal year 2012.

Net cash used in financing activities was ₹ 454.44 million for the fiscal year 2011, primarily as a result of dividends paid of ₹ 336.88 million, dividend distribution tax of ₹ 55.96 million and repayment of borrowings of ₹ 58.49 million.

Net cash generated from financing activities was ₹ 1,190.64 million for the fiscal year 2010, primarily as a result of dividends paid of ₹ 235.00 million, dividend distribution tax of ₹ 39.94 million and repayment of borrowings of ₹ 146.78 million, which was offset by the proceeds of issue of equity shares of ₹ 1,624.25 million.

Fixed Assets

Our fixed assets comprise of tangible assets, goodwill on consolidation, intangible assets, capital work in progress and intangible assets under development. Gross block of tangible assets increased by ₹ 708.63 million during fiscal year 2012 primarily on account of acquisition of Bell Tower Resorts Private Limited (which increased gross block by ₹ 591.44 million) and purchase of land at Kanha and Munnar (which increased gross block by ₹ 94.98 million) . Further, gross block of tangible assets increased by ₹ 564.36 million in fiscal year 2011 primarily on account of purchase of land at Gir, and addition of rooms/resorts at Coorg, Ooty, Dharamshala and Gangtok.

Capital work in progress increased by ₹ 574.18 million during fiscal year 2012, primarily on account of expenses incurred for expansion of our resort at Coorg, and construction of our resort at Tungi**.** Capital work in progress increased by ₹ 306.41 million during fiscal year 2011, primarily on account of expenses incurred for expansion of our resort at Coorg, and construction of our resort at Tungi **.**

Expenditure pending allocation increased by ₹ 93.85 million and ₹ 38.76 million during fiscal years 2012 and fiscal year 2011 respectively, primarily on account of unallocated expenses incurred for construction of resorts at a number of locations.

Goodwill on consolidation increased by ₹ 635.44 million during fiscal year 2012, while there was no change in goodwill between March 31, 2011 and March 31, 2010. This increase was on account of goodwill pursuant to acquisition of Bell Towers Resorts Private Limited**.**

Gross block of intangible assets (comprising of software, vacation ownership weeks, non-compete fees and development expenditure) increased by ₹ 8.85 million and ₹ 6.91 million fiscal years 2012 and 2011 respectively. Further, our intangible assets under development increased by ₹ 115.01 million between fiscal years 2012 and 2011 on account of ERP implementation across our Company

Other Non-Current assets

Other non-current assets comprise of long term trade receivables, where the due date for payment is more than one year from the date of balance sheet. During fiscal year 2012 other non-current assets decreased by ₹ 840.37 million, while during fiscal year 2011, the same decreased by ₹ 403.55 million. This decrease was on account of collection of receivables and securitisation of future receivables. As at December 31, 2012, our unconsolidated long term trade receivables are ₹ 4,564.94 million, as a majority of sales between April to December 2012 involve customers opting for EMI-based payment plans.

Current assets

Current assets comprise of current investments (being the surplus cash from operations, and IPO issue proceeds pending deployment), inventories, trade receivables, cash and cash equivalents, short term loans and advances and other current assets. Our current assets increased by ₹ 707.82 million and by ₹ 1,725.58 million during fiscal years 2012 and fiscal year 2011 respectively. This increase primarily on account of increase in trade receivables by ₹ 801.13 million and ₹ 2,235.66 million over the respective periods, being dues from members which are collected over a period of up to 48 months (pursuant to our membership payment plan). The above increase is partially offset by a decrease of ₹ 820.69 million in current investments in fiscal year 2011, on account of use of funds for development of resorts

Non-current liabilities

Non-current liabilities comprise of long term borrowings, deferred tax liabilities (net), deferred income – advance towards member facilities and long term provisions. Our non-current liabilities increased by ₹ 832.45 million and by ₹ 1,519.13 million during fiscal years 2012 and 2011 respectively. This increase is primarily on account of increase in deferred income – advance towards member facilities, which increased to ₹ 835.44 million and ₹ 1,472.57 million during the respective periods.

Current liabilities

Current liabilities comprise of short term borrowings, trade payables, deferred income – advance towards member facilities, other current liabilities and short term provisions. Our current liabilities increased by ₹ 665.45 million and by ₹ 39.14 million during fiscal years 2012 (as compared to the fiscal year 2011) and fiscal year 2011 (as compared to fiscal year 2010) respectively. The increase in fiscal year 2012 is primarily on account of increase in trade payables (₹ 203.93 million), deferred income – advance towards member facilities (₹ 111.60 million) and other current liabilities (₹ 353.48 million). The increase in fiscal year 2011 is primarily on account of increase in deferred income – advance towards member facilities (₹ 101.90 million) and other current liabilities (₹ 61.00 million), partially offset by a decrease in trade payables of ₹ 53.28 million.

Investments

We hold 25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10 each full paid up in Guestline Hospitality Management and Development Services Limited and one equity share of ₹ 10 fully paid up in Mahindra World City Developers Limited. Our total investments were ₹ 0.25 million, ₹ 0.25 million and ₹ 0.25 million as at March 31, 2012, March 31, 2011 and March 31, 2010, respectively. As per our unconsolidated financial statements for the nine month period ended December 31, 2012, our investments were ₹ 1,755.83 million, primarily comprising of investments in Subsidiaries of our Company.

Indebtedness

Details of indebtedness of our Company (on a standalone basis) as on December 31, 2012 is as below:

(in ₹ million)

Name of Bank	Sanctioned amount	Outstanding amount (as at December 31, 2012)	Rate of interest	Security

HDFC Bank Limited	350*	312.07	Base Rate + 1.80	First exclusive charge on the unencumbered stock and receivables of our Company (with a minimum cover of 1.5 times)
Yes Bank Limited	650	102.40	Base rate + 1.50%	First pari passu charge on receivables giving a cover of 1.5 times.
Total	1,000	414.47		

* - Limit is for ₹ 600 million, of which we have created charge for ₹ 350 million.

Additionally, we have been sanctioned ₹ 100 million by Yes Bank Limited towards a non fund-based facility (for letters of credit and bank guarantees). As of December 31, 2012, we have an amount outstanding thereunder was ₹ 43.94 million. The commission payable under this facility is between 0.50% and 0.75% per annum, chargeable upfront. This amount is secured by way of first pari passu charge on receivables giving a cover of 1.5 times.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments as of December 31, 2012 comprise of ₹ 291.22 million, which are likely to impact our liquidity and cash flows for less than a year.

Contingent Liabilities

The following table provides our unconsolidated contingent liabilities as at December 31, 2012 and our consolidated contingent liabilities as at March 31, 2012:

(₹ in million)

Particulars	**As of December 31, 2012 (unconsolidated)**	**As of March 31, 2012 (consolidated)**
Receivables securitised with recourse	3,509.77	2,673.12
Claims against the Company not acknowledged as debt in respect of luxury tax	72.35	6.42
Service tax demands for various years disputed by the Company	589.85	-
Income tax matters under appeal	1,016.24	2,854.57

We have securitized membership fee receivables including future interest with various banks and financial institutions, with recourse.

Related Party Transactions

We have engaged in the past, and may engage in the future transactions with related parties on an arm's lengths basis. Such transactions could be for purchase of fixed assets, securitisation of debtors, provision of inter-corporate deposits and sale to and purchase of services from related parties. For details of our related party transactions, see Note 35 of consolidated financial statements for fiscal years 2012, 2011 and 2010 beginning on page 205, and Note 39 of our unconsolidated financial statements for the nine months period ended December 31, 2012 beginning on page 248.

Off Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodities risk. We are exposed to commodity risk, interest rate risk and credit risk in the normal course of our business.

Risk Management Procedures

The objective of market risk management is to avoid excessive exposure of our income and equity to loss. We generally manage our market risk through effective procurement processes.

Commodity Risk

We are exposed to market risk with respect to the prices of materials used in construction of our resorts. These commodities primarily are steel and cement. The costs of these materials are subject to fluctuation based on commodity prices. The cost of materials sourced from outside manufacturers may also fluctuate based on their availability from suppliers. In the normal course of business, we purchase these materials either on a purchase order basis or pursuant to supply agreements. We currently do not have any hedging mechanism in place in respect of any of the materials we purchase.

Foreign Currency Exchange Rate Risk

Changes in currency exchange rates do not materially influence our results of operations. We report our financial results in Indian rupees, while portions of our total income and expenses are denominated, generated or incurred in currencies other than Indian rupees, Ringits, AED and EURO, such as Thai baht. To the extent that our income and expenditures are not denominated in Indian rupees, exchange rate fluctuations could affect the amount of income and expenditure we record.

Inflation Risk

India has experienced high inflation rates in the last few years, which has led to increase in costs. This, coupled with tight monetary policy followed by the RBI has led to an adverse macroeconomic scenario. This has, created and may continue to create, negative consumer sentiment regarding discretionary spending, and consequently impact our Company.

Known Trends or Uncertainties

Other than as described in the section titled "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" on pages 38 and 62, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the section titled "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" on pages 38 and 62, to our knowledge there are no future relationships between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

New Products or Business Segment

Other than as described in this Red Herring Prospectus, we do not have any new products or business segments.

Competitive Conditions

We expect competition in hospitality sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competitive conditions in the section entitled "***Risk Factors***" beginning on page 38.

Details regarding our Subsidiaries

S. No.	Name of Subsidiary	% of shareholding
1	Mahindra Holidays and Resorts USA Inc	100
2	MHR Hotel Management Gmbh	75
3	Mahindra Hotels and Residences India Limited	100
4	Bell Tower Resorts Private Limited	100
5	Heritage Bird (M) Sdn Bhd	100
6	BAH Hotelanlagen AG	98.93
7	Holiday on Hills Resorts Private Limited	100
8	Gables Promoters Private Limited	100
9	Divine Heritage Hotels Private Limited	100
11	MH Boutique Hospitality Limited*	49
10	Infinity Hospitality Group Company Limited**	49

* Subsidiary by virtue of management control.

** Subsidiary by virtue of management control. MH Boutique Hospitality Limited holds 51% of the share capital of Infinity Hospitality Group Company Limited.

The following is an extract of the financial results of our Subsidiaries for the year ended March 31, 2012:

Particulars	**Mahindra Holidays and Resorts USA Inc**		**MHR Hotel Management GmbH**		**Heritage Bird (M) Sdn Bhd**		**BAH Hotelanlagen AG**		**Bell Tower Resorts Private Limited**	**Mahindra Hotels and Residences India Limited**
	INR	USD	INR	EURO	INR	MYR	INR	EURO	INR	INR
Capital	51,120	1,000	2,388,750	35,000	5,052,034	300,002	4,777,500	70,000	199,386,740	500,000
Reserves	7,890,116	154,345	1,556,570	22,807	(7,207,621)	(428,006)	258,576,386	3,788,665	(349,738,543)	(1,094,889)
Total Assets	8,344,573	163,235	4,215,590	61,767	86,865,014	5,158,255	377,875,371	5,536,635	533,135,571	501,500
Total Liabilities	8,344,573	163,235	4,215,590	61,767	86,865,014	5,158,255	377,875,371	5,536,635	533,135,571	501,500
Investments	-	-	-	-	-	-	-	-	-	-
Turnover (incl. Other income)	-	-	5,324,813	78,019	13,741,440	816,000	163,528,990	2,396,029	37,519,914	-
Profit (Loss) Before tax	(1,095,093)	(21,422)	931,687	13,651	(1,800,533)	(106,920)	(668,535)	(9,795)	(20,366,788)	(874,361)
Provision for taxation	(271,652)	(5,314)	203,487	2,982	-	-	238,875	3,500	-	-
Profit after tax	(823,441)	(16,108)	728,200	10,670	(1,800,533)	(106,920)	(907,410)	(13,295)	(20,366,788)	(874,361)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-

We acquired shareholding in Holiday on Hills Resorts Private Limited, Gables Promoters Private Limited, Divine Heritage Hotels Private Limited, Infinity Hospitality Group Company Limited and MH Boutique Hospitality Limited after March 31, 2012

Significant Developments after December 31, 2012 that may affect our future Results of Operations

To our knowledge and belief, no circumstances other than as those disclosed in this Red Herring Prospectus have arisen since the date of the last financial statements contained in the Red Herring Prospectus which materially affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Material Updates affecting our Subsidiaries after March 31, 2012

There has been no material updates in relation to any of our Subsidiaries after March 31, 2012 or since the date of acquisition (for Subsidiaries acquired after March 31, 2012) until the date of this Red Herring Prospectus.

INDUSTRY OVERVIEW

The information in this section is derived from various government and other public sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

In particular, we have relied on a report by The Nielsen Company called "Brand Health Evaluation Findings Report" (Nielsen Report).This study was commissioned by us in October 2011. Mahindra Holidays & Resorts India Limited claim based on research conducted by Nielsen, July-September 2011, Sample Size: 1611, Target group: Prospective customer, Chief Wage Earner, Married, belongs to SEC A1, A2 and B1 household, Aged 25-55 Years Old, has a Monthly household income of >INR 25,000, Owning a car for personal use (brands other than Maruti 800, Omni, Alto and Ambassador), has been on holiday with their family at least once in last one year of holidaying.

Neither we nor any other person connected with the Issue has verified the information sourced from this Nielsen Report. Prospective investors are advised not to unduly rely on the information sourced from this report when making their investment decision.

The vacation ownership industry is also referred as the timeshare industry and the terms have been used interchangeably.

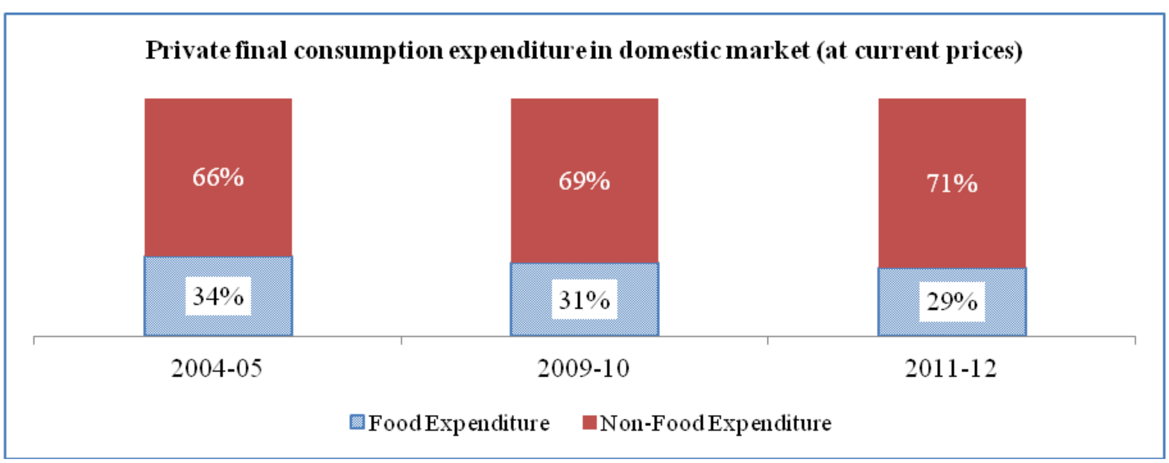
Overview of the Indian Economy

India, the world's largest democracy in terms of population had a GDP on a purchasing power parity basis of approximately $4.7 trillion (2012 est.). This makes it the third largest economy in the world (excluding the European Union) after the United States of America and China (*Source: CIA World Factbook*). The general health of the leisure hospitality industry is affected by the performance of the Indian economy.

The economy has grown by 5.4% (est.) for the fiscal year 2012 in real terms (adjusted for inflation) (*Source: GDP real growth rate, CIA World Factbook*). The services sector share in our GDP is the highest at 65% (2011 est.) (*Source: CIA World Factbook*) and is the key driver of growth of the economy.

The outlook for India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. (*Source: CIA World Factbook*)

Rising income levels and affordability has led to increase in spending on non-food items.



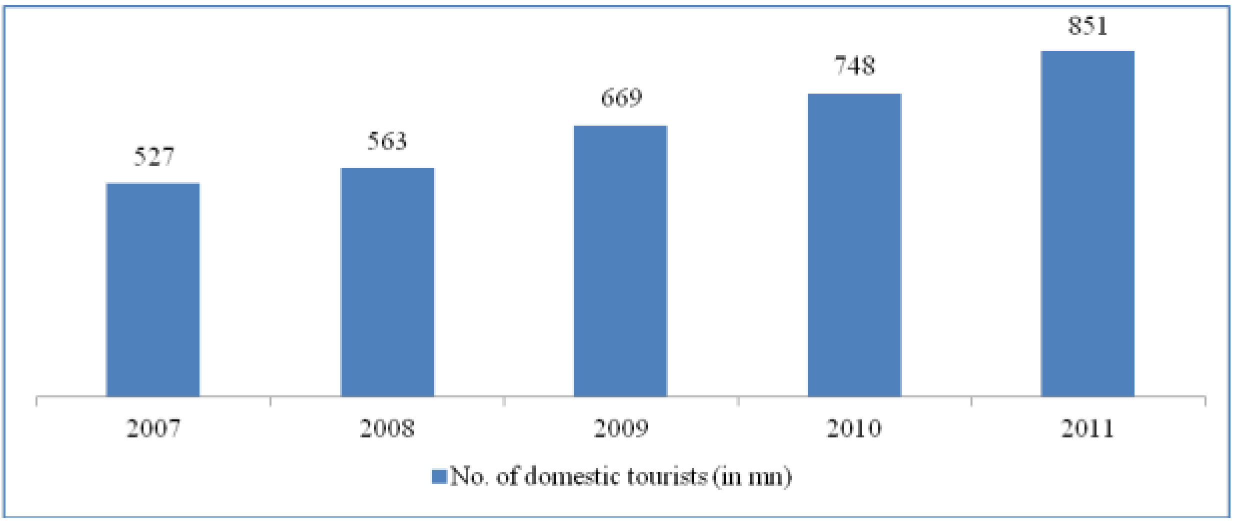
Source: Ministry of Statistics and Program Implementation (MOSPI) - First revised estimates of national income, consumption expenditure, saving and capital formation, 2011-12

Travel and Tourism in India

Travel and Tourism is a ₹ 5,651bn industry in India (Direct + Indirect contribution - 2011, Source: Travel and Tourism Economic Impact, India 2012 – World Travel and Tourism Council ("**WTTC**")). This is 6.4% of India's total GDP which is significantly lower than the world average percentage contribution to GDP at 14.0% (Source: Travel and Tourism Economic Impact, India 2012 - WTTC). This low contribution of travel and tourism to our GDP indicates significant potential and headroom for growth.

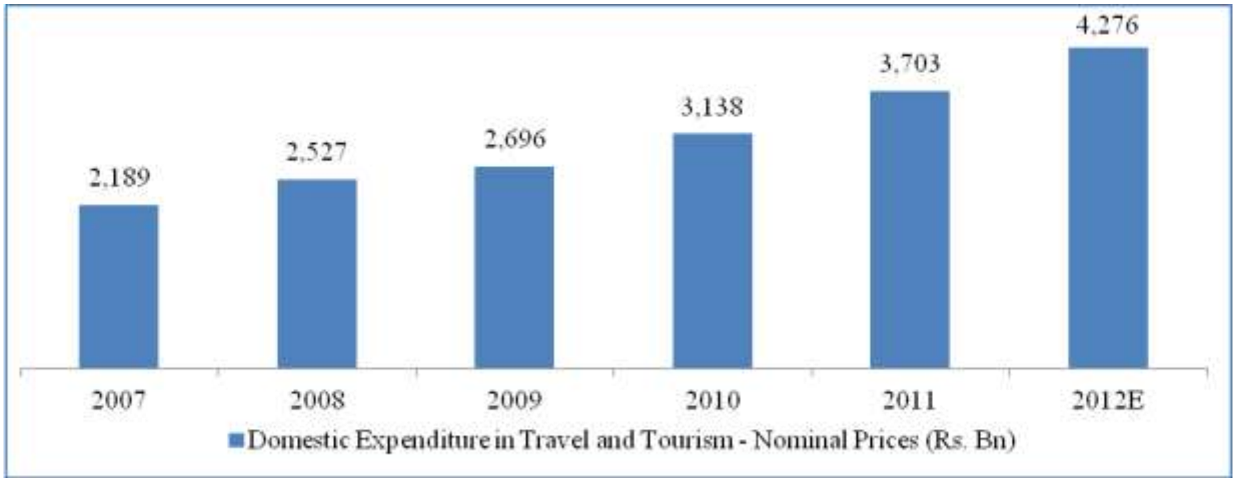
Sustained growth in Domestic Tourism

Domestic travel and tourism represents the major share of the travel and tourism market accounting for 82.2% (2011, Source: Travel and Tourism Economic Impact, India 2012 - WTTC) of the total direct travel and tourism spending and is expected to grow faster than the industry at 8.3% in 2012. The number of domestic tourists has grown at a robust pace from 563mn in 2008 to 851mn in 2011 which translates to a healthy 14.6% annual growth rate during a period marked by a global economic downturn. *(Source: Ministry of Tourism)*



Source: Ministry of Tourism – India tourism statistics at a glance - 2011

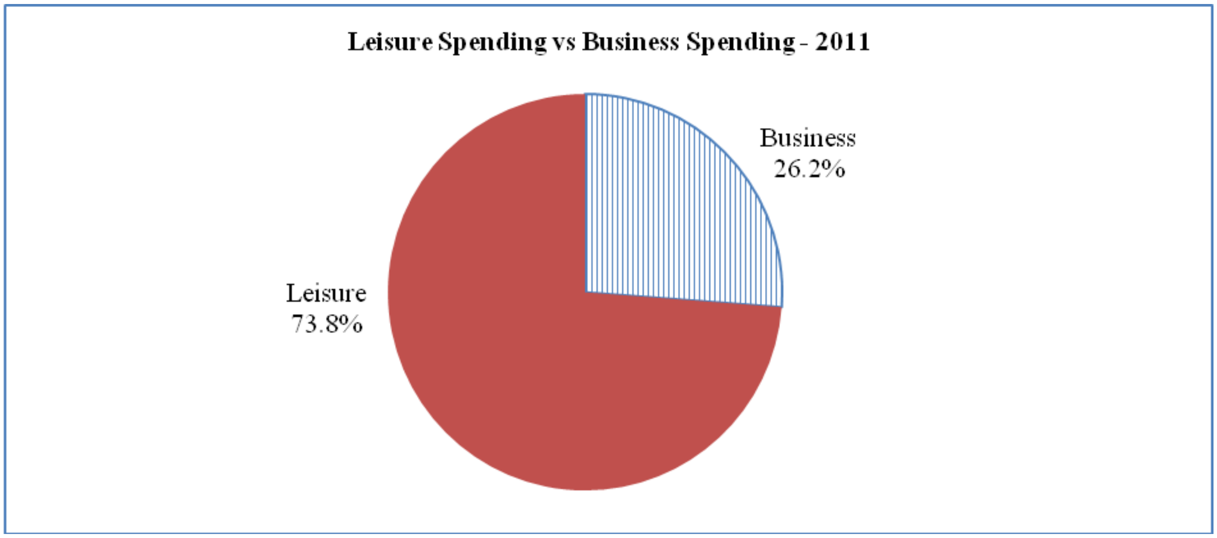
Domestic expenditure in travel and tourism has demonstrated strong growth of 14.3% over 2008-2011 and is expected to grow by 15.5% to ₹ 4,276bn in 2012. (Source: Travel and Tourism Economic Impact, India 2012 - WTTC)



Source: WTTC - Travel and Tourism Economic Impact, India 2012

Leisure travel outperforms business travel

Leisure travel and tourism spending was ₹ 3,335bn in 2011 and accounted for 73.8% of the total travel and tourism market in India. Leisure travel is also expected to outperform business travel with a growth rate of 8.6% in 2012 as opposed to business travel which is expected to grow by only 4.1% in 2012 (Source: Travel and Tourism Economic Impact, India 2012 - WTTC). Leisure tourism is expected to grow at a CAGR of 7.6% per year from 2012 to 2022



Source: WTTC - Travel and Tourism Economic Impact, India 2012

Social media and its increasing penetration is also influencing the holiday taking decision of Indian urban households. Sharing of holiday experiences online by friends and relatives plays a role in influencing urban households to choose unique holiday destinations rather than visit family and relatives.

The Vacation Ownership Industry at a glance

Vacation ownership is a hospitality product where the ownership and/or usage of a hospitality asset is sold for a predetermined duration or perpetuity. The range of products generally are:

Deeded Ownership - A purchaser acquires ownership interest in an immovable property. Time-share ownership, undivided interests, co-operatives and fractional interests are some of the forms of deeded ownership in common use.

Right to use Products – Allows a user to avail accommodation during a specified week, season or time interval for a specified number of years. Club memberships and holiday licences are some of the formats that are available. In the Indian Vacation ownership market, Right to use products are most popular.

There are other variations that are available such as fixed period, floating period, rotating week and split weeks. In addition, the points format is a recent addition.

The majority of vacation ownership resorts offer apartments with full or partial kitchenettes and limited services. They have strong self help features and most add-ons such as linen change and house-keeping are additional paid-for services.

The Global Vacation Ownership industry is over 40 years old with an estimated market size of $13.1bn. Over 9.3 million households own vacation intervals across ~5,200 resorts in 120 countries. North America is the global leader with nearly half of all the resorts and approximately 2 million owners. (Source: All India Resort Development Association, AIRDA)

Indian Vacation ownership – Significant under penetration

The Indian vacation ownership market is currently in its nascent stage with significant potential for growth. Currently there are ~350,000 households that own a vacation ownership unit which represents a miniscule 0.1% of the total number of households in India. (Source: AIRDA, Census India 2011) In contrast the number of timeshare owners in the US accounts for ~5% of the total number of households in the US. (Source: AIRDA, US Census) Even at a potential 1% penetration level, there is ~7x headroom for growth in Indian vacation ownership members.

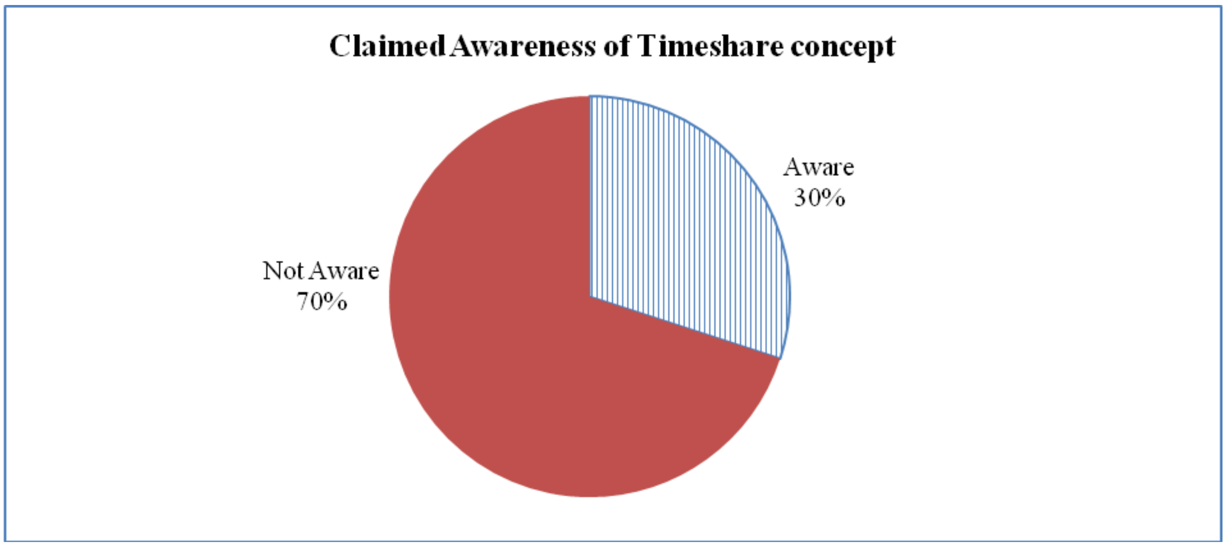
In value terms, the size of the Indian vacation ownership market is ₹ 7,000 mn and growing between 18-20% annually. (Source: AIRDA). This represents only about ~0.2% of the total leisure tourism spending in India.

Out of a total 11.5mn households in India that own a four wheeler (Source: Census 2011), only 1 in 33 is a vacation ownership member. This further highlights the underpenetration and headroom for growth in the market.

Vacation ownership awareness in India

The Nielsen Company presented a report to us titled "Brand Health Evaluation Findings Report, October 2011", (Nielsen Report") tracking and evaluating the performance of our brand based on a survey conducted. The survey tracked the awareness levels of timeshare in the country.

Of 1,091 prospects surveyed in the Nielsen Report, awareness of the concept of "timeshare" was claimed by only 30% of them.

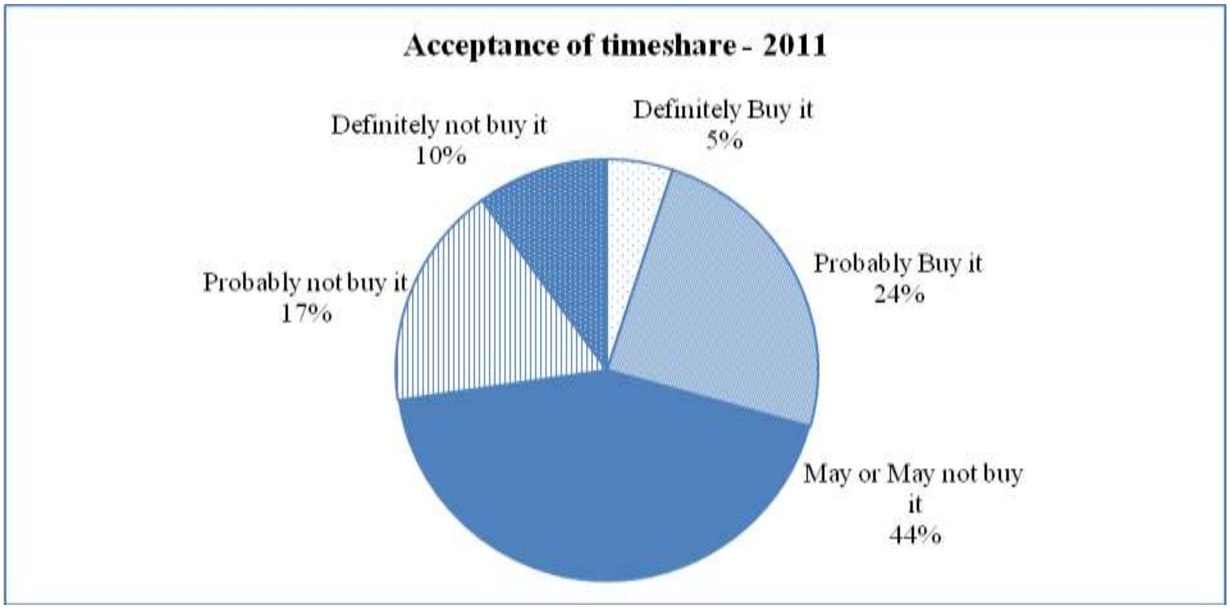


Source: Nielsen Report - 2011

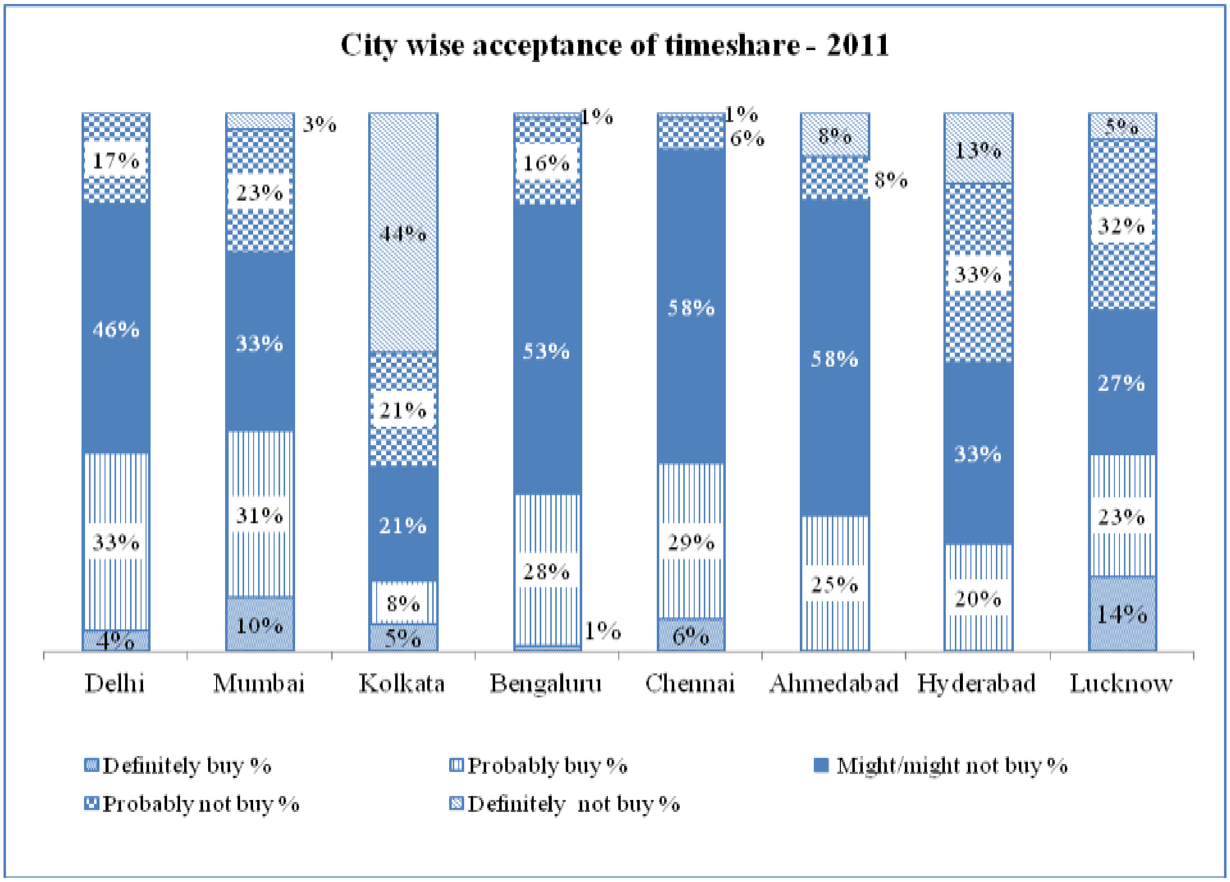
Timeshare awareness (claimed) was highest amongst the metros and large cities, i.e. Chennai, Bangalore, Kolkata, Mumbai and Delhi with an awareness of 58%, 56%, 43%, 33% and 23%.

Concept Acceptance

According to the Nielsen Report, acceptance of the concept of "timeshare" (post exposure to the concept of time share) is high in Mumbai and Delhi, as compared to other cities, with the percentage of prospects opining that they would "definitely" or "probably" buy it at 41% in Mumbai, and 37% in Delhi.



Source: Nielsen Report - 2011



Source: Nielsen Report - 2011

OUR BUSINESS

Overview

We are one of the leading leisure hospitality providers in India, offering quality family holidays with a range of services designed to meet the diverse holiday needs and interests of a family. We provide family holidays primarily through vacation ownership memberships. Our members can choose to stay and holiday at resorts in a range of holiday destinations for a pre-determined number of days in a year for a fixed number of years. Our resorts offer the use of furnished accommodation, such as apartments and rooms, and an experience through resort specific amenities and facilities, such as restaurants, ayurvedic spas, kids clubs and a variety of holiday activities.

We seek to be the preferred partner to the urban family for family holidays and holiday services in India. It is our vision to be the number one family holiday provider in our target markets by consistently delivering attractive resort destinations, innovative offerings and service excellence, not only during the holiday but also throughout the membership period.

'Club Mahindra Holidays' is our flagship service offering. In addition to Club Mahindra Holidays, our portfolio of vacation ownership offerings also include 'Club Mahindra Fundays', a points based holiday ownership product for corporates to use for employee reward and recognition and clubmahindra.travel, a travel and holiday related service for both members and other customers. Until recently, our portfolio of offerings also included 'Zest', which targeted young urban families for short break holidays and 'Mahindra Homestays', which marketed homestays to overseas and Indian travellers wishing to experience the real India by lodging with a host family in India. In line with our strategy of focusing on our flagship service offering 'Club Mahindra Holidays', we have discontinued enrolling new members for Zest and have discontinued accepting new bookings for Mahindra Homestays, from December 2012 and February, 2013 respectively. However, we continue to service existing Zest members.

Club Mahindra Holiday membership currently entitles members the choice of holidaying at any of our 40 resorts, for seven days each year, in a season and apartment type of their choice, for 10 or 25 years depending on the tenure of the membership. Club Mahindra members enrolled prior to January 2002 were entitled to vacation for 33 years and as of December 31, 2012, we have 11,130 such members. Our members also have the option of choosing to holiday outside their season and apartment of their entitlement by using our exchange program. There is further flexibility accorded to our members in being able to bring or carry forward their annual entitlement, subject to certain limits. In addition, our members can choose to access a range of resorts globally through our RCI affiliation. As of December 31, 2012, we have 143,744 Club Mahindra Holiday vacation ownership members.

Club Mahindra Fundays was launched in October 2006 and targets corporate houses. Club Mahindra Funday membership currently entitles corporates for a period of 10 years to offer family holidays to their employees. We launched clubmahindra.travel in April 2007 to provide a one-stop shop for travel and holiday related services.

Our memberships provide members the right to use our resorts over the period of their membership and are not a property or deeded sale. This type of a membership, where the member has the flexibility to choose a different resort and the time to holiday every year (with certain seasonal limitations) is known as a "floating week – floating resort" model. We also provide our members with a fixed price structure, which we believe is consumer friendly. In addition, we also provide easy EMI options for the membership price to our prospective members.

Our Company was selected as a Business Superbrand 2008 by The Brand Council in India, subsequently, our flagship brand Club Mahindra Holidays has been selected as a Superbrand 2009. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. Our Company was awarded the 'CSI 2011 Awards for Excellence in IT' for the travel and hospitality sector by the Computer Society of India. In 2011, our Company won the 'President's Club Award', an award created to recognise top performing RCI affiliates, for its exceptional performance and achievements. RCI has awarded 12 of our resorts the prestigious RCI Gold Crown Award and our resort at Varca, Goa has been recognized for having received the RCI Gold Crown Award for 11 years in a row and our resort at Munnar, Kerala has been recognized for having received the RCI Gold Crown Award for 10 years in a row. The RCI Gold Crown Award annually recognizes resorts across the world for superior resort facilities, services and hospitality based on user feedback. Apart from the RCI Gold Crown Award, our resort at Munnar has also been accredited with a 5 Star Rating by the Ministry of Tourism, Government of India. Further, our resort at Coorg was listed as No. 1 in 'Top 25 Hotels for Families in India' and as No. 2 in 'Top 25 Hotels for Families in Asia' by Tripadvisor as part of the 'Travellers' Choice Awards 2012'. As part of the 'Travellers' Choice Awards 2012' by Trip Advisor, our resort at Coorg was also included in the 'Top 25 All Inclusive Resorts in Asia'. Our member relations department has been ISO 9001:2000 certified by Indian Registered Quality Systems in July 2007. Further, the information security management system of our Company has been ISO 27001:2005 certified by British Standards Institution.

Our fees include a membership fee which is paid at or around the time of enrolment as a member (depending upon the payment plan selected by the member) as well as an annual subscription fee which is payable annually throughout the membership period for annual servicing and maintenance of the resorts. The member also pays for use of various facilities and services at the resort, including food and beverages, spa facilities and services and certain holiday activities.

For the year ended March 31, 2012, our consolidated total income was ₹ 6,496.81 million and net profit was ₹ 1,023.32 million, as compared to consolidated total income of ₹ 5,464.45 million and net profit of ₹ 1,003.44 million for the year ended March 31, 2011. Our unconsolidated total income and net profit for the nine months ended December 31, 2012 was ₹ 5,116.98 million and ₹ 760.50 million respectively.

Our Strengths

One of the leading leisure hospitality providers in India

We are one of the leading leisure hospitality providers in India. As of December 31, 2012 and March 31, 2012, we had 155,221 and 143,258 vacation ownership members, respectively. Our membership enrolments have increased at a CAGR of 15.56% over the last three fiscal years. Over the same period, our average our room inventory also increased at a CAGR of 20.30%. Club Mahindra started enrolling vacation ownership members from 1997 and we have successfully become a provider of quality family holidays having coverage in India, Thailand, Malaysia and Austria with a total of 40 resorts and 16 branch offices, 35 direct and nine franchisee retail sales outlets, as on December 31, 2012. In addition, as of December 31, 2012, we have 139 direct-to-home franchised operations, and representative and service offices in Dubai. We believe that the above factors demonstrate our leading position in the vacation ownership industry which helps us to attract potential members and grow our revenues.

Delivery of quality family holiday experience

We believe that we have a deep understanding of the needs and preferences of our customers. While we have a total of 155,221 members as of December 31, 2012, the aggregate of their families constitute our customer base as we serve the needs of the entire family while on holiday. Our consumer understanding is based on an elaborate multiple point feedback mechanism, such as touch screen kiosks or holiday exchange profiler ("**HEP**") at resorts which provide real-time feedback, SMS feedback, other customer contact programs and structured market research. Our customised CRM solution enables us to track preferences of the entire family, anticipate the needs of our customers and create appropriate service offerings for different segments, such as families, young urban customers and corporate customers. Our resort operations teams provide holiday experiences for the family at our resorts through resort specific amenities and facilities such as restaurants, bars, swimming pools, "Svaastha" ayurvedic spas, kids clubs and holiday activity centers with a diverse range of activities, conducted by a team of animators (our own holiday activity staff) called "Champs". Our resorts are also connected to our central data network, allowing us to further leverage our CRM capabilities. According to a survey commissioned by us in May 2011 and conducted by CSMM, a specialist customer satisfaction measurement agency of Indian Market Research Bureau and part of Walker Information Inc., approximately 75% of our customers have rated their holiday experience at our resorts as excellent, very good or good. Moreover, 27% of our vacation ownerships sold in the fiscal year 2012 are attributable to member referrals.

We now focus on guiding the overall holiday experience of our members by our 'Member First' philosophy, which is intended to upgrade the experience of members to one of much greater engagement and satisfaction and to offer holistic return from a long term investment perspective.

Integrated, mixed - use and self funding business model with recurring income streams

We manage all aspects of our operations through one entity – this integration brings together our management competence of member acquisition (marketing and sales of lifestyle offerings), servicing of and contact with members, identifying land and developing resorts, acquiring resort properties, resort operations (delivering family holiday experiences) and providing value-added services. We believe our integrated business model reduces our cost of operations, allows us to implement changes across the entire value chain, and helps us to continually tailor and improve our services in response to customer feedback and changing trends.

Additionally, we utilize a mixed-use model of being a vacation ownership company and also providing non-members access to our unutilized apartments on a per-night-tariff basis. This enables us to enhance our revenues through optimum occupancy and sales from our restaurants and other services. We believe that this mixed-use model is also a catalyst for our growth by creating an interest in our membership program for non-members. However, as part of our 'Member First' philosophy, we focus on providing preference and priority to our members over non-members and our resorts are open for booking to non-members only if room inventory is unused. Currently, bookings for non-members at our resorts are open only 15 days or lesser in advance.

Further, the capital expenditure to expand our inventory is mostly funded through the upfront membership fees paid by our members, which makes our business model less dependent on external debt. Our business model also has recurring income streams in the form of annual subscription fees and income from facilities and services at the resorts. We offer instalment based payment option to our members where they have the option to pay their membership fees through an EMI plan of tenure ranging from 6 to 48 months. Our Company securitises these future receivables to banks/financial institutions in order to draw funds upfront. These factors have ensured that our debt is low and we believe that these factors provide us with an advantage of being able to raise funds from external sources when necessary. Furthermore, our Club Mahindra Holiday memberships are offered for a period of 10 years or 25 years, which provides us with an opportunity to re-use the memberships again at the end of the 10 year or 25 year term, as the case may be, without having to further expand our inventory. We believe this factor would enable us to generate revenue in the future without incurring substantial capital expenditure.

Our prestigious parentage

Our Company is a part of the Mahindra group of companies, which is one of the leading and one of the largest business groups in India. The Mahindra Group is among the largest industrial houses in India. The Mahindra Group is a US$ 15.9 billion (based on revenues, at exchange rate of US$1 = ₹ 52.36) multinational group based in Mumbai, India, Mahindra Group employs more than 155,000 people in over 100 countries. Mahindra Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, information technology and vacation ownership. In addition, Mahindra Group enjoys a strong presence in the agribusiness, aerospace, components, consulting services, defence, energy, financial services, industrial equipment, logistics, real estate, retail, steel and two wheeler industries. In 2012, Mahindra Group featured on the Forbes Global 2000 list, a listing of the biggest and most powerful listed companies in the world. We believe that our association with the Mahindra Group has enabled us to absorb its corporate values and principles and adhere to the established corporate governance practices. We further believe that our association with the Mahindra Group lends strength to the trust and reliability reposed in us, and enables us to attract and retain fresh talent and in member acquisitions. We further believe that sharing goals and objectives with the Mahindra Group enables us to utilize various synergies which aid in our business and operations.

Club Mahindra brand recognition

At the time of establishing our operations in 1996, we leveraged our business on the Mahindra brand, which is a well established brand name in India. Thereafter, we continued to invest resources to build the brand 'Club Mahindra'. Our Company was selected as a Business Superbrand 2008 by The Brand Council in India, subsequently, our flagship brand Club Mahindra Holidays was selected as a Superbrand 2009. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. This established brand name also accorded us the opportunity to successfully launch new service offerings, such as Club Mahindra Fundays and clubmahindra.travel.

Strong marketing channels

We employ a variety of marketing and sales channels to enrol members. Our marketing channels include advertisements in print media, television, direct mail, e-commerce and on-ground market promotions backed by outbound telemarketing. Our marketing initiatives have received awards from the Mumbai Ad Club in the past for media innovation. We have been following a "permission marketing" approach. We believe we have the skills and a wide distribution coverage, necessary to sell vacation ownership memberships to our target customers. We conduct sales presentations at homes of the prospective customer through direct and franchisee sales teams. In addition, we make presentations at direct and franchisee retail centres called Club Mahindra Holidayworld located at shopping malls and at our resort locations. We also focus on leveraging our growing member base to increase sales through referrals which has proved to be an efficient marketing and sales approach in the recent past. During the year ended March 31, 2012 and the nine month period ended December 31, 2012, referrals attributed to 27% and 30%, respectively, of the total vacation ownerships sold. Our multi-channel sales operations have a pan-India presence covering eight metropolitan and tier II cities. We believe that through our marketing and sales approach we have the ability to identify and access our prospective members and sell our service offerings.

Experienced senior management team

Our senior management team effectively plans and executes our growth strategies. Most of our key managerial personnel have substantial experience in the hotel operations, insurance companies, fast moving consumer goods and the hospitality industries, within and outside India. Our senior management also brings experience from diverse industries such as the retail, insurance products and telecommunications. We believe that having a strong senior management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth.

Our Strategies

We intend to pursue the following principal strategies to leverage our competitive strengths and grow our business:

Enhance our member growth and service excellence by increasing our distribution network and growing the number of resorts and room inventory

We seek to be the preferred partner to the urban family for holidays and holiday services in India. Our focus is to enhance our member growth, service excellence, innovative offerings, brand value and the variety of resorts. We believe that we can accelerate our member acquisition process by increasing our distribution network in cities under coverage and add to the number of cities being covered. As of December 31, 2012, we have a total of 40 resort properties across India, Thailand, Malaysia and Austria, of which we own 19 properties. Our resorts (resorts owned by us or on long term lease with us) contribute an aggregate of 2,134 apartments and rooms of a total of 2,242 apartments and rooms owned or leased by us. We intend to increase the number of our resorts in India and overseas, particularly through greenfield development and acquisitions in popular holiday destinations. For example, we recently completed the acquisition of stake in a company which owns a property in Bangkok, Thailand. In addition, we intend to increase the number of apartments and rooms at some of our existing resorts and focus on developing resorts at new destinations. We may also from time to time selectively lease hospitality properties at high demand destinations to add to the choice of destinations for our members. Increasing our membership base and the number of resorts would enable us to increase our total income from vacation ownership.

We also intend to leverage our Land Bank to construct resorts with 300 to 400 rooms. Currently, we have four ongoing greenfield projects at Virajpet (Karnataka), Naldhera (Shimla), Kanha (Madhya Pradesh) and Assanora (Goa). The project at Virajpet is at an advanced stage of completion of its first phase and we have commenced initial pre-construction activities for the projects at Naldhera, Kanha and Assanora. We are also expanding our resort at Munnar (Kerala). Greenfield projects allow us to control and create a resort environment which provides a unique Club Mahindra holiday experience to our members. For details of our ongoing projects and Land Bank, please see "***Our Business – Our Proposed Resorts and Land Bank***" on page 98.

Continue to build the desirability of our resort experience and focus on our flagship product, Club Mahindra Holidays

Our resorts shall continue to be full service resorts at attractive locations, delivering complete holiday experiences through a wide range of holiday activities, restaurants, amenities and destination-specific experiences. In addition we intend to enhance holiday experiences through resort design, adding innovative activities, and non-conventional accommodation such as log huts, floating cottages and tents.

We intend to continue guiding the overall holiday experience of our members by our 'Member First' philosophy, which is intended to upgrade the experience of members to one of much greater engagement and satisfaction and to offer holistic return from a long term investment. Guided by the 'Member First' philosophy, we have undertaken transformations including standardising resort processes for a uniform experience across resorts. To service our members better, we have added 425 rooms (net) to our inventory during fiscal year 2012. Further, we have upgraded our core reservation engine which now incorporates all entitlement related rules of our members in the system. As a result, we have successfully implemented a complete online booking solution for our members, which was launched in December 2011. Our members have been, increasingly, utilising our online booking solution for making their bookings since its launch. We also launched a new website in April 2012, which utilises the functionalities of our significantly upgraded IT infrastructure. The website has features that will allow assessment of the tastes and preferences of members based on their history, and offer proactive suggestions and holiday options, making the user experience much more interactive. We intend to continue investing in developing our IT infrastructure to enhance customer experience.

Furthermore, as part of the 'Member First' philosophy, we focus on providing preference and priority to our members over non-members and our resorts are open for booking to non-members only if room inventory is unused. Currently, bookings for non-members at our resorts are open only 15 days or lesser in advance.

We also intend to focus more on our flagship product, Club Mahindra Holidays, which contributed 78.49% and 80.25%, respectively, of our consolidated revenue for the year ended March 31, 2012 and of our unconsolidated revenue for the nine month period ended December 31, 2012. In line with this strategy, we have discontinued enrolling new members for Zest memberships and have discontinued accepting new bookings for Mahindra Homestays since December 2012 and February, 2013 respectively. However, we continue to service our existing Zest members.

Leverage on our existing brand and reduce customer acquisition costs

Within the last decade, we have established Club Mahindra as one of the leading brands in the leisure hospitality segment. 'Club Mahindra' was voted as the 'Product of the Year 2012' in the 'Holidays and Hospitality' category by 'Product of the Year India' based on a consumer survey across 30,000 respondents. In 2011, our Company won the 'President's Club Award', an award created to recognise top performing RCI affiliates, for its exceptional performance and achievements. Our Company was selected as a Business Superbrand 2008 by The Brand Council in India and subsequently, our flagship brand Club Mahindra Holidays was selected as a Superbrand 2009. Further, our resort at Coorg was listed as No. 1 in 'Top 25 Hotels for Families in India' and as No. 2 in 'Top 25 Hotels for Families in Asia' by Tripadvisor as part of the 'Travellers' Choice Awards 2012'. As part of the 'Travellers' Choice Awards 2012' by Trip Advisor, our resort at Coorg was also included in the 'Top 25 All Inclusive Resorts in Asia'. We believe these have contributed significantly to our growth and our ability to improve our average unit realisations. We will continue to leverage on our demonstrated ability to build brands and intend to invest resources in strengthening Club Mahindra Holidays.

We also intend to rely on our existing brand and reduce customer acquisition costs by reducing expenses towards advertising through expensive media such as print media. We will continue to leverage our growing member base to increase sales through member referrals which is an efficient and cost effective marketing and sales approach.

Expand our operations into new international markets

We intend to expand our operations into international markets to sell the family holidays vacation ownership concept, acquire or develop resort properties and increase our member base. We intend to focus on select international geographies where Indians usually travel to on holiday. We are in the process of evaluating markets such as Dubai, Sri Lanka, South East Asia and have received an investment approval from the Board for investment in Dubai. In line with the same, we are in the process of finalizing our investment in a limited liability company to be incorporated in Dubai, which in turn will have a leasehold right in a hotel property. We believe that this will increase our member base and resort inventory thus resulting in increased revenues.

Our Business

We are one of the leading leisure hospitality providers in India, offering quality family holidays with a range of services designed to meet the diverse needs and interests of a family. Our members are entitled to stay and holiday at a range of holiday resort destinations every year for a fixed number of years. Our resorts offer the use of spacious furnished accommodation, such as apartments and rooms, and experience through a variety of holiday activities and resort specific amenities and facilities, such as restaurants, ayurvedic spas and kids clubs.

The membership provides our members with a cost effective method of taking holidays for a pre-determined number of years. The member pays an upfront membership fee that entitles him accommodation, subject to availability, for a pre-determined number of days, every year, across the resorts offered, for a pre-determined number of years, i.e., the membership period. In addition, we also provide convenient financing options, up to a term of 48 months, for the purchase of membership to our prospective members and also have an in-house dedicated team for collections.

Our holiday seasons are generally divided into three or four seasons, based on the demand for a particular resort in a particular season. Each of our resorts has a unique week classification for the different seasons offered by us. Our resorts have one to three types of apartments of varying sizes to suit different family sizes. The member chooses the season and the apartment type, which determines the membership fee payable by the member. The membership fee payable by our members comprises of a non-refundable admission fee towards enrolment and an entitlements fee towards provision of entitlements through the membership period. In the event of termination or cancellation of a membership, the member is refunded his entitlement fee on a pro-rata basis depending on the remaining number of years of the membership. We also provide our members with a rescission period, allowing them the option to cancel their membership application within 10 days from the date of application, with full refund.

Each service offering has a number of flexible membership features such as the ability to split, accumulate, advance, gift, transfer or exchange their vacation entitlements, subject to certain terms and conditions.

Club Mahindra Holidays

Our flagship service offering, Club Mahindra Holidays, was launched in 1997. Club Mahindra Holidays is our service offering targeted at the Indian family. We have, as of December 31, 2012, sold 143,744 Club Mahindra Holiday vacation ownership memberships.

Club Mahindra Holidays, currently entitles our members to stay and holiday at any of our 40 resorts, for seven days each year, in a season of their choice, for 10 years or 25 years depending on the tenure of the membership. Club Mahindra members enrolled prior to January 2002 were entitled to vacation for 33 years and as of December 31, 2012, we have 11,130 such members. In addition, our members can choose to access a range of RCI resorts globally by opting to become members of RCI.

Resorts under Club Mahindra Holidays

Our Club Mahindra Holiday resorts include 40 resorts as on December 31, 2012, of which our owned resorts are located at Ashtamudi (Kerala), Coorg (Karnataka), Manali (Himachal Pradesh), Munnar (Kerala), Kumbalgarh (Rajasthan), Puducherry, Ooty (Tamil Nadu), Thekkady (Kerala), Innsbruck (Austria), Jaisalmer (Rajasthan), Gir (Gujarat), Kuala Lumpur (Malaysia), Kandaghat (Himachal Pradesh), Tungi (Maharashtra), Bangkok, two resorts at Binsar (Uttarakhand) and two resorts at Varca (Goa).

Holiday Seasons

For each resort destination, the year is divided into four seasons: Purple, Red, White and Blue, based on demand for such resort during the year. The season classification may vary from year to year for any resort, and varies from resort to resort.

Purple: The season with the highest tourist traffic to the particular destination. For example, in Goa, weeks around Christmas and New Year and the Carnival.

Red: This season would typically encompass school holidays, such as the summer and winter vacations, and other festival vacations.

White: This season may be a good time to visit the destination but may not necessarily coincide with school vacations.

Blue: This is the season with lower tourist traffic for the destination, appealing only to a limited target group of young families without children, for example, the monsoon season in Goa.

Apartment Types

To address the diverse needs of our members, we offer three types of apartments based on the number of people proposing to occupy the apartment. In addition, some of our apartments are equipped with cooking facilities. The table below sets out the different apartment types offered by us under our Club Mahindra Holidays membership:

Category	**Characteristics***	**Occupancy****
Two Bedroom Apartment	Two separate bedrooms with a living and dining area	Six adults
One Bedroom Apartment	A single bedroom with a living and dining area	Four adults
Studio Apartment	A bedroom/living room and dining area	Three adults; or two adults and two children under 12 years

* *In our resorts, some apartments also provide either wet or dry kitchenette facilities.*

** *In our resorts two children below the age of 12 are considered equivalent to one adult. Children above the age of 12 are considered as adults for the purpose of room occupancy.*

Fees

Our members are required to pay a membership fee to us at the time of enrolment and an annual subscription fee each year thereafter. The membership fee and the annual subscription fee depend on the type of season and apartment chosen by the member.

Membership Fees

The membership fee payable by our members comprises a non-refundable admission fee towards enrolment and an entitlements fee towards the provision of entitlements through the membership period. The membership fee is based on the season and type of apartment chosen by the member. We provide convenient instalment options, up to a term of 48 months, for the purchase of membership to our prospective members.

Annual Subscription Fee

Other than the membership fee referred to above, currently our members are required to pay to us an annual subscription fee, which is used to fund maintenance of our resorts and providing club services to our customers including holiday planning, reservations and administration of the membership. The annual subscription fee is subject to revision from time to time.

Holiday Entitlement

Holiday entitlements of a member commence as per the payment plan selected by a member and ranges from one month to nine months from the end of the month after admission as a member, depending on the financing plan chosen by the member.

Split: A member can split his holiday entitlement into smaller periods and take more holiday breaks, each for a shorter duration. However, the shortest holiday permitted is a minimum of two nights during the white and blue seasons and a minimum of three nights during the red and purple seasons.

Accumulate: In the event a member does not use the whole or part of his or her entitlement in a given year, the unused portion of the entitlement accumulates to the next year. However, a member is not permitted to accumulate more than 21 nights at any point in time.

Advance: A member can bring forward the next year's holiday to take a longer holiday or multiple holidays.

Gift: A member can gift his holiday, subject to certain terms and conditions.

Transfer / Bequeath: A member can transfer or bequeath his membership, subject to certain terms and conditions.

Exchange: Our flexible holiday feature is based on the following classification for the purposes of an exchange in season by a member:

Purple Season Member	Holiday at any time of the year
Red Season Member	Could also holiday in Purple*, White and Blue Seasons
White Season Member	Could also holiday in Red* and Blue Seasons
Blue Season Member	Could also Holiday in White* Season

**   If the holiday is taken in such season, the booking must be done only 15 days prior to the contemplated holiday and is subject to availability at the resort. A member will get more or less number of days of holidays depending on whether he is going to a season of higher or lower demand and/or to a larger or smaller apartment. This is based on a ratio prevailing at the time of request for the exchange.*

Amenities, Facilities, Activities and Privileges at the Resorts

We provide our members with a range of family holiday activities and privileges at our resorts. Some of these are available on a pay-per-use basis and our members are entitled to a 25% discount, as compared to non-members. Currently, some of the activities that we offer our Club Mahindra Holiday members are:

Fun Dining – All Club Mahindra Holidays resorts have multi-cuisine restaurants that provide members with a wide range of cuisines to cater to the needs of members from all parts of India. "Fun Dining" is a special privilege for our members who can avail of a buffet or take-away food for breakfast, lunch and dinner at a nominal cost. In addition, we allow discounts if the entire family uses Fun Dining and other discounts where the member takes breakfast and one other meal per day.

A la Carte Dining - We often offer a la carte dining options along with theme-oriented menus, region-specific menus at all our resorts and have special kids' menus, taking care of the needs of every member of the family. In some resorts, we also offer specialty cuisine restaurants.

Bar – We offer alcoholic beverages at certain resorts through our bars.

Spa – We have launched our brand of ayurvedic spas at certain of our resorts called "Svaastha", promoting harmony of mind, body and spirit.

Kids club – We have a 'Kids Club' at certain of our resorts. Children are enrolled into the 'Kids Club' when they check into the resort, after which they have access to club activities specifically designed for them. We have also introduced a club for teenagers.

Champs – At certain of our resorts, we have a set of animators dedicated to take care of holiday activities and the entertainment of our members during their stay. Some of our other employees are also trained to perform and entertain our guests by singing, playing musical instruments, telling stories to children and performing magic tricks.

FunZones – We provide our members with various options to keep adults, teens and kids entertained during their holiday at the resort. These activities include outdoor activities such as rappelling, river crossing, rope bridges, camping, hikes, water sports and indoor activities ranging from craft, pottery and dance classes to pool tables, table tennis and board games. In addition, we also organize and facilitate activities outside the resort which are destination specific, such as picnics, sight-seeing trips, heritage visits, game spotting and bird watching.

Conferences and Outbound Trainings – Certain of our Club Mahindra Holidays resorts are equipped to cater to conferences and outbound training programs. These facilities are provided on a limited basis to a select targeted clientele to ensure capacity utilization and as an opportunity for non-members to avail themselves of a Club Mahindra experience.

Club Mahindra Fundays

Club Mahindra Fundays is a service offering introduced in October 2006, targeted at corporate customers.

Club Mahindra Fundays is based on a points system, where different season-apartment combinations are valued at points per day, as specified from time to time. A corporate customer purchases a specific number of points that are credited to their account every year for the 10 year term of membership. A corporate member may offer family holidays to their employees. This system is flexible to use and suitable for corporate members' constantly changing requirements. We have, as of December 31, 2012, sold 3,297,804 Club Mahindra Funday points. Club Mahindra Funday points can be used across all of our resorts.

Holiday Seasons and Apartment Types

Club Mahindra Fundays have the same holiday season classifications and apartment types as Club Mahindra Holidays and Zest for their respective resorts.

Fees

Our member is required to pay a membership fee to us at the time of enrolment and an annual subscription fee each year thereafter.

Membership Fees

A Club Mahindra Fundays member has to purchase a minimum number of points. Currently, the minimum number of points that can be purchased is 10,000 points and additional points can be purchased in multiples of 1,000 points.

67% of the points purchased by a member are termed as "Premium points" and can be used in all four seasons – Purple, Red, White and Blue, in Club Mahindra Holidays resorts and all three seasons – Verve, Buzz and Pep, in Zest resorts. 33% of the points purchased by the member are termed as "Classic points" and can be used only in the White and Blue seasons in Club Mahindra Holidays resorts and only in the Pep season in Zest resorts.

The membership fee payable by our members comprises of a non-refundable admission fee towards enrolment and an entitlements fee towards provision of entitlements through the membership period.

Annual Maintenance Fee

Other than the membership fee referred to above, our members are required to pay an annual maintenance fee every year, which is towards utilities, upkeep, upgrade and maintenance of our resorts and other services provided by us in connection with the membership.

Holiday Entitlement

The Club Mahindra Fundays member can start taking holidays after one month from the date of purchase of the membership.

Accumulate: Unutilized points will be accumulated to the next year. However, a member is not permitted to accumulate more than twice the number of points purchased by it.

Advance: A member can bring forward the next year's points subject to a maximum of 50% of the points purchased by it, and shall comprise an equal number of Premium and Classic Points.

Transfer: A member can transfer the membership, subject to certain terms and conditions.

Top-ups: A member can purchase additional points subsequent to the initial purchase, at the purchase price and terms and conditions prevailing at that point of time.

Exchange: A Club Mahindra Fundays is based on a points system and hence gives flexibility to use the product in any season or apartment type, by using the appropriate number of points as assigned to the specific season-apartment combination.

Activities and Privileges at the Resorts

A Club Mahindra Fundays member is eligible for all the activities and privileges that the Club Mahindra Holidays member gets at Club Mahindra Holidays resorts and the Zest member gets at the Zest resorts.

Zest

Zest was introduced in November 2006, and was targeted at young urban families and based on the concept of short breaks. A Zest member is entitled to six days of holidays every year within the allotted season at any Zest resort, for a membership period of 10 years. These resorts are located within drive-to distances. As part of our strategy to focus on our flagship product, Club Mahindra Holidays, we have discontinued enrolling new members for Zest since December, 2012. However, we continue to service our existing Zest members. As of December 31, 2012, we have 11,477 Zest memberships.

Our resorts under Zest are located at Puducherry, Ooty, Masinagudi and Kodaikanal. Zest offers only one type of apartment, which is a furnished accommodation that accommodates two adults and two children below the age of 12. (Children above 12 years of age are considered as adults for the purpose of room occupancy).

Season Classification

Zest is a short break service offering. The entire calendar year is divided into three seasons: Verve, Buzz and Pep. The season classification can vary from year to year and from resort to resort.

- *Verve*: includes the most sought after time of the year, such as the summer and winter vacations.
- *Buzz*: includes the high seasons to visit the resort.
- *Pep*: includes times which are the off seasons for the resort.

Fees and Holiday Entitlement

Our member is required to pay a Zest membership fee to us at the time of enrolment and an annual subscription fee each year thereafter. The membership fee and the annual subscription fee depend on the type of season chosen by the member. Holiday entitlements of a member commence as per the payment plan selected by a member and ranges from 15 days to one month depending on the instalment payment plan chosen by the member.

Other features:

A Zest member has the option of splitting his holiday entitlement into smaller portions or accumulating his holiday entitlements in any given year to the next year. Members also have an option to bring forward the next year's holiday to take multiple holidays subject to a maximum of 12 nights in a year, including two weekend holidays. Features such as gifting holidays, transferring memberships and exchange into a lower season are also available to a Zest member.

Amenities, Facilities, Activities and Privileges at the Resorts

We provide our members with a range of family holiday activities and privileges at our resorts. Some of these are available on a pay-per-use basis and our members are entitled to a 25% discount as compared to non-members. Currently, some of the activities that we offer our Zest members include: (i) a la carte dining; (ii) animators to take care of holiday activities; (iii) funzones which provide for outdoor activities such as paint-ball, down-hill cycling on tandem bikes, hikes in deep woods, bonfire parties and night trails; and (iv) provisions for conferences and outbound trainings.

Our Travel Business

We launched our travel business through www.clubmahindra.travel targeted primarily at our members to provide a one-stop shop for all travel-related services which includes holiday planning, ticketing and other related services. Clubmahindra.travel was certified by IATA in June 2008 in Chennai and in May 2011 in Mumbai. Clubmahindra.travel became a TAAI member in May 2009. We have a dedicated call centre and strategic alliances with partners, such as Travstore Thailands and Akqua Sun Holidays India Pvt. Ltd.

Our Resorts

As of December 31, 2012, we have 37 resorts across India, Thailand, Malaysia and Austria which are either owned by us or leased by us on a long term basis which amount to an aggregate of 2,134 apartments and rooms. As of December 31, 2012, March 31, 2012, March 31, 2011 and March 31, 2010, we owned or leased (long term) an aggregate of 2,134, 2,049, 1,624 and 1,476 apartments and rooms, respectively. The table below presents our resorts and the number of apartments or rooms in each such resort:

Sr. No.	Location	Number of Apartments or Rooms	Owned/Leased (long term)
1.	Ashtamudi, Kerala	46	Owned
2.	Varca, Goa	209	Owned
3.	Binsar, Uttarakhand	36	Owned
4.	Coorg, Karnataka	220	Owned
5.	Manali, Himachal Pradesh	34	Owned
6.	Munnar, Kerala	120	Owned
7.	Kumbalgarh, Rajasthan	68	Owned
8.	Puducherry, Puducherry	125	Owned
9.	Manipur Villa, Binsar, Uttarakhand	22	Owned
10.	Ooty, Tamil Nadu (Derby Green)	89	Owned
11.	Thekaddy, Kerala	49	Owned
12.	Kodai, Tamil Nadu (Zest Coakers Villa)	11	Leased
13.	Bangkok, Thailand (Grand Tower Inn)	6	Leased
14.	Corbett, Uttarakhand	50	Leased
15.	Dharamshala, Himachal Pradesh (Kangra Valley)	23	Leased
16.	Kodaikanal, Tamil Nadu(1)	16	Leased
17.	Mussoorie, Uttarakhand	72	Leased
18.	Pattaya, Thailand	6	Leased
19.	Ooty, Tamil Nadu (Sheddon Lodge)	15	Leased
20.	Masinagudi, Tamil Nadu (Casa Deep Wood Resorts)	20	Leased
21.	Yercaud, Tamil Nadu(1)	72	Leased
22.	Naukuchiatal,Uttarakhand	31	Leased
23.	Shimla, Himachal Pradesh	67	Leased

Sr. No.	Location	Number of Apartments or Rooms	Owned/Leased (long term)
24.	Innsbruck, Austria	5	Owned
25.	Baiguney, Sikkim	21	Leased
26.	Jaisalmer, Rajasthan(2)	74	Owned
27.	Kanatal,Uttarakhand	38	Leased
28.	Gangtok ,Sikkim	32	Leased
29.	Gir, Gujarat	43	Owned
30.	Emerald Palms, Varca, Goa	106	Owned
31.	Kumarakom, Kerala	28	Leased
32.	Kuala Lumpur, Malaysia	14	Owned
33.	Kandaghat, Himachal Pradesh	80	Owned
34.	Udaipur, Rajasthan(3)	43	Leased
35.	Navalgarh, Rajasthan(4)	26	Leased
36.	Poovar, Kerala(1)	20	Leased
37.	Bhaasuram, Kerala(5)	71	Leased
38.	Tungi, Maharashtra(6)	84	Owned
39.	Mahabaleshwar,Maharashtra	73	Leased
40.	Mac Boutique, Bangkok, Thailand	77	Owned

(1) *These resorts are leased on a short term basis. See " **– Our Short Term Leased Resorts**" below.*
(2) *A portion of this resort is under renovation.*
(3) *We have served a termination notice dated February 1, 2013 on the lessor for termination of the lease with effect from May 1, 2013.*
(4) *We have served a termination notice dated January 10, 2013 on the lessor for termination of the lease with effect from July 9, 2013.*
(5) *This resort is under renovation and upgradation.*
(6) *Construction of the first phase of this resort is nearing completion and construction of the second phase is in progress.*

Our Short Term Leased Resorts

We have leased 108 apartments and rooms across three resorts from third parties as of December 31, 2012, on a short term basis (terms less than two years). The 108 apartments and rooms on short term lease constitute 4.82% of the total 2,242 apartments and rooms across the 40 resorts of the Company. The table below presents our short term leased resorts and the number of apartments or rooms in each such resort:

Location	Number of Apartments or Rooms
Poovar, Kerala	20
Yercaud, Tamil Nadu	72
Kodai Hill Country, Tamil Nadu	16
Total	**108**

Our Proposed Resorts and Land Bank

We are expanding our resort at Munnar, Kerala where we are adding around 50 rooms on 3 acres of land adjacent to the existing resort. The expansion plan also includes a public area, lobby, restaurant and a holiday activity area. We are currently developing new resorts at Virajpet (Karnataka), Naldhera (Shimla), Kanha (Madhya Pradesh) and Assanora (Goa). The proposed resort at Virajpet (Karnataka) is being developed on a portion of the total 36.44 acres of land that we own and will have around 180 rooms constructed in two phases and the first phase is at an advanced stage of completion. The new resort at Naldhera (Shimla) is being developed on 2.85 acres of land and will have around 100 rooms, and the new resort at Kanha (Madhya Pradesh) is being developed on a portion of 14.16 acres of land which we own and will have around 50 rooms. The new resort at Assanora (Goa) is being developed on a portion of the total 46.13 acres of land that we own and will have 158 rooms. We have commenced initial pre-construction activities for the proposed projects at Naldhera, Kanha and Assanora Construction of the second phase of our resort at Tungi near Lonavala (Maharashtra) is in progress.

Our Land Bank consists of 25.02 acres of land at Kadapakkam near Chennai (Tamil Nadu), 19.30 acres at Nawabpet (Andhra Pradesh), 95.93 acres at Kas (Maharashtra), 20.40 acres at Varwade, Ratnagiri (Maharashtra), 9.06 acres at Theog, Himachal Pradesh, 17.85 acres at Yellagiri, Tamil Nadu, 3.00 acres at Munnar (Kerala), 46.13 acres in Assanora (Goa), 14.16 acres at Kanha (Madhya Pradesh), 36.44 acres at Virajpet (Karnataka) and 2.85 acres at Naldhera (Shimla). We have made an advertisement to sell our land at Theog, Himachal Pradesh.

We are evaluating options to purchase or lease certain additional properties in Himachal Pradesh, North East India and Tamil Nadu. In this regard, our Board has set up an Inventory Approval Committee, which has the powers to undertake a maximum outlay of ₹ 50 million without specific Board approval.

We have also entered into a memorandum of understanding dated January 12, 2011 with the Government of Gujarat for setting up resorts in seven locations.

As of December 31, 2012, our resorts and Land Banks are spread across India at the locations shown below:

Our Process Overview

We are an integrated company providing acquisition and lease of properties, development of resorts, resort operations and value-added services and sales and servicing of members. We believe that our integrated approach from development of a resort to the holiday experience at our resorts is a differentiating factor which helps create member loyalty and growth.

Resort Creation

We have a team of professionals who are entrusted with the task of identifying land for resort development and properties for the purposes of either acquisition or lease of a resort. In undertaking our acquisitions, we conduct an independent assessment of the identified land and thereafter negotiate the purchase of the land. Subsequent to the acquisition of the land, we develop our resort with the assistance of third party contractors, architects and landscapers. We also lease properties on a long term and short term basis. As of December 31, 2012, 19 resorts are owned by us and 21 resorts have been leased by us. Of the total 2,242 apartments and rooms offered by us, 1,501 are owned by us, 633 are on long term leases and 108 are on short term leases.

Marketing and Sales

Our marketing initiatives are present across all key mediums of print media, television, direct mail, e-commerce and out of home advertising. From time to time, we have joint marketing promotions with well known brands in India as well as on ground promotions supported by telemarketing. Our interested target customers are requested for an appointment. The sales team meets the sales opportunities generated and enrols members through a consultative, technology enabled, interactive sales presentation. Our member acquisition process is conducted through a pan-India multi-channel presence through our direct and franchisee sales teams.

Our sales and marketing is conducted through the following channels:

Retail Outlets: We have set up Club Mahindra Holidayworlds, our retail outlets, at a range of locations spread over India in malls and shopping complexes.

Direct to Home: We meet target members, by prior appointment, at their homes, preferably with the entire family.

Franchisee Operations: We have nine franchisee sales agents, who enrol prospective members by means of retail outlets or direct to home marketing across India, who are appointed by us on a non-exclusive basis, typically for periods of two years. Franchisees are paid a commission, subject to certain terms and conditions.

Onsite: We have Club Mahindra Holidayworlds at some of our resorts. Our sales teams are present to upgrade memberships of existing members as well as enrol new members.

Referrals: We also leverage our growing member base to increase sales through referrals.

As of December 31, 2012, we have 16 branches and 44 retail outlets across India of which 35 are owned and nine are franchised. We have 139 direct-to-home operations, which are franchised by us. Further, we also have on-site operations at some of our resorts. In addition, we have service and representative offices in Dubai.

Member Relationship Management

We have a centralized and distributed network of trained customer service professionals who are located across 16 branch locations and also at our call centre. Our call centre is equipped with customized CRM solution and an in-house developed reservation management system along with an automated call distribution and voice logger. Depending upon the terms of our contract with our members, we service our members for a period of 10 years, 25 years or 33 years. Our member services department has been assessed and approved as ISO 9001:2000 compliant. All our expertise and abilities are focussed towards tracking customer preferences and in order to ensure satisfactory and personalized services through our customized CRM technology solutions. We believe we are the only vacation ownership company in India to have an online booking facility for members and we have consistently improved the online booking penetration rates. Our centralized customer service centre houses in excess of 100 holiday consultants who respond to members and provide a range of services (proactive and responsive) such as holiday planning, routine customer services and overall travel planning through travel services. We have established several posts to seek continuous feedback from our members (across branch, central, reservation and resort interfaces) and utilise the member feedback to constantly improve the overall membership experience.

We focus on guiding the overall holiday experience of our members by our ‘Member First’ philosophy, which is intended to upgrade the experience of members to one of much greater engagement and satisfaction and to offer holistic return from a long term investment. Guided by this philosophy, we have undertaken transformations including standardising resort processes for a uniform experience across resorts. Further, we have upgraded our core reservation engine which now incorporates all entitlement related rules of our members in the system. This has enabled implementing a complete online booking solution for our members. Further, we also launched a new website in April 2012, which utilises the functionalities of our significantly upgraded IT infrastructure. The website has features that will allow assessment of the tastes and preferences of members based on their history, and offer proactive suggestions and holiday options, making the user experience much more interactive.

Resort Experience

We provide our members with a wide range of amenities and facilities, which has resulted in our resort at Munnar being accredited with a 5 Star rating by the Ministry of Tourism Government of India. Similarly, we have an extensive range of services and activities specially designed for the holiday needs of the family. Some of our distinguishing services include animators, FunDining, Kids Clubs and Funzones.

RCI has awarded 12 of our resorts the prestigious RCI Gold Crown Award for superior resort facilities, services and hospitality based on user feedback. Our resort at and Varca, Goa has been recognized for having received the RCI Gold Crown Award for 11 years in a row and our resort at Munnar, Kerala has been recognized for having received the RCI Gold Crown Award for ten years in a row. In addition, we were also the first hospitality player in the world to have achieved a people capability maturity model (or PCMM) level 3 assessment at our Goa resort. All of our owned resorts follow eco-friendly practices and have water and waste management systems.

Our RCI Affiliation

RCI is the world's largest holiday exchange network. Our affiliation with RCI enables our members to access the RCI exchange network, which includes over 6,000 resorts and vacation homes across the world. We offer our Club Mahindra members at the time of enrolment a two year complimentary membership with RCI. Subsequent to the expiry of the initial two years, our members have the option to renew their RCI membership.

Our Mixed-Use Operations of Resorts

We follow a mixed-use model by providing non-members access to a limited number of apartments and rooms on a per night room tariff. We have our own dedicated team selling unutilized apartments to non-members. While such non-members have access to the resort's facilities and amenities, they are generally charged a higher price for these services as compared to our members. However, as part of our 'Member First' philosophy, we focus on providing preference and priority to our members over non-members and our resorts are open for booking to non-members only 15 days or lesser in advance. Further, our resorts at Munnar, Goa and Ashtamudi are currently not open for non-members.

Securitisation of Receivables and Instalment Based Pay Plan

We offer instalment based payment option to our members. Our members have the option to either pay the full amount of the membership fees or pay through an EMI plan of tenure ranging from 6 to 48 months.

Our Company securitises these future receivables to banks/financial institutions in order to draw funds upfront, which are spent on either constructing or acquiring inventories or general corporate purposes. These securitization transactions are placed with 100% recourse to our Company and our Company provides 0% to 20% additional receivable as margin to meet delinquencies, if any, on the collection from members. As of December 31, 2012, we have outstanding securitisation of ₹ 3,509.77 million.

Insurance

We have obtained public liability insurance for all of our owned and leased resorts. We have also obtained standard fire and special perils insurance for some of our offices and our resorts. In addition, we maintain insurance against burglary, house breaking, contingencies, breakdown of electronic equipment and machinery, and loss of money for some of our resorts and offices. We also maintain group personnel accident policies for our permanent employees.

Employees

We believe that a skilled and motivated employee base is essential for our competitive advantage. As such and also to ensure that our employees have the training and tools needed to be successful in today's competitive environment, we are committed to building teams and invest resources in the development of the expertise and know-how of our employees as well as employee satisfaction. To access talent, we source from major business schools and operate a management trainee program for resort operations. We believe that we provide ample opportunities for our high potential employees to grow into taking on increased responsibilities within the organization.

We believe that we have a qualified and experienced employee base. As of December 31, 2012, we had 1,116 permanent employees at our offices and 1,474 permanent employees at our resorts. Our permanent employees include personnel engaged in leadership roles, customer acquisition, marketing, projects, customer care and all support functions at our offices. The permanent employees at our resorts include personnel engaged in food and beverages operations, engineering, house-keeping, front office and other functions.

We provide retirement benefits to our employees by way of provident fund, gratuity and superannuation in compliance with statutory requirements. We also provide our employees with insurance cover and group mediclaim policies. We have provided stock options to our key leadership employees. Except at our Munnar resort, we do not have any collective bargaining agreement with our employees. We believe that we have good employee relations in our organization.

IT infrastructure

Most of our critical business processes are supported by full-fledged internal IT department. SAP ERP implementation is in process and has been implemented in 23 resorts till date. We are also in the process of implementing 'Siebel CRM' in our branches, which will replace our existing CRM solution to cater to workflows starting from lead management to member relationship management. We also have an in-house developed centralized reservation system which takes care of bookings across all 40 resorts as of December 31, 2012. Our members have been, increasingly, utilising our online booking solution for making their bookings since its launch. Further, Club Mahindra website hosts multiple microsites for booking, travel services, online payment services for members. All these are supported by network and infrastructure comprising of multi protocol label switching links, application-database-web servers and backup connectivity. All our resorts have dual link with different media, last mile and internet service providers.

Health Safety and Environment

We have always been conscious of our responsibility to the environment in which we create our resorts. We follow environmental friendly construction in line with the 'green' building concept. The green building concept entails construction by using sustainable and recyclable materials and the design elements are focused to evaluate and orient buildings to provide protection from sun glare. In terms of conservation, we start with water conservation through low-flow toilets, showers and faucets and hot water recirculation pumps and energy conservation, which includes ceiling fans, ceiling insulations with specific R values, CFL light fittings and motion sensors, energy savers for lighting, VFD (Variable frequency device – pumps) and photo voltaic sensors for garden lighting. Treatment plants, such as sewage treatment plants and water treatment plants, for recycling of water are part of our owned resort's infrastructure. We use eco-friendly items such as herbal products, toiletries, cloth towels, organic food and locally grown products at our resorts. We follow the principles of reduce, recycle and reuse in resort construction and operation. Our resorts in Varca, Goa, and Kumbalgarh, Rajasthan are certified with Ecotel and Green Globe, respectively.

To ensure the effective implementation of our practices, we seek to identify at every resort hazards at the beginning of our work on a resort, evaluate the associated risks and institute and monitor appropriate controls and methods. We comply with applicable health, safety and environmental legislations and other requirements in our operations. We are not currently party to any environmental proceedings which, if adversely determined, would reasonably be expected to have a material adverse effect on our financial condition or results of operations.

Corporate Social Responsibility

We have an institutionalized employee social options plan which works in the areas of health, education, environment and entertainment. In keeping with the Mahindra group policy, we have committed to spend 1% of our profit after tax annually towards our corporate social responsibility initiatives. Our Company and our employees have conducted initiatives in each dimension. For example, for health, we have conducted a free medical camp for government school children in Manali. In education, we have distributed books and also conducted repair and painting work for a government school at Ashtamudi. For the environment, we have conducted tree plantation drives across all resorts and branch offices. Additionally, we have taken entertainment programs to old age homes, leprosy homes and the CSI rehabilitation center. Apart from all this we have also supported an underprivileged child through the Nanhi Kalhi program of the K C Mahindra Trust. Further, we have sponsored education of 1,000 girl children through the Nanhi Kalhi project and have sponsored education of another 300 girls in Chennai. At our resort locations in Coorg, Goa, Kodaikanal and Kumbhalgarh, our Company supplied educational material and amenities to underprivileged students. We also carried out renovation of a village library in Puducherry. Additionally, training and development programmes were carried out at several locations for self-help groups and underprivileged youth. Besides these, information sessions were carried out at several locations in the areas of career awareness and opportunities, personal grooming, hygiene, cleanliness and safety.

Furthermore, around 70,000 trees were planted during the year as a part of 'Mahindra Hariyali' — a major tree plantation drive across resort locations. We also conduct blood donation and medical check-up camps, awareness sessions in the areas of health and natural remedies to benefit the local communities in which we operate.

Property

Our registered office is located at Mahindra Towers, 2nd Floor, 17/18, Patullos Road, Chennai 600 002, Tamil Nadu. This property has been leased by Mahindra & Mahindra Limited from Mr. M.K. Krithivasan, Mrs. K. Mangalam, Mrs. Geetha Ravikumar, Mr. Krishna Kumar and Ms. M.R. Bhavani, pursuant to a lease agreement dated August 10, 2005 for a period of 10 years commencing from October 1, 2005. This property has been sub-leased to our Company by Mahindra & Mahindra Limited with effect from October 1, 2005 for a monthly rent of ₹ 0.62 million pursuant to a letter dated November 29, 2006. The sub-lease can be terminated by either party by giving one month's notice.

Our corporate office is located at Mahindra Towers, 1st Floor, A Wing, Dr. GM Bhosle Marg, PK Kurne Chowk, Worli, Mumbai – 400 018. Our Company has entered into an agreement dated June 1, 2012 with Mahindra and Mahindra Limited for the use of the premises where our corporate office is located, for a period commencing from April 1, 2012 to March 31, 2013. Our Company pays a monthly rent of ₹ 3.62 million for the use of the premises. The agreement can be terminated by Mahindra & Mahindra Limited by giving 30 days' notice upon a default by our Company.

We have 16 branch offices located in various locations in Chennai, Bangalore (two), New Delhi (two), Kolkata, Ahmedabad, Pune, Mumbai (two), Kochi, Hyderabad, Lucknow, Jaipur and Chandigarh. All of these offices are leased by us. Also, we have service and representative offices in Dubai. We are in the process of discontinuing our service office in Dubai from April 2013 on account of opening a representative office and necessary formalities in this regard are being initiated. In addition to our offices, the following are the details of the resorts operated and leased by us:

Resorts owned by us:

Location	Area (in lakh square feet)	Date of Purchase
Manali, Himachal Pradesh	3.86	November 20, 2006
Munnar, Kerala	2.31	Scheme effective from April 1, 1998
Coorg, Karanataka	0.87	May 3, 2005
	11.44	December 10, 2002
	0.21	December 2, 2002

Location	Area (in lakh square feet)	Date of Purchase
Binsar*, Uttarakhand	1.00	November 7, 2000
Manipur Villa, Binsar*, Uttarakhand	0.80	November 6, 2000
Varca, Goa	6.35	February 13, 1997
Ashtamudi, Kerala	2.96	August 27, 2006***
Puducherry, Puducherry	1.70	November 23, 2005 and March 28, 2007
Kumbalgarh, Rajasthan	1.71	July 7, 2006
Ooty, Tamil Nadu	2.22	August 22, 2008
Thekaddy, Kerala	1.39	September 20, 2008
Innsbruck, Austria	0.39	January 11, 2010***
Jaisalmer, Rajasthan	4.03	August 9, 2012***
Gir, Rajasthan	2.08	June 23, 2010
Emerald Palms, Varca, Goa	1.67	December 21, 2011***
Kuala Lumpur, Malaysia	0.39	March 3, 2008***
Kandaghat, Himachal Pradesh	5.60	October 18, 2012***
Tungi, Maharashtra**	18.90	December 21, 2005
Mac Boutique, Bangkok	0.16	November 5, 2012***

** Our Company has leased an area of 0.4 lakh sq. ft for a period of 99 years since November 6, 2000, which connects the said resorts.*

*** Construction of the first phase of this resort is nearing completion and construction of the second phase is in progress.*

**** Through acquisition of the company owning the resort.*

Resorts leased by us:

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
Leased from Mahindra and Mahindra Limited					
Sheddon Lodge, Ooty, Tamil Nadu	4,200 sq ft	May 16, 2002	May 4, 2027	₹ 0.2 million	Lease is non-terminable by both parties for a period of seven years from the date of the lease deed. Lease is terminable by the lessor if there is a change in management/ shareholding pattern of the lessee.
Zest Coakers Villa, Kodai, Tamil Nadu	9,000 sq ft	July 18, 2003	March 31, 2028	₹ 0.15 million	Our Company must provide a minimum of 120 room nights every year to the lessor for

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
					providing accommodation to its executives. Lease is non-terminable by both parties for a period of seven years from the date of the lease deed. Lease is terminable by the lessor if there's a change in management/ shareholding pattern of the lessee.
Leased from third parties					
Pattaya Hill Resort, Thailand	312 timeshare weeks in six one-bedroom units	March 10, 2005	June 30, 2029	US$ 42,000 (₹ 2.30 million), plus additional fees including an annual management fee of $110 (₹ 6,025.80) per week and a trustee administration fee of £10 (₹ 885.09)[(2)] a week, plus out of pocket charges	90 days prior notice period

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
Avalon Resorts, Mussoorie, Uttarakhand	72 rooms	March 30, 2012	March 31, 2021	₹ 24.50 million (for three years from April 1, 2012 to March 31, 2015) ₹ 26.71 million (for three years from April 1, 2015 to March 31, 2018) ₹ 29.11 million (for three years from April 1, 2018 to March 31, 2021)	Lock-in period of three years. Lessee is entitled to terminate the lease by giving 12 months' notice to the lessor anytime after the lock-in. Lessor is entitled to terminate the lease by giving 12 months' notice after the expiry of six years of the lease period, i.e., April 1, 2018.
Poovar Island, Kerala	20 rooms	Agreement dated March 16, 2009 and a supplementary agreement dated November 30, 2011	March 31, 2013	Consideration of ₹ 1,785 per cottage per day from April 1, 2012 to March 31, 2013	Lessee is entitled to terminate the agreement by giving 30 days' notice to the lessor.
The Claridges, Corbett Hideaway, Uttarakhand	50 apartments	Lease deed dated September 7, 2009 commencing from September 29, 2009.	September 28, 2015	₹ 14 million	Both parties are entitled to terminate the lease by giving a three months' notice.
Hotel Palace Heights, Dharamshala, Himachal Pradesh	Hotel including 23 rooms	March 29, 2006 with effect from April 1, 2006	March 31, 2016	₹ 2.50 million	No termination by either party for first three years. Lock-in period 3 years. Notice period is 180 days.
Yercaud, Tamil Nadu	25 rooms	Lease agreement dated September 1, 2008	August 31, 2018	₹ 8.30 million	The lessee can terminate the lease with 12 months written notice. The lessor can terminate the lease with six-twelve months written notice.

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
	15 rooms	Lease agreement dated December 26, 2008	December 31, 2018	₹ 4.93 million	The lessee can terminate the lease with 12 months written notice. The lessor can terminate the lease with six-twelve months written notice.
	20 rooms	Addendum dated October 4, 2012	March 31, 2013	₹ 3.40 million	-
	12 rooms	Letter dated December 10, 2012	March 31, 2013	₹ 3.40 million	-
Naukuchiatal, Nainital	31 rooms	November 27, 2009	September 30, 2015	₹ 15 million	Lock in period of 6 years.
Casa Deep Wood Resorts, Masinagudi, Tamil Nadu	20 rooms	Lease deed dated September 24, 2008.	September 30, 2020	₹ 4.40 million	Either party can terminate upon mutual consent. In the event of a breach of the terms of the agreement by either party, the other party can terminate the lease by giving notice of 12 months. In the event that the lessor wants to sell the property, the Company would have the first right of refusal for 90 days of receipt of lessor's price.
Whispering Pines, Shimla, Himachal Pradesh	67 rooms	Leave and License agreement between Gables India Private Ltd and our Company dated April 13, 2009 commencing from April 15, 2009	April 14, 2019	₹ 17.50 million	Licensee has the right to terminate by giving six months' notice in event of breach of conditions by the Licensor. In case of sale of the said property, the

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
					first offer is to be made to our Company
Sherwood Resorts, Mahabaleshwar, Maharashtra	73 rooms	Lease deed dated June 29, 2012 commencing from July 1, 2012	June 30, 2021	₹ 6.85 million for the first three months from July 1, 2012; ₹ 8.85 million per quarter for the period from fourth month to the end of three years from commencement; ₹ 9.65 million per quarter for the period from fourth year to the end of sixth year from commencement; ₹ 10.52 million per quarter for the period from seventh year to the end of ninth year from commencement.	Lock-in period of five years. Either party can terminate by giving six months' notice anytime after the lock-in period.
Skipping Stones, Baiguney, Sikkim	21 rooms	Lease agreement dated March 31, 2012	February 28, 2021	₹ 9 million	Lock-in period of three years. Lessee is entitled to terminate the agreement by giving six months' notice after the lock-in period.
Golden Waters, Kumarakom, Kerala	28 rooms	Lease agreement dated March 31, 2012 commencing not later than May 5, 2012	April 4, 2021	₹ 2.30 million (for the first three years); ₹ 2.51 million (from fourth year to sixth	Lock-in period of five years. Lessee is entitled to terminate the agreement by giving six

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
				year) ₹ 2.73 million (from seventh to ninth year)	months' notice after the lock-in period.
Kanatal Resort, Kanatal, Uttarakhand	38 rooms	Lease deed dated April 12, 2012 commencing from February 1, 2012	January 31, 2021	₹ 18 million	Lock-in period of three years. Lessee is entitled to terminate the agreement by giving three months' notice after the lock-in period.
Royal Demazong, Gangtok, Sikkim	32 studio rooms	Lease deed dated September 24, 2009 commencing from November 15, 2009	November 14, 2017	₹ 6.60 million	Lessee or the lessor is entitled to terminate the agreement by giving two year's notice.
Hotel Flora, Udaipur, Rajasthan	43 rooms	Lease agreement dated April 8, 2011 commencing from April 1, 2011	March 31, 2021 Our Company has served a terminatio n notice dated February 1, 2013 on the lessor for terminatio n with effect from May 1, 2013.	₹ 9.42 million	-
Roop Vilas, Navalgarh, Rajasthan	26 rooms	Lease agreement dated December 9, 2010 commencing from January 1, 2011	Our Company has served a terminatio n notice dated January 10, 2013 has been served on the lessor	₹ 4.71 million	-

Location	Area/Rooms	Date of Lease Deed/Agreement	Date of Expiry	Lease Rent (Per Annum)	Termination and Certain Other Terms
			for termination with effect from July 9, 2013		
Grand Tower Inn, Bangkok, Thailand	3 rooms	Agreement dated April 30, 2003	April 29, 2033	US$ 46,800 (₹ 2.56 million) (1)	-
	3 rooms	Agreement dated October 17, 2003	October 16, 2033	US$ 46,800 (₹ 2.56 million) (1)	-
Bhaasuram Resorts, Kerala	71 rooms	Lease deed dated September 7, 2012	November 30, 2021	₹ 3.8 million	Lessee can terminate by giving three months notice.

(1) Converted at the exchange rate of 1 U.S.$ = ₹ 54.78 as on December 31, 2012
(2) Converted at the exchange rate of 1 £ = ₹ 88.51 as on December 31, 2012

Other than the above, our Company has purchased 832 quick share certificates from Hill Country Resorts, Kodaikanal, pursuant to a letter dated May 8, 2008. The quick share tenure is renewed on an annual basis. As per the agreement dated April 25, 2012 renewed up to April 30, 2013, our Company would be entitled to 16 apartments at the resort for a total annual lease rental of ₹ 7.81 million. This agreement is valid until April 30, 2013, pursuant to renewal agreement dated April 25, 2012. As per our arrangement with Hill Country Resorts, the bearer of the quick share certificate is entitled to seven nights accommodation at Hill Country Resorts.

Intellectual Property

We have a worldwide royalty-free, non-exclusive right to use the trademark 'Mahindra' pursuant to a name license agreement with our promoter, Mahindra & Mahindra Limited with effect from September 20, 1996.

We own certain intellectual properties and have applied for registration of few others. We have 26 registered trademarks and have applied for registration of 10 trademark/service mark that are pending, of which two trademark applications have been opposed, being one opposition for 'Hello' and eight oppositions for 'Jiyo Life' under different classes. We have registered eight copyrights under the Indian Copyright Act, 1947 in respect of certain artistic and literary works. In addition to the above, we have also registered 97 domain names.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Our Company's Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be 12. As of the date of this Red Herring Prospectus, our Company has seven Directors. Our Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its shareholders, subject to approval of the Government, if the increase is beyond the maximum permissible limits under its Articles of Association as first registered.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At our Company's annual general meeting, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. The Managing Director and Chief Executive Officer of our Company, however, is not liable to retire by rotation. A retiring director is eligible for re-election. Our Company's Articles of Association permit the central or state government, a local authority, bank, financial institution or any person or persons to appoint Directors to the Board while any loan amount remains outstanding to them from our Company or for underwriting shares or debentures or other securities of our Company if and to the extent provided by the terms of contract with the relevant lender or underwriter. The quorum for meetings of the Board of Directors is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

Our Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about our Company's current Directors as of the date of this Red Herring Prospectus:

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
1.	**Mr. Arun Kumar Nanda** **DIN**: 00010029 **Term**: Liable to retire by rotation **Nationality**: Indian	64	Chairman (Non-Executive)
2.	**Mr. Rajiv Sawhney** **DIN**: 02533775 **Term**: 5 years commencing from May 1, 2011 **Nationality**: Indian	53	Managing Director and Chief Executive Officer
3.	**Mr. Uday Y. Phadke** **DIN**: 00030191 **Term**: Liable to retire by rotation **Nationality**: Indian	63	Non-Executive Director
4.	**Mr. Vineet Nayyar** **DIN**: 00018243 **Term**: Liable to retire by rotation **Nationality**: Indian	75	Non-Executive Director
5.	**Mr. Cyrus J. Guzder** **DIN**: 00080358 **Term**: Liable to retire by rotation **Nationality**: Indian	68	Independent Director
6.	**Mr. Rohit Khattar** **DIN**: 00244040 **Term**: Liable to retire by rotation **Nationality**: Indian	50	Independent Director

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
7.	**Mr. Sridar Iyengar** **DIN**: 00278512 **Term**: Liable to retire by rotation **Nationality**: Indian	66	Independent Director

Brief Profile of the Directors

Mr. Arun Kumar Nanda is the Non-Executive Chairman of our Board. He holds a degree in law from the University of Calcutta and is a fellow member of Institute of Chartered Accountants of India (FCA) and a fellow member of the Institute of Company Secretaries of India (FCS). He has also participated in a Senior Executive Programme at the London Business School. Mr. Nanda also serves as Chairman of Mahindra Lifespace Developers Limited, Mahindra Consulting Engineers, and Mahindra World City Developers, and Director of Mahindra Water Utilities, Mahindra World City (Jaipur), Mumbai Mantra Media.

Mr. Nanda serves as a non-executive director of Mahindra & Mahindra Limited, our Promoter. He is also the Chairman Emeritus of the Indo-French Chamber of Commerce and a member of the Governing Board of the Council of EU Chambers of Commerce in India.

His achievements have been recognized with various awards, including, the 'Chevalier de la Legion d'Honneur' from the French Government, 'Real Estate Person of the Year' award from GEREM Leadership Awards (Triple Tree) in India, 'Business Achiever Award – Corporate' from the Institute of Chartered Accountants of India in 2009 and the '2010 Golden Star Lifetime Achievement Award' for his contribution to the hospitality industry and service sector.

Mr. Rajiv Sawhney is the Managing Director and Chief Executive Officer of our Board. Mr. Sawhney holds a bachelor's degree in economics from the Government College for Men in Chandigarh.

Mr. Sawhney is an alumnus of Indian Institute of Management, Bengaluru and has more than 29 years experience in fast moving consumer goods and telecom industry. He was part of the core team that built the telecom business of Hutchison in India. He was later the country head of Hutchison Telecom business in Thailand and Indonesia. Before assuming the position of Managing Director and Chief Executive Officer of our Company, Mr. Sawhney was the Chief Executive Officer, Telecom group, Essar.

Mr. Uday Y. Phadke is a Non-Executive and Non-Independent Director on the Board of our Company. Mr. Phadke is currenty the Principal Advisor (Finance) at Mahindra & Mahindra Limited ("**M&M**"). Mr. Phadke has been with M&M since 1973. He holds Bachelor's Degree in Commerce and Law from Mumbai University. He is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He was President – Finance, Legal & Financial Services Sector and Member of the Group Executive Board of M&M.

Mr. Phadke is a member of the SEBI Committee on Disclosures and Accounting Standards. He is also an invitee to the National Advisory Committee of Accounting Standards constituted under the Companies Act. He has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce and Industry and was on the Accounting Standards Board of the ICAI. Mr. Phadke is also a Director on the board of certain companies in the Mahindra Group such as Mahindra & Mahindra Financial Services Limited and Mahindra Lifespace Developers Limited.

Mr. Cyrus Guzder is a Non-Executive and Independent Director on our Board. He is the Chairman and Managing Director of AFL Private Limited. He also serves as a Director on the Board of BP (India) Limited, the Great Eastern Shipping Company Limited and The Indian Institute Human Settlements. Mr. Guzder has also served on the boards of Air India Limited, Tata Infomedia Limited, Tata Honeywell Limited and Alfa Laval India Limited.

He has an Honours Degree and a Master's Degree from Trinity College, University of Cambridge. He has held leadership position of CII's National Council of Civil Aviation and CII's National Committee on Logistics and also served on the Local Advisory Board of Barclays Bank, India and the Board of Governors of Reserve Bank of India's

Banking Codes and Standard Board of India. He represents the Republic of Ireland as Honorary Counsel General for Mumbai and Western India.

Mr. Vineet Nayyar is a non-executive director of our Company. He graduated with a Master's degree in Development Economics from Williams College, Massachusetts and started his career with the Indian Administrative Service. While in the Government, he held numerous 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. Mr. Nayyar worked with the World Bank for over 10 years and was the Chief for energy, infrastructure and finance divisions for East Asia and Pacific. Mr. Nayyar was also the founding Chairman and Managing Director of the Gas Authority of India Limited, the Managing Director of HCL Corporation, the Vice Chairman of HCL Technologies and a co-founder and CEO of HCL Perot Systems. Mr. Nayyar is also serving as a director on the boards of Mahindra Logisoft Business Solutions Limited, Tech Mahindra Limited, Tech Mahindra (Thailand) Limited, Kotak Mahindra Old Mutual Life Insurance Limited, The Great Eastern Shipping Company Limited, and Power Exchange India Limited. Mr. Nayyar is also the Chairman of Supervisory Board of Tech Mahindra GmbH.

Mr. Rohit Khattar is a Non-Executive and Independent Director on our Board. He has graduated in 1985 from the School of Hotel, Restaurant and Institutional Management, Michigan State University, U.S.A. He is the founder, Chairman and Managing Director of Old World Hospitality Private Limited which operates performing arts and convention centers such as Habitat World, India Habitat Centre and Epicenter, Gurgaon, hotels and restaurants including those in London. He is also Chairman of Mumbai Mantra Media Limited, a Mahindra group company. He has over 23 years experience in the hospitality industry.

Mr. Sridar A Iyengar is a Non-Executive and Independent Director director on the Board of our Company. He holds a Bachelor's Degree in Commerce (Honours) from the University of Calcutta and is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He is associated with Bessemer Venture Partners and a board member of ICICI Bank, Infosys Technologies Limited, Rediff.com and Cleartrip Private Limited.

Previously, Mr. Iyengar was the Partner in charge of KPMG's Emerging Business Practice. He has held a number of leadership roles within KPMG's global organisation particularly in setting up and growing new practices. He has the distinction of having worked as a partner in all three of KPMG's regions – Europe, America and Asia Pacific – as well as KPMG's disciplines – assurance, tax consulting and financial advisory services.

Mr. Iyengar served as Chairman and Chief Executive Officer of KPMG's operations in India between 1997 and 2000 and during that period was a member of the Executive Board of KPMG's Asia Pacific practice. Prior to that, he headed the International Services practice in the West Coast. On his return from India in 2000, he was asked to lead KPMG's effort on delivering audit and advisory services to early stage companies. He served as a member of the Audit Strategy group of KPMG LLP. He was with KPMG from 1968 until his retirement in March 2002.

Borrowing Powers of the Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Members, have pursuant to a resolution passed at the extraordinary general meeting dated September 25, 2007 authorised our Board to borrow monies together with monies already borrowed by us up to a limit of ₹ 5,000 million, even though it may exceed the aggregate of the paid up capital of our Company and its free reserves.

Shareholding of Directors

The following table sets forth the number of Equity Shares held by and the stock options granted to the Directors as of December 31, 2012:

Name	Number of Equity Shares	Percentage (%)	Number of employee stock options granted under the ESOS 2006
Mr. Arun Kumar Nanda	502,694	0.60	220,010*
Mr. Rajiv Sawhney	NIL	0.00	400,000
Mr. Uday Y. Phadke	17,362	0.02	16,670#

Name	Number of Equity Shares	Percentage (%)	Number of employee stock options granted under the ESOS 2006
Mr. Vineet Nayyar	26,700	0.03	10,000
Mr. Cyrus J. Guzder	26,700	0.03	10,000
Mr. Rohit Khattar	26,700	0.03	10,000
Mr. Sridar Iyengar	NIL	0.00	27,500

* *Mr. Arun Kumar Nanda had been granted a cumulative of 220,010 Options under Grants made in July, 2006, November, 2007 and November, 2008.*

Mr. Uday Y Phadke had been granted a cumulative of 16,670 Options under Grants made in July, 2006, November, 2007 and November, 2008.

Compensation of the Directors

Executive Directors

The following tables set forth the compensation paid by our Company to its Executive Directors for the fiscal year 2012:

Name of Director	Designation	Salary (In ₹ million)	Perquisites and Allowances (In ₹ million)	Provident Fund (In ₹ million)	Total (In ₹ million)
Mr. Rajiv Sawhney	Managing Director and Chief Executive Officer	15.90	0.63	0.61	17.14

The following tables set forth compensation paid by our Company to its Non-Executive Directors for fiscal year 2012:

Non-Executive Directors

Name	Commission (In ₹)	Perquisites (In ₹)	Sitting Fees (In ₹)	Total (In ₹)
Mr. Arun Kumar Nanda	10,000,000	Nil	190,000	10,190,000
Mr. Uday Y. Phadke	Nil	Nil	Nil	Nil
Mr. Vineet Nayyar	Nil	Nil	Nil	Nil
Mr. Cyrus J. Guzder	1,000,000	Nil	175,000	1,175,000
Mr. Rohit Khattar	1,000,000	Nil	135,000	1,135,000
Mr. Sridar Iyengar	1,000,000	Nil	200,000	1,200,000

Prohibition by SEBI or Other Governmental Authorities

None of the Directors or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI, stock exchanges in India or court/tribunal.

Organisation Structure

Key Managerial Personnel

The key managerial personnel of our Company, other than our Managing Director and Chief Executive Officer, are as follows:

- **Aloke Ghosh, Chief Financial Officer** holds a Bachelor's Degree in Commerce (Honours) from Calcutta University and is a member of the Institute of Cost Accounts of India and Institute of Company Secretaries of India. He joined our Company on October 10, 2011. He has nearly 23 years of experience across information technology and telecom sectors working with organizations like Philips, Tata Consultancy Services Limited, Tech Mahindra Limited and Reliance Communications Limited. Prior to joining our Company, he was the group chief financial officer and director of CMS Group & Systime Global Solutions.

- **Dinesh Shetty, Head – Legal & Company Secretary**, holds a Bachelor's Degree in Commerce, Master's Degree in Commerce and LLB from Mumbai University and is a Fellow member of the Institute of Company Secretaries of India. He joined us on September 12, 2011. He has over 22 years of experience in legal and secretarial field working with companies such as Schenectady Herdillia Limited, Marsh India Insurance Brokers Private Limited and Parle Agro Private Limited

- **Helmut Meckelburg, Chief Resorts Officer** has completed his bachelor's degree in Tourism and Hospitality Management from Camden University, Bachelor of Science (Business Administration) from Madison University and MBA (Magna cum Laude) from Camden University. He has worked with leading Hospitality chains like Taj Group, Hilton Waldorf Astoria, The Royal Abjar and Safir Hotels & Resorts and has nearly 37 years of experience in the hospitality sector. Prior to joining our Company, he was with Modern Century Hotels Investment Company as a chief operating officer based at Dubai. He has joined our Company on August 9, 2012.

- **Indranil Chakraborty, Chief Marketing Officer** has completed his Bachelors in Computer Science and Engineering from Jadavpur University and his Post Graduate Diploma in Management from IIM Lucknow. He has experience in the FMCG, telecom and retail sectors in both domestic as well as global markets. He previously worked with marquee brands like Hindustan Unilever Limited, Build – A – Bear workshop and Tata Teleservices Limited. Prior to joining us, he was with Tata Teleservices Limited as Head – Strategic Marketing and Revenue Planning. He joined our Company on October 28, 2011.

- **Mohit Bhatia, Chief Human Resources Officer** is a science graduate from Marathwada University and has completed his post graduate degree in human resources from Mumbai University. He has previously worked with reputed organizations like Johnson & Johnson and Citigroup. Prior to joining our Company, he was the Country HR Director for the Operations and Technology wing of Northern Trust Bank. He has 30 years of experience across varied industries and geographies. He joined our Company on August 1, 2011.

- **Ravindera Khanna, Head – Projects** holds a Bachelor's Degree in Commerce from Delhi University. He joined our Company on December 1, 1997. He is responsible for creation of inventory in our Company. Prior to joining our Company, he was Corporate Manager – Projects and Development in Guestline Hospitality Management & Development Services Limited.

- **Rohit Malik, Chief Sales Officer** is a science graduate from Bhopal University and has completed his masters in business administration from Indore University. He has nearly 16 years of experience across financial services and insurance sectors. He has worked with reputed companies like GE – SBI cards, ICICI Prudential Life Insurance and Bharti – AXA Life Insurance. He joined our Company on January 2, 2012.

- **Subhash Kelkar, Chief Information Officer**, has completed his Bachelor of Engineering from Mumbai University and his post graduate diploma in software technology from National Center for Software Technology. He is also an Oracle certified professional and has attended Management Development Program at Indian School of Business, Hyderabad. He has over 22 years of experience and has previously worked with Mastech, Tata Consultancy Services Limited, National Centre for Software Technology and Tech Mahindra Limited. He joined our Company on October 15, 2012.

- **Sujit Paul, National Head – Member Relations and Customer Service,** has completed his Bachelor's in Science from Delhi University and Post Graduate Diploma in Tourism and Indian Monuments from All India Management Association. He has nearly 18 years of experience in operationalizing and institutionalising service having worked with organizations such as GE Capital International Services, Max New York Life Insurance Company Limited, Intelenet Global Services and Tata - AIG General Insurance Company Limited. He joined our Company on January 5, 2012.

- **Vimla Dorairaju, Head – TRS & MHS,** has completed her Bachelor's of Arts (Honours) Economics from Lady Shriram College, Delhi and her post graduate diploma in business administration from Loyola Institute of Business Administration, Chennai. She has over 30 years of experience and prior to joining our Company, she was working with Indian Communications Network Limited, NIIT and Sterling Holiday Resorts (India) Limited. She joined our Company on September 20, 1996.

Each of the aforesaid key managerial personnel is a permanent employee and/or director of the entity specified above.

The following table sets forth the number of Equity Shares held by and stock options granted to the key managerial personnel as of December 31, 2012:

Name	**Designation**	**No. of Equity Shares held (as of December 31, 2012)**	**Number of employee stock options granted under ESOS 2006 (as of December 31, 2012)**
Aloke Ghosh	Chief Financial Officer	Nil	40,000
Dinesh Shetty	Head – Legal & Company Secretary	Nil	Nil
Helmut Meckelberg	Chief Resort Officer	Nil	Nil
Indranil Chakraborty	Chief Marketing Officer	Nil	65,000
Mohit Bhatia	Chief Human Resources Officer	Nil	54,000
Ravindera Khanna	Head – Projects	27,459	18,400
Rohit Malik	Chief Sales Officer	Nil	Nil
Subhash Kelkar	Chief Information Officer	Nil	Nil
Sujit Paul	National Head-Member Relations & Customer Service	Nil	Nil
Vimla Dorairaju	Head – TRS & MHS	34,154	19,200

Corporate Governance

Our Company complies with the applicable corporate governance requirements, including the requirements such as constitution of the Board and Committees thereof under the Equity Listing Agreement.

Our Board has seven Directors. The Chairman of our Board is a non-executive Director. He is also a non-independent director of our Promoter and accordingly related to our Promoter, in terms of clause 49 (I) (A) (ii) of the Equity Listing Agreement. Accordingly, at least one half of our Board is required to comprise of independent Directors.

Mrs. Rama Bijapurkar resigned as an independent director of our Company with effect from October 19, 2012 and currently three out of our seven Directors are independent. Under clause 49 (I) (C) (iv) of the Equity Listing Agreement, we are required to achieve compliance with the requirements as to board composition within 180 days from the date of resignation. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and proper constitution of Committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Red Herring Prospectus, there are three Board level committees in our Company, which have been constituted and which function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) the Audit Committee; (ii) the Remuneration Committee; and (iii) the Share Allotment/ Transfer cum Investors' Grievance Committee.

The members of the aforesaid committees as of the date of this Red Herring Prospectus are:

Committee	Members
Audit Committee	Mr. Cyrus Guzder (Chairman), Mr. Uday Y. Phadke and Mr. Sridar Iyengar
Remuneration Committee	Mr. Cyrus Guzder (Chairman), Mr. Arun Kumar Nanda, Mr. Vineet Nayyar, Mr. Rohit Khattar and Mr. Sridar Iyengar
Share Allotment/ Transfer cum Investor Grievance Committee	Mr. Arun Kumar Nanda (Chairman), Mr. Uday Y. Phadke and Mr. Rajiv Sawhney.

Our Company has also constituted other Board level committees including: (i) the Loans & Investment Committee (*inter alia* empowered to approve loans, investment, subscription/acquisition, sale/transfer and all related aspects of these transactions); (ii) Inventory Approval Committee, empowered for the evaluating and approving property acquisition as well as long term lease proposals of our Company; and (iii) the IPP Issue Committee for this Issue.

Interest of Directors and Key Managerial Personnel

Except as stated in "***Financial Statements – Related Party Transactions***" on pages 205 and 248, and to the extent of shareholding and stock options held in our Company and remuneration and benefits to which they are entitled as per their terms of appointment, the Directors do not have any other interest in our Company or its business. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. All the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. The Non-Executive Directors of our Company may also be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee, and commission payable to them (which is capped at 1% of the net profits).

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares and stock options held by them or their dependants in our Company, if any.

Employee Stock Option Plans

*Mahindra Holidays & Resorts India Limited Employees Stock Option Scheme, 2006 ("**ESOS 2006**")*

We have an employee stock option scheme, namely, Mahindra Holidays & Resorts India Limited Employees Stock Option Scheme, 2006 in force, which is administered through a trust. For this purpose, our Company has constituted the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust pursuant to a trust deed dated May 22, 2006.

The objects of the ESOS Trust and the provisions of our Articles of Association enable execution of the Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme and grant of options thereunder to eligible employees (as defined thereunder) as per the recommendations of the Remuneration Committee of our Board. Mr. Arun Kumar Nanda and Mr. Rajiv Sawhney are the Managing Trustees of the ESOS Trust. In addition, Mr. Narayan Shankar, Ms. Anita Arjundas, Mr. Ajay Agarwal and Mr. Balaji V are also the trustees of the ESOS Trust.

The ESOS 2006 was approved by our Board by its resolution dated April 22, 2006 and by our members at our annual general meeting dated May 17, 2006, wherein approval was granted for issue of upto 1,420,010 Equity Shares under the ESOS 2006. Since ESOS 2006 was a pre-IPO scheme, and in terms of the applicable provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, we obtained approval of our members after the IPO by way of a postal ballot on December 23, 2009. The ESOS 2006 permits the ESOS Trust to purchase Equity Shares of our Company from the secondary market. Pursuant to SEBI Circular dated January 17, 2013 amending the SEBI ESOP Guidelines and the Equity Listing Agreement, our Company is required to amend the ESOS 2006 to remove the provisions that permit acquisition of Equity Shares from the secondary market, by June 30, 2013,.

Details regarding the ESOS 2006 as at December 31, 2012 are provided in the following table:

Sr. No.	Description	No. of Equity Shares
1.	Total number of options under the ESOS 2006	1,420,010
2.	Options granted*	1,786,350
3.	Options vested#	2,221,974
4.	Options exercised	2,155,316
5.	Options lapsed or forfeited	568,663
6.	Total number of options outstanding	629,262

* Includes options issued out of lapsed options.

\# The options granted under Grant I dated July 15, 2006, Grant II dated March 30, 2007 & Grant III dated November 1, 2007 stands augmented by 5 bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November, 2007.

PRINCIPAL SHAREHOLDERS

The Promoter of our Company is Mahindra & Mahindra Limited.

The shareholding pattern of our Company as of December 31, 2012 is as indicated in the table below:

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% No. of shares
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	69,985,642	69,985,642	82.69	82.69	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	1	69,985,642	69,985,642	82.69	82.69	0	0.00
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1	69,985,642	69,985,642	82.69	82.69	0	0.00
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/ UTI	8	183,367	183,367	0.22	0.22	0	0.00
(b)	Financial Institutions/	3	231,275	231,275	0.27	0.27	0	0.00

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% No. of shares
	Banks							
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	15	3,019,766	3,019,766	3.57	3.57	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	26	3,434,408	3,434,408	4.06	4.06	0	0.00
(2)	**Non-institutions**							
(a)	Bodies Corporate	452	3,753,398	3,753,398	4.43	4.43	0	0.00
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	11,727	1,824,604	1,810,427	2.16	2.16	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	64	3,481,942	3,481,942	4.11	4.11	0	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)							
	Trusts	2	763,877	763,877	0.90	0.90	NA	NA
	Non Resident Indians	233	383,280	383,280	0.45	0.45	NA	NA
	Foreign Bodies Corporate	1	824,565	824,565	0.97	0.97	NA	NA
	HUF	476	128,041	128,041	0.15	0.15	NA	NA
	Clearing Members	73	60,015	60,015	0.07	0.07	NA	NA
	Any Other Total	785	2,159,778	2,159,778	2.55	2.55	0	0.00
	Sub-Total(B)(2)	13,028	11,219,722	11,205,545	13.26	13.26	0	0.00
	Total Public Shareholding (B)=	13,054	14,654,130	14,639,953	17.31	17.31	0	0.00

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% No. of shares
	(B)(1)+(B)(2)							
	TOTAL(A)+(B)	13,055	84,639,772	84,625,595	100.00	100.00	0	0.00
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
C1	Promoter and Promoter group	0	0	0		0.00	0	0.00
C2	Public	0	0	0		0.00	0	0.00
	Total C=C1+C2	0	0	0		0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	13,055	84,639,772	84,625,595	N.A.	100.00	0	0.00

Shareholding of persons belonging to the category "Promoter and Promoter Group" as of December 31, 2012 is detailed in the table below:

Name of the Shareholder	Details of Equity Shares held	
	No. of Equity Shares held	As a % of total
Mahindra & Mahindra Limited	69,985,642	82.69
Total	69,985,642	82.69

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. Our Company and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "**Selling Restrictions**" and "**Transfer Restrictions**" beginning on pages 144 and 149 respectively. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a resolution passed at their meeting held on January 21, 2013, by the shareholders of our Company through a special resolution dated February 23, 2013 and a resolution of the IPP Issue Committee dated March 6, 2013.

Our Company has applied for and received in-principle approvals from both the BSE and the NSE on March 6, 2013, under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue on the Stock Exchanges. Our Company has also filed a copy of this Red Herring Prospectus with the RoC, SEBI and the Stock Exchanges.

Prohibition by SEBI or Other Governmental Authorities

Our Company, its Subsidiaries, the Promoters, the members of the Promoter Group, the Directors and the persons in control of our Company have not been debarred from accessing the capital market under any order or direction passed by SEBI, stock exchanges in India or court/tribunal.

The companies with which the Promoters, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI stock exchanges in India or court/tribunal.

Restrictions on Issue Size

The aggregate of all tranches of the IPP undertaken by our Company cannot result in an increase in the public shareholding in our Company by more than 10% or such lesser percentage as may be required for our Company to achieve the required minimum public shareholding. Based on the Issue Size of up to 4,141,084 Equity Shares, the increase in public shareholding of our Company shall be 3.86 %.

Further, our Promoter has, pursuant to a notice dated March 5, 2013, disclosed its intention to divest upto 3,400,000 Equity Shares pursuant to the OFS mechanism.

SEBI Letter

SEBI, by its letter dated February 28, 2013 has permitted the following in relation to the Issue:

1. *Disclosure of financial information*: SEBI has permitted disclosure of the following financial information of the Company in the Red Herring Prospectus and the Prospectus:

   (i) Unconsolidated audited financial statements for the financial years ended March 31, 2012, 2011 and 2010, and unconsolidated audited financial statements for the nine month period ended December 31, 2012;

   (ii) Consolidated audited financial statements for the financial years ended March 31, 2012, 2011 and 2010;

   (iii) Statement of Company's subsidiaries indicating the Company's shareholding in each subsidiary as of December 31, 2012; and

(iv) Any material update in any subsidiary post March 31, 2012.

2. *Minimum number of Allottees*: SEBI has permitted us to allot Equity Shares in the Issue to less than 10 investors, subject to the minimum number of Allottees in a qualified institutions placement ("**QIP**"). In terms of Regulation 87(1) of the SEBI Regulations, the minimum number of allottees as applicable to a QIP shall not be less than: (i) two, where the issue size is less than or equal to two hundred and fifty crore rupees and (ii) five, where the issue size is greater than two hundred and fifty crore. In such a scenario, under the terms of the SEBI Letter, we are required to ensure that the Issue price should be in compliance with regulations applicable for a QIP i.e. Chapter VIII of SEBI Regulations. We will have to ensure that the Issue Price, in such a scenario, is at a maximum discount (if any) of 5% to the floor price calculated as per Chapter VIII of SEBI Regulations.

   However, it is clarified that the pricing-related provisions of Chapter VIII of the SEBI Regulations will be applicable only in case we Allot Equity Shares in the Issue to less than 10 investors and not if we Allot Equity Shares in the issue to 10 investors or more

Who can Apply

This Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and foreign venture capital investors registered with SEBI;
- foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- multilateral and bilateral financial institutions;
- provident funds with minimum corpus of ₹ 250 million;
- pension funds with minimum corpus of ₹ 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

No single FII can hold more than 10% of the post Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of our Company's total issued capital. **The aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company.**

Note: Each eligible sub-account of an FII, other than a sub-account which is a foreign corporate or foreign individual, will need to submit a separate ASBA Applications. FIIs or sub-accounts of FIIs are required to indicate the SEBI FII/sub-account registration number in the ASBA Application.

No Allotment shall be made, either directly or indirectly, to any QIB being a promoter or any person related to the promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to promoter(s):

(a) rights under a shareholders' agreement or voting agreement entered into with a promoter or persons related to the promoters;

(b) veto rights; or

(c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the promoters.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, please see "- *Basis of Allocation*".

Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

The Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees, subject to what is stated below.

As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations, subject to what is stated below.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

(i) The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act:

Section 372(11) of the Companies Act - "*For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-*

(a) *if the body corporate is the managing agent of the investing company; or*

(b) *if the body corporate and the investing company should, in virtue of subsection (1B) of section 370, be deemed to be under the same management*."

Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

(a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;

(b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;

(c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;

(d) The holding company of one body corporate is under the same management as the other body corporate within the meaning of (a), (b) or (c) above; and

(e) One of more directors of one body corporate hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.

(ii) The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

<u>Regulation 2(1)(e) of the Takeover Regulations</u> – *"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position."

In case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter, the minimum number of allottees shall not be less than:

(a) two, where the issue size is less than or equal to two hundred and fifty crore rupees; and

(b) five, where the issue size is greater than two hundred and fifty crore rupees.

Provided that no single allottee shall be allotted more than fifty per cent. of the issue size.

The qualified institutional buyers belonging to the same group or who are under same control shall be deemed to be a single allottee.

Qualified institutional buyers belonging to the same group shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act.

Minimum Application Size

Each ASBA Application is required to be such number of Equity Shares and at such price such Equity Share that the minimum Application Amount exceeds ₹ 200,000.

Information for the Applicants

(a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.

(b) Our Company, in consultation with the Book Running Lead Managers, will decide the Floor Price or the Price Band for the Issue and the same shall be announced at least one day prior to the Issue Opening Date.

(c) Our Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/ Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.

(d) Our Company has filed this Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.

(e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.

(f) Our Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.

(g) Upon the receipt of the ASBA Applications, our Company, after the closure of the Issue, shall determine the Issue Price for the Equity Shares offered in the Issue and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Managers and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation, our Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Issue Price.

(h) Our Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

(i) Our Company or the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or our Company.

(j) Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation.

(k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see "***Issue Procedure – Number of Allottees***" on page 124.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 2, 144 and 149.

SCSBs would be entitled to a processing fee of ₹ 25 per valid ASBA Application collected by the members of the Syndicate in the Bidding Locations and submitted to the SCSBs**.** No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

(a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Bidding Locations) and at the Registered Office of our Company. Electronic ASBA Applications will be available on the website of the Stock Exchanges and the Designated Branches of the SCSBs.

(b) Any eligible Applicant may obtain a copy of this Red Herring Prospectus and the ASBA Applications from the Registered Office of our Company.

(c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only in the Bidding Locations) to submit their ASBA Applications.

(d) Applicants may submit their ASBA Applications, and / or the Revision Forms, during the Issue Period to (i) the members of the Syndicate in the Bidding Locations; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate in the Bidding Locations should bear the stamp of the member of the Syndicate. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate in the Bidding Locations.

(f) For ASBA Applications submitted to the members of the Syndicate in the Bidding Locations, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of the Stock Exchanges and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, named by such SCSB to accept such ASBA Applications from the members of the Syndicate in such Bidding Location (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account.

(g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.

(h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Syndicate/ SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

(i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band or at or above the Floor Price, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the

ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.

(j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSBs or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in this Issue. However, the Applicant can revise upwards the price per Equity Share or the number of Equity Shares applied for through the Revision Form, the procedure for which is detailed under the paragraph titled "-***Revision of ASBA Applications***".

(k) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(n) The Application Amount shall remain blocked in the aforesaid ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.

(o) In case our Company withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. Our Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

(a) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the Stock Exchanges. The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.

(b) Each ASBA Application will give the Applicant the choice to apply for up to three optional prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.

(c) With respect to details under the ASBA Applications submitted to the members of Syndicate at the Bidding Locations, the members of Syndicate shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number (not compulsory);
- Category of the Applicant;
- Numbers of Equity Shares applied for;
- Price per Equity Share;
- Bank code for the SCSB where the ASBA Account is maintained; and
- Name of the Bidding Location.

(d) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number;
- Category of the Applicant;
- Numbers of Equity Shares applied for; and
- Price per Equity Share.

(e) TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or our Company.

(f) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges.

(g) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.

(h) Neither our Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.

(i) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and that clear demarcated funds are available in the blocked ASBA Account and can be transferred to the Public Issue Account on the Designated Date.

(j) The permission given by the Stock Exchanges to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the members of the Syndicate or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.

(k) The aggregate demand in relation to ASBA Applications registered shall be displayed by Stock Exchanges without disclosing the price.

(l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the Stock Exchanges during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.

(m) The details of the ASBA Applications uploaded on the electronic bidding system of the Stock Exchanges shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

(a) During the Issue Period, any Applicant who has submitted an ASBA Application subscribing to a specific number of Equity Shares at a particular price level may revise upwards the number of Equity Shares applied for and/or the price per Equity Shares within the Price Band or at or above the Floor Price, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards**.

(b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form.

(c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same member of the Syndicate or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

(d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in its ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

(f) When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

(a) Allocation to FIIs and FVCIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs.

(c) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see "***Issue Procedure - Number of Allottees***".

Price Discovery

(a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, our Company, in consultation with the Book Running Lead Managers, shall finalise the Issue Price.

(b) The Issue Price shall be the price at or above the Floor Price, or within the Price Band, as the case may be. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price. For further details, please see – "***Issue Procedure-SEBI Approval***".

RoC Filing

Our Company will update and deliver a copy of the updated Red Herring Prospectus for registration to the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue and will be complete in all material respects. Our Company will register a copy of the Prospectus with the RoC in terms of relevant provisions of the Companies Act.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. Allotment against each ASBA Application for Equity Shares shall be restricted to 25% of the offer size in terms of Regulation 91H of the SEBI Regulations, by our Company, in consultation with the Book Running Lead Managers and the Stock Exchanges. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see "***Issue Procedure – Number of Allottees***" on page 124. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by our Company, in consultation with the Book Running Lead Managers.

- The Allocation shall be undertaken in the following manner:

  (a) In the first instance, Allocation to Mutual Funds and Insurance Companies for 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be determined as follows:

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price as per the Allocation criteria mentioned below for 25% of the aggregate number of Equity Shares to be Allotted in the Issue.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the portion to be Allocated to other QIBs.

    - In the event subscription from Mutual Funds and Insurance Companies is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, the Equity Shares offered in the Issue that remain unsubscribed shall be available for Allocation to other QIBs as set out in (b) below.

  (b) In the second instance, Allocation to all Applicants shall be determined as follows:

    - All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance Companies are exhausted.

    - Mutual Funds and Insurance Companies, who have received Allocation as per (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis as per the Allocation criteria mentioned below along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.

    - In the event subscription from Mutual Funds and Insurance Companies pursuant to (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

(a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.

(b) Number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant multiplied by the inverse of the over-subscription ratio, (subject to the maximum limit of 25% of the offer size in terms of Regulation 91H of the SEBI Regulations) where oversubscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For details, please see "***Issue Procedure – Number of Allottees***" on page 124.

(c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF OUR COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

(a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Managers a list of the Applicants who would be Allotted Equity Shares in the Issue.

(b) Our Company will then issue a CAN to the Applicants who have been Allocated Equity Shares in the Issue.

(c) The dispatch of the CAN shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.

(d) On the basis of the approved Basis of Allocation, our Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

Advertisement under Regulation 66 of the SEBI Regulations

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

(a) Our Company will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depositary account will be completed within 12 Working Days of the Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.

(d) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI

Regulations, no single Allottee shall be Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI Regulations. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see "***Issue Procedure - Number of Allottees***" on page 124.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

(a) Check if you are eligible to apply;

(b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price or within the Price Band, as the case may be;

(c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;

(d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;

(e) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only in Bidding Locations) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;

(f) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(g) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;

(h) If you are an SCSB and are applying for Allotment of the Equity Shares, ensure that you use an ASBA Account for your ASBA Application which is maintained in your own name with a different SEBI registered SCSB, which ASBA Account is used solely for the purpose of subscribing in public issues, having clear, demarcated funds.

(i) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA Application;

(j) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the member of the Syndicate in Bidding Locations;

(k) Submit revised ASBA Applications to the same member of the Syndicate/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;

(l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(m) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;

(n) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;

(o) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the member of the Syndicate (except in case of electronic forms);

(p) Applicants bidding through the Syndicate should ensure that the ASBA Application is submitted to a member of the Syndicate only in the Bidding Locations and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Bidding Locations for the members of the Syndicate to deposit the ASBA Applications;

(q) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;

(r) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;

(s) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;

(t) ASBA Applications made on a repatriation basis shall be in the name of FIIs or FVCIs;

(u) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds the Issue size and/or the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and

(v) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Managers, the Registrar to the Issue, the Syndicate Member, the SCSBs or our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of our Company, Book Running Lead Managers, Syndicate Member or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely,

PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by FIIs, Mutual Funds, VCFs, FVCIs, AIFs, Insurance Companies and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to ASBA Applications by FIIs, Mutual Funds, VCFs, FVCI's and AIFs a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.

(b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.

(c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or member of the Syndicate. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and is liable to be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "***Revision of ASBA Applications***" above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

Our Company, in consultation with the Book Running Lead Managers, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.

2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

Our Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

(a) ASBA Applications other than by QIBs.

(b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;

(c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;

(d) PAN not mentioned in the ASBA Application;

(e) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;

(f) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(g) Multiple ASBA Applications as explained in this Red Herring Prospectus. See "- ***Other Instructions – Multiple ASBA Applications***";

(h) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price / Price Band Announcement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the ASBA Applications;

(i) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;

(j) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;

(k) ASBA Application submitted by Applicants to a member of the Syndicate at locations other than the Bidding Locations;

(l) In case of SCSBs applying for Allotment of Equity Shares, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;

(m) ASBA Applications by persons in the United States**;**

(n) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges; and

(o) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

(a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.

(b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.

(c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.

(d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.

(e) The trading of the Equity Shares issued pursuant to the Issue of our Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.

(f) Non transferable CAN will be directly sent to the Applicants.

Our Company or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

(a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within 12 Working Days of the Issue Closing Date;

(b) Instructions for unblocking of the Applicant's ASBA Account shall be made within 12 Working Days from the Issue Closing Date; and

(c) Our Company shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the 12 Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

Issue Programme

ISSUE OPENS ON	[●], 2013
ISSUE CLOSES ON	[●], 2013

Details of the Issue programme shall be disclosed in the Floor Price/ Price Band Announcement. Investors should refer to the pre-issue advertisement and the Floor Price / Price Band Announcement for further details.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, "**IST**") and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centres and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

Our Company reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The

Registrar to the Issue shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. Our Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Managers have entered into the Issue and Placement Agreement with our Company, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to termination in accordance with the terms contained therein.

Our Company has received in-principle approvals from the Stock Exchanges under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Managers (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" beginning on page 6.

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or lead manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

The Company will not, without the prior written consent of the Book Running Lead Managers, from the date hereof and for a period of up to 60 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the MHRIL ESOS 2006; or (ii) the issuance of the Issue Shares pursuant to the terms of this Agreement and the Offering Documents;

The Promoter, during the period commencing on the date hereof and ending 30 days after the date of Allotment of Equity Shares under the Issue (the "**Lock-up Period**"), agrees not to: (a) directly or indirectly, offer, lend, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares held by it or any securities convertible into or exercisable for the Equity Shares held by it (including, without limitation, securities convertible into or exercisable or exchangeable for the Equity Shares held by it which may be deemed to be beneficially owned by M&M), or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares held by it or any securities convertible into or exercisable or exchangeable for the Equity Shares held by it (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of the Equity Shares held by it or such other securities, in cash or otherwise); or (c) deposit the Equity Shares held by it with any other depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares held by it in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided, however, that the foregoing restrictions do not apply (i) to any sale, transfer or disposition of the Equity Shares by M&M to the extent such sale, transfer or disposition is required by Indian law; (ii) any sale, transfer or disposition of Equity shares by the Promoter, pursuant to enforcement of any pledge that has been created by the Promoter in respect of the Equity Shares; and (iii) any sale pursuant to a notice dated March 5, 2013, pursuant to which M&M has disclosed its intention to divest upto 3,400,000 Equity Shares pursuant to an offer for sale through the stock exchange mechanism.

Inter-se Allocation of Responsibilities of the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities	Kotak, Religare, I-Sec	Kotak
2.	Due diligence of the Company including its operations, management, business plans, legal etc. Drafting and design of offer documents and other issue related material such as application forms etc. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of offer documents and the RoC filing.	Kotak, Religare, I-Sec	Kotak
3.	Drafting and approval of all statutory advertisements	Kotak, Religare, I-Sec	Kotak
4.	Review of other publicity material such as corporate advertisements, press releases, etc.	Kotak, Religare, I-Sec	I-Sec
5.	Appointment of intermediaries, including the Public Issue Account Bank, the Registrar to the Issue, the printers, the advertising agency.	Kotak, Religare, I-Sec	I-Sec
6.	International institutional marketing strategy, which will cover, *inter alia:* • Finalising the Investor Master-list and division of investors for one to one meetings • Finalising the international road show schedule • Managing logistics for international road shows • Preparing road show presentation and frequently asked questions	Kotak, Religare, I-Sec	Religare
7.	Domestic institutional marketing strategy, which will cover, *inter alia*:	Kotak, Religare, I-Sec	Religare

Sr. No.	Activities	Responsibility	Co-ordinator
	• Finalising the domestic road show schedule • Managing logistics for domestic road shows		
8.	Pricing, managing the book and allocation	Kotak, Religare, I-Sec	Religare
9.	Co-ordination with the Stock Exchanges for book building software and bidding terminals. Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for allocation, demat delivery of Equity Shares, intimation of Allocation and dispatch of the CANs to Applicants etc. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company. The post Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of listing and trading of Equity Shares.	Kotak, Religare, I-Sec	Isec

SELLING RESTRICTIONS

The distribution of this Red Herring Prospectus or any material related to the Issue and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Red Herring Prospectus or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Red Herring Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, other than India, or the possession, circulation or distribution of this Red Herring Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction, where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia. The Red Herring Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (the "**Australian Corporations Act**"), has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of Equity Shares under the Red Herring Prospectus is only made to persons to whom it is lawful to offer Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) the Red Herring Prospectus is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their transfer to the offeree under the Red Herring Prospectus.

Bahrain. All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. The Red Herring Prospectus has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Red Herring Prospectus will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Red Herring Prospectus or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands. No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

European Economic Area (including Liechtenstein, Iceland and Norway). In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer may not made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Hong Kong. No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan. The offering of the Equity Shares has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**Financial Instruments and Exchange Law**"). No Equity Shares have been offered or sold, and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial ordinances of Japan.

Jordan. The Red Herring Prospectus has not been and will not be filed with the Jordanian Securities Commission. The Red Herring Prospectus has not been and will not be distributed, and offers to sell, and sales of the Equity Shares will not be made to more than 30 Jordanian residents. It may not be used for a public offering in Jordan of the Equity Shares. Offers of the Equity Shares are being made from outside Jordan on a private one-on-one contact basis to pre-identified potential investors in Jordan by persons who are not resident within Jordan and accordingly no registration, local prospectus filing and local agent requirements apply. The Red Herring Prospectus is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

Korea. The Equity Shares have not been registered under the Korean Securities and Exchange Law, and the Equity Shares acquired in connection with the distribution contemplated hereby may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except as otherwise permitted by applicable Korean laws and regulations, including, without limitation, the Korean Securities and Exchange Law and the Foreign Exchange Transaction Laws.

Kuwait. The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Red Herring Prospectus and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia. No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

Mauritius. The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Red Herring Prospectus nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Red Herring Prospectus does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand. The Red Herring Prospectus is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). The Red Herring Prospectus is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting the Red Herring Prospectus , each investor represents and warrants that if they receive the Red Herring Prospectus in New Zealand they are a Habitual Investor and they will not disclose the Red Herring Prospectus to any person who is not also a Habitual Investor.

Oman. The Red Herring Prospectus and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Red Herring Prospectus will not take place inside Oman. The Red Herring Prospectus is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar. The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. The Red Herring Prospectus has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, the Red Herring Prospectus is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Saudi Arabia. The Red Herring Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Red Herring Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Red Herring Prospectus. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of the Red Herring Prospectus, you should consult an authorized financial adviser.

Singapore. Each of the Book Running Lead Managers has acknowledged that the Red Herring Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Book Running Lead Managers has represented and agreed that it has not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, the Red Herring Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

Switzerland. The Red Herring Prospectus does not constitute an issue prospectus pursuant to Art. 652a of the Swiss Code of Obligations. The Equity Shares will not be listed on the SWX Swiss Exchange, and therefore, the Red Herring Prospectus does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Shares with a view to distribution to the public. The investors will be individually approached by a Book Running Lead Manager.

The Red Herring Prospectus is personal to each offeree and does not constitute an offer to any other person. The Red Herring Prospectus may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates. The Red Herring Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. The Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. The Red Herring Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Red Herring Prospectus, the person or entity to whom the Red Herring Prospectus has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Red Herring Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom. Each of the Book Running Lead Managers has represented and agreed that it:

i. is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;

ii. has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

iii. has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

iv. has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America. The Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered in, sold in the United States. Terms used in this paragraph have the meaning given to them by Regulation S.

Each purchaser of the Equity Shares will be deemed to have made the representations, agreements and acknowledgements as described under the section titled "***Transfer Restrictions***" on page 149.

TRANSFER RESTRICTIONS

The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.

Subject to the foregoing, by accepting this Red Herring Prospectus and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the Book Running Lead Managers as follows:

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the Securities Act;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S); and

- the Company, each of the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Managers on your own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by the Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE, and has not been prepared or independently verified by our Company, the Book Running Lead Managers, the Syndicate Member or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Further, various rules, bye-laws and regulations of Indian stock exchanges also regulate the recognition of the stock exchanges and provide for the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**Delisting Regulations**") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement. An institutional placement programme is one of the methods prescribed for listed companies to reach public shareholding of 25%.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of January 31 2013, the BSE had 1391 members, comprising 209 individual members, 1152 Indian companies and 30 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of January 31, 2013 there were 5,195 listed companies trading on the BSE (excluding permitted companies). The estimated market capitalisation of stocks trading on the BSE was ₹ 70,245.77 billion as on January 31, 2013. In January 2013, the average daily equity turnover on the BSE was ₹ 24.64 billion. As of January 31, 2013, the BSE had 15,738 trader work stations spread over 238 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

The average daily turnover for January 2013 was ₹ 128.44 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. As of January 31, 2013 the NSE had 1,644 companies listed and market capitalisation of approximately ₹ 68,586.53 billion. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called ‘National Exchange for Automated Trading’ (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since our Company is an Indian listed company, the provisions of the Takeover Regulations apply to our Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in our Company, and the changes therein. The definition of “insider” includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, our Company's Memorandum and Articles of Association, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read our Company's Memorandum and Articles of Association carefully, and consult with their advisers, as to our Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of our Company is ₹ 1,000 million divided into 100,000,000 Equity Shares of ₹ 10 each.

Articles of Association

Our Company is governed by its Articles of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of our Company may depend on a number of factors, including but not limited to, our Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. Our Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of our Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of our Company such interim dividends as in their judgment the position of our Company justifies.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by our Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and Issue of Bonus Shares

Our Company may capitalise any amounts forming part of its undistributed profits including amounts standing to the credit of our Company's reserve funds or capital redemption reserve account or in the hands of our Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the securities premium account) and distribute among shareholders in paying up in full either at par or at premium any unissued shares of our Company or in payment of uncalled liability on the issued shares. However, the securities premium account or the capital redemption reserve account of our Company can only be applied towards payment for unissued Equity Shares to be issued to members of our Company as fully paid bonus shares. Any issue of bonus shares by a listed company will be subject to the applicable SEBI regulations.

Alteration of Share Capital

Our Company's issued share capital may be increased by, *inter alia*, creation of new shares.

Subject to provisions of the Companies Act, our Company may also from time to time by special resolution reduce its capital redemption reserve account or premium account. Further, our Company may convert all or any of its fully paid paid-up Equity Shares into stock and re-convert that stock into paid-up equity shares of any denomination.

The Articles further provide that our Company may in a general meeting, from time to time consolidate or sub-divide its share capital or any of them subject as aforesaid and our Company in a general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Pre-emptive Rights

When it is proposed to increase the subscribed capital of our Company by the issue of new Equity Shares, whether out of unissued share capital or out of increased share capital, such Equity Shares shall be offered first to the existing shareholders in proportion to the to the capital paid up on those shares at that date.

Further, new Equity Shares may be offered to any person whether or not those persons include existing shareholders, either if a special resolution to that effect is passed by the shareholders of our Company in a general meeting, or where a simple majority of shareholders present and voting have passed the resolution and the permission of the Government has been obtained.

Preference Shares

Our Company may issue preference shares which are liable to be redeemed subject to provisions of the Companies Act.

General Meetings of Shareholders

Our Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of our Company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, and from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hands and on a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of our Company.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be deposited at the registered office of our Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by our Company at the office before the meeting. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of our Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which our Company has exercised any right of lien.

Pursuant to SEBI Circular dated July 13 2012, our Company (being one of the top 500 companies listed on the Stock Exchanges based on market capitalization as on the date of the circular) is required to provide e-voting facility to its shareholders for the businesses which are transacted through postal ballot and for which the notices are issued on or after October 1, 2012.

Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about our Company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event our Company does not effect transfer of Equity Shares within one month or where our Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of our Company are freely transferable. Further, in terms of the Articles, any person, entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, or money as provided in the Articles, be entitled to receive, and may give a discharge for any dividends or other money payable in respect of the share.

Liquidation Rights

Under the Articles of the Company, the liquidator on any winding-up (whether voluntary or otherwise) may, with the sanction of a special resolution, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories (or any of them) as the liquidator shall think fit.

TAXATION

STATEMENT OF TAX BENEFITS

March 1, 2013

Mahindra Holidays & Resorts India Limited
Mahindra Towers, 2nd Floor
17/18, Patulous Road
Chennai - 600 002

Dear Sirs,

Sub: Statement of Tax Benefits

We refer to the proposed Institutional Placement Program (IPP) of the shares of **Mahindra Holidays & Resorts India Limited** ("the Company") and enclose the statement showing the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957 for inclusion in the placement document.

This statement is provided for general information purposes only and each investor is advised to consult its own tax consultant with respect to specific income/wealth tax implications arising out of participation in the issue.

Unless otherwise specified, sections referred below are sections of The Income tax Act, 1961 ("IT Act") and The Wealth Tax Act, 1957 ("WT Act). The benefits set out below are subject to conditions specified therein read with The Income Tax Rules, 1962 and The Wealth Tax Rules, 1957 presently in force.

The Finance Bill, 2013 containing income tax and wealth tax proposals for the Financial Year 2013-14 has been presented before the Indian Parliament on February 28, 2013. Wherever relevant, we have highlighted the budget proposals.

The benefits outlined in the enclosed statement based on the information and particulars provided by the Company are neither exhaustive nor conclusive.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future.
- the conditions prescribed for availing the benefits have been/would be met with.
- the revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include the enclosed statement regarding tax benefits available to the Company and to its shareholders in the placement document for the proposed IPP which the Company intends to submit to the Securities and Exchange Board of India.

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of **Mahindra Holidays & Resorts India Limited** and shall not, without our prior written consent, be disclosed to any other person.

Yours faithfully,

For Deloitte Haskins & Sells

Chartered Accountants
Firm Regn: No: 008072S
Rajesh Srinivasan
Partner
Membership No.205441

STATEMENT OF TAX BENEFITS AVAILABLE TO MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

NIL

GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

The following benefits are available to the company after fulfilling conditions as required in the respective Act.

Dividends

- As per section 10(34) of the IT Act, any income by way of dividends referred to in section 115-O from a domestic company is exempt from tax, however such income will be subject to the provision of section 14A and sub-section (7) of section 94 the IT Act.

- As per section 10(35) of the IT Act, the following income will be exempt in the hands of the Company;

  a) Income received in respect of the units of a mutual fund specified under clause (23D) of Section 10 of the IT Act; or
  b) Income received in respect of units from the administrator of the specified undertaking; or
  c) Income received in respect of units from the specified company.

  However, this exemption does not apply to any income arising from transfer of units of the administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be. Further, such income will be subject to the provisions of section 14A and sub-section (7) & (8) of section 94 of the IT Act.

Capital gains

- As per section 2(42A) of the IT Act, shares held in a company or any other security listed in a recognized stock exchange in India or units of the Unit Trust of India or units of a mutual fund specified under section 10(23D) of the IT Act or zero coupon bonds will be considered as short term capital assets if the period of holding of such shares, units or security is twelve months or less.

  If the period of holding is more than twelve months, it will be considered as long term capital assets as per section 2(29B) of the IT Act. In respect of other assets the determinative period of holding is thirty six months as against twelve months mentioned above.

  Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains and long term capital gains respectively.

- As per section 10(38) of the IT Act, long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to Securities Transaction Tax (STT) will be exempt in the hands of the Company. However, such income shall be taken into account in computing book profit under section 115JB of the IT Act (Minimum Alternate Tax).

- As per section 54EC of the IT Act, capital gains up to Rs.50 Lakhs per annum, arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

- As per section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

- As per section 112 of the IT Act, long term capital gains which are not exempt in terms of the provisions of section 10(38) of the IT Act is liable to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% (plus applicable surcharge and education cess) of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the company.

- As per section 70 read with section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act.

- Long term capital loss arising during a year is allowed to be set-off only against long term capital gains in terms of section 70 of the IT Act. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act. Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT may not be carried forward for set off.

Minimum Alternate Tax ("MAT")

- As per section 115JAA(1A) of the IT Act, credit is allowed in respect of tax paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006.

- MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to ten assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the IT Act.

- MAT credit can be set off in a year when tax is payable under the normal provisions of the IT Act. MAT credit to be allowed shall be the difference between MAT payable and the tax computed as per the normal provisions of the IT Act for that assessment year.

Business loss and unabsorbed depreciation

- Business loss (other than speculative loss), if any, arising during a year can be set off against the income under any other head of income, other than income under the head 'salaries', in terms of the provisions of section 71 of the IT Act.

- Balance business loss, if any, can be carried forward and set off against business profits for eight subsequent years in terms of the provisions of section 72 of the IT Act.

- Unabsorbed depreciation under section 32(2) of the IT Act and loss on account of capital expenditure under section 35(1)(iv) of the IT Act can be carried forward and set off against any source of income in subsequent years subject to provisions of section 72(2) of the IT Act.

Depreciation

- The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of section 32 of the IT Act.

Securities Transaction Tax

- Under section 36(1)(xv) of the IT Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'.

Tax on distributed profits of domestic companies

- As per section 115-O of the IT Act, tax on distributed profits of domestic companies is chargeable at 15% (plus applicable surcharge and education cess). Per sub-section (1A) to section 115-O, the domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

    a) the dividend is received from its subsidiary; and
    b) the subsidiary has paid the DDT which is payable on the dividend distributed;

    Provided, that the same amount of dividend shall not be taken into account for reduction more than once. For the purpose of this sub-section, a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.

    It is proposed in the Finance Bill, 2013 that dividend received from specified foreign subsidiary company is allowed to be set-off against dividend distribution of the year while computing the DDT with effect from June 1, 2013.

    Further, dividend paid to any person for the New Pension System Trust referred to in clause (44) of section 10 of the IT Act will be reduced from the distributed profits of the domestic company.

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LEGAL PROCEEDINGS

Our Company is involved in various legal proceedings including, among others, criminal proceedings, consumer cases, civil proceedings, labour cases, property disputes, income tax, service tax and luxury tax disputes. Except as described below, our Company believes that it is not involved in any material legal proceedings, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Red Herring Prospectus, a material adverse effect on our business, financial position, profitability or results of operations.

I. *Litigation against our Company*

A. Criminal Cases

1. Anil Kumar Gupta (the "**Complainant**") has filed a criminal complaint (no. 298 of 2010) before the Chief Metropolitan Magistrate, Delhi against General Manager – Le Meridian, Ahmedabad, our Company and others alleging offences including cheating, forgery, criminal breach of trust and criminal conspiracy in connection with a booking made by the Complainant with Le Meridian, Ahmedabad. The Complainant is a Club Mahindra Holidays member and had booked a room in Le Meridian, Ahmedabad using the membership of RCI India Private Limited. The Complainant has alleged that the employees of Le Meridian forged the fax communication to show a booking of only two days when he had booked a room for three days and made payment towards the same. It is also alleged that he was given a lower grade room against his booking and that employees of Le Meridian misbehaved with him and forced him to vacate the room at the end of the second day. The matter is currently pending.

2. The Local Health Authority, Dharamshala has filed a case (No. 145-III/12 of 2012) before the Chief Judicial Magistrate, Dharamshala against Ramesh Singh Jadaun and Sanjeev Khanna, employees of our Company under the provisions of Prevention of Food Adulteration Act, 1954 ("**PFA Act**"). It has been alleged that the curd sample taken from the resort at Dharamshala by the Government Food Inspector, Kangra has been declared adulterated. The Company had applied for retesting of the said sample to the Central Food Laboratory, Mysore and by its certificate dated May 13, 2011, the laboratory has certified that curd sample confirms to the standard laid down for curd under the provisions of PFA Act. The matter is currently pending.

3. The Local Health Authority, Dharamshala has filed a case (No. 144-III/ 12 of 2012) before the Chief Judicial Magistrate, Dharamshala against Ramesh Singh Jadaun and Sanjeev Khanna, employees of our Company under the provisions of Prevention of Food Adulteration Act, 1954. It has been alleged that the dal (lentil) sample taken from the resort at Dharamshala by the Government Food Inspector, Kangra has been declared adulterated. Our Company has moved an application to implead the seller of dal (lentil) as a party to the proceeding. The matter is currently pending.

4. The Food Inspector, Shimla has filed a case (No. 222-3 of 2009) before the Chief Judicial Magistrate, Shimla against Vikas Kumar Yadav, employee of our Company and our Company, under the provisions of Prevention of Food Adulteration Act, 1954. It has been alleged that the 'paneer' (cottage cheese) sample taken from the resort at Mashobra, Shimla by the Government Food Inspector, Shimla has been declared adulterated. The matter is currently pending.

5. The Food Inspector, Shimla has filed a case (No. 221-3 of 2009) before the Chief Judicial Magistrate, Shimla against Vikas Kumar, employee of our Company and our Company, under the provisions of Prevention of Food Adulteration Act, 1954. It has been alleged that the curd sample taken from the resort at Mashobra, Shimla by the Government Food Inspector, Shimla has been declared adulterated. The matter is currently pending.

6. Joanita Pereira has filed an FIR against certain employees of our Company alleging that such employees had forcibly entered into her property and had set it on fire. The police have filed a charge sheet against our employees under section 427, 447 read with section 34 of the Indian Penal Code, 1860. All the accused have been released on bail. Two civil suits have been instituted by Joanita Pereira against our Company alleging encroachment on certain parcels of land. All cases are currently pending.

B. Civil Cases

1. UKB Electronics Private Limited (the "**Complainant**") has filed a complaint (UTPE No 3 of 2009) under the provisions of the Monopolistic & Restrictive Trade Practice, 1969 ("**MRTP Act**") against our Company. It has been alleged that our Company had misrepresented to the Complainant while offering membership and that the Complainant was not informed about the annual membership fees. The Complainant has alleged that since it has paid a large amount for the membership, the demand of annual membership is an unfair practice. Further, it has been alleged that the membership rules are against principles of law. The Complainant has prayed that an enquiry should be instituted to hold that our Company is indulging in unfair trade practices. The Complainant has also prayed that the membership rules be held as unfair and struck down and directions be issued to our Company to discontinue such unfair, deceptive and restrictive trade practices. The Complainant submitted that it has filed a compensation application under the MRTP Act. The matter is currently pending before the Competition Appellate Tribunal.

2. An arbitration proceeding has been initiated by Arun Excello Urban Infrastructure Private Limited ("**Arun Excello**") against our Company for alleged wrongful termination of the work orders dated June 4, 2010 and August 22, 2010 for construction of 200 hotel units, central facility block, other buildings and road development at Virajpet, Coorg. Arun Excello has claimed compensation of ₹ 148,147,764 for work undertaken until date of ceasing work, loss of profits resulting from revision in work, loss of business due to the delay and margin money paid on the bank guarantee. Our Company has not accepted Arun Excellos's claims and has filed a counter claim of ₹ 244,345,974 for *inter alia* liquidated damages, loss of interest due to locking of funds, cost of increase for engagement of third parties and business loss. The matter is currently pending.

3. Our Company has filed a civil suit (no. 170 of 2011) before the Civil Judge Senior Division, Pune seeking inter-alia, a declaration that Veena Porwal (the "**Defendant**") be restrained from entering the our Company's Lake Pavna Resort at village Tungi, taluka Maval, Lonavala (the "**Resort Property**"). The Court, by an order dated February 23, 2011, passed an order directing the Defendant to maintain status quo till May 25, 2011. Thereafter, Prakash Porwal (husband of Veena Porwal) and his son Shirin Porwal were added as parties to the suit. The order of the court to maintain status quo is in operation as on date. Further, Prakash Porwal has filed a suit (no. 4 of 2011) before the Mamlatdar, Maval against our Company seeking access to his land through the Resort Property. He has also filed a complaint (no. 142 of 2012) before the Tehsildar, Maval, against our Company seeking that the Government should repossess a parcel of the land at Tungi adjacent to the Lake Pavna Resort on the ground that our Company has not obtained requisite permission for purchase of the agricultural land. These matters are currently pending.

   Prakash Porwal has also filed a complaint dated June 16, 2011 before the Lonavala Gramin Police Station against the Non- Executive Chairman and ex-Managing Director of our Company alleging that our Company has put a compound fence and that he is unable to access his land. Based on the complaints received from Prakash Porwal, the Collector, Pune has issued notices dated June 23, 2011, March 21, 2012, September 4, 2012 and December 12, 2012 asking our Company to show cause as to why the non-agricultural order issued in favour of our Company, not be cancelled. Our Company has filed an application seeking a stay of the show cause notice. Further, based on the complaint filed by Prakash Porwal, the Sub-Divisional Officer, Maval has issued a notice dated June 20, 2012 asking our Company to show cause why the boarding and lodging license should not be cancelled on the ground that the Collector, Pune is likely to review the non-agricultural order. Our Company has filed its reply to this notice. Based on a complaint by Prakash Porwal, the Block Development Officer, Vadgaon, Maval has issued a notice dated February 14, 2013 asking our Company, to show cause, why order should not be passed in respect of alleged closing of pathway constructed against the sanctioned plan. Our Company has requested further information and documents from the Block Development officer. These matters are currently pending.

C. Property Cases

1. The Sub-Collector, Devikulam, Idukki District, by an order dated November 22, 2007 has cancelled the assignment of land bearing serial no. 20/1/4 and 20/1/5 of Chinnakanal village, Udumbanchola taluka as well as the registry in the land assignment proceedings in favour of our Company on the ground that our

Company had violated conditions of the assignment order by agricultural land to build resort. Our Company has filed a writ petition (no. 36643/2007) before the High Court of Kerala challenging the order of the Sub-Collector and has sought a stay on the cancellation of the assignment. The High Court of Kerala, by an order dated December 13, 2007 has stayed the order passed by the Sub-Collector. The matter is currently pending.

2. The Sub-Divisional Magistrate ("**SDM**"), Almora, has, in an order under the encroachment suit (03/2006) under Section 4 of the U.P. Public Premises (Eviction of Unauthorised Occupants) Act, 1972, held that our Company has encroached upon government land bearing field numbers 547, 558, 566, 567, 568, 578 and 1116 to 1185 in village Bhensori, district Almora (the "**Public Land**") and has directed that our Company be evicted from the Public Land. Our Company has filed an appeal against the order of the SDM before the District Court, Almora. The matter is currently pending.

D. Income Tax Proceedings

1. Our Company has filed an appeal pending before the Commissioner of Income Tax (Appeals), Chennai, against the order of the assessing officer dated December 28, 2006 for assessment year 2004-2005. The assessing officer had brought to tax the entire amount of membership fees received from members and disallowed certain expenses as expenses during construction which would result in additional tax on amounts of ₹ 23,13,21,292 and ₹ 1,17,73,503 respectively adding up to ₹ 24,30,94,795 during the assessment year. On account of earlier unabsorbed losses and depreciation, there was no additional tax demand. The matter is pending before the Commissioner of Income Tax (Appeals), Chennai.

2. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals), Chennai against the order of the assessing officer dated December 28, 2011 for assessment year 2009-2010 imposing a tax demand of ₹ 85,44,31,240. This demand has been levied on account of imposing tax on entire amount of membership fees received from members, disallowing expenditure on repair of resorts, development of leasehold premises, product design costs and development of website on the ground of it being capital expenditure, not deducting tax deduction at source on certain payments and disallowance of certain provisions. This appeal is pending before the Commissioner of Income Tax (Appeals), Chennai.

E. Service Tax proceedings

1. The Commissioner, Large Tax Payer Unit, by an order (No. LTUC 161/2011 (C)) dated May 18, 2011 has levied a service tax of ₹ 22,24,69,008 plus penalty of the same amount on our Company alleged services provided by our Company from April 1, 2005 till March 31, 2010. The same has been levied on the ground that amounts collected by our Company from the members towards room rentals, usage of telephone, fax, interest amounts on instalment payments, income from securitisation, exchange fees all relating to rendering of club or association services would be includible in the taxable value of the club or association service rendered by our Company. Our Company has filed an appeal and a stay application against this order before the Customs, Excise and Service Tax Appellate Tribunal, Chennai. The matter is currently pending.

2. The Commissioner, Large Tax Payer Unit, by an order (No. LTUC 111/2011 (C)) dated March 27, 2012 has levied a service tax of ₹ 5,87,62,882 plus penalty on our Company for alleged services provided by our Company from April 1, 2010 till March 31, 2011. The same has been levied on the ground that amounts collected by our Company from the members towards room rentals, usage of telephone, fax, interest amounts on instalment payments, income from securitisation, exchange fees all relating to rendering of club or association services would be includible in the taxable value of the club or association service rendered by our Company. Our Company has filed an appeal and a stay application against this order before the Customs, Excise and Service Tax Appellate Tribunal, Chennai. The matter is currently pending.

3. The Commissioner, Large Tax Payer Unit has by an order (No. 95/2012) dated March 19, 2012 levied service tax of ₹ 1,93,20,468 plus interest plus penalty on our Company for availing Cenvat Credit of service tax paid on input services used for trading activity during the period 2009-2010 and 2010-2011. The Commissioner, Large Tax Payer Unit has held that the trading activity cannot be regarded as service and the cenvat credit availed on such input services would fall outside the purview of the input service. The

Commissioner ordered that ₹ 1,93,20,468, being the ineligible credit be recovered from our Company. The Commissioner has imposed an equal penalty of ₹ 1,93,20,468 for a period 2009-2010 and 2010-2011. Our Company has filed an appeal and a stay application before the Customs, Excise and Service Tax Appellate Tribunal, Chennai against the order. The matter is currently pending.

4. The Commissioner, Large Tax Payer Unit, by an order (No. LTUC 189/2011 (C)) dated June 21, 2011 has levied a service tax of ₹ 1,43,60,316 plus penalty of the same amount on our Company for non payment of service tax on certain services such as management consultancy services and marketing services received by our Company, from persons located outside India. Our Company has filed an appeal and a stay application against this order before the Customs, Excise and Service Tax Appellate Tribunal, Chennai. The matter is currently pending.

5. The Commissioner, Large Tax Payer Unit, by an order (No. LTUC 185/2011 (C)) dated June 17, 2011 has levied a service tax of ₹ 86,05,464 along with penalty and interest, on excess credit availed by our Company on account of treating the trading turnover as exempted service for the period from April 2008 to March 2009. Our Company has filed an appeal and a stay application against this order before the Customs, Excise and Service Tax Appellate Tribunal, Chennai. The matter is currently pending.

6. The Commissioner, Large Tax Payer Unit has by an order (No. 109/2012) dated March 26, 2012 levied service tax of ₹ 50,84,289 plus interest plus penalty on our Company for availing Cenvat Credit of service tax paid on input services used for trading activity during the period April 2007 to March 2008. The Commissioner, Large Tax Payer Unit has held that the trading activity cannot be regarded as service and the cenvat credit availed on such input services would fall outside the purview of the input service. The Commissioner ordered that ₹ 50,84,289, being the ineligible credit be recovered from our Company. The Commissioner has also imposed an equal penalty of ₹ 50,84,289 for a period from April 2007 to March 2008. Our Company has filed an appeal and a stay application before the Customs, Excise and Service Tax Appellate Tribunal, Chennai. The matter is currently pending.

F. Luxury Tax proceedings

1. The Intelligence Officer, Commercial Taxes, Devikulam, has by orders (A1-470/2008-09, A1-470/2009-10 and A1-470/2010-11) ("**Orders**")each dated November 30, 2012 levying a penalty of ₹ 2,19,76,800 each year for assessment years 2008-09, 2009-2010 and 2010-2011. Luxury tax has been imposed on the ground that our Company has failed to pay luxury tax under the Kerala Tax on Luxuries Act, 1976 for each individual who is a member of our Company. Our Company has filed a writ petition (No. 1984/2013) before the High Court of Kerala against the Orders and has sought that the Orders be quashed. Further, our Company has also sought that the Orders be stayed till the disposal if the writ petition. The matter is currently pending.

2. The Deputy Commercial Tax Officer, Udhagai (North) (the "**Deputy Commissioner**"), by demand notices (TNLT No. 785149/2002-03, TNLT No. 785149/2003-04 and TNLT No. 785149/2004-05 each dated March 31, 2008 and TNLT No. 785149/2005-06 dated May 2, 2008) (the "**Notices**") has demanded luxury tax of ₹ 3,37,938 plus penalty of ₹ 5,06,907 for the year 2002-2003, ₹ 2,72,039 plus penalty of ₹ 4,08,059 for the year 2003-2004, ₹ 7,51,231 plus penalty of ₹ 11,26,847, for the year 2004-2005 and ₹ 12,06,917 plus penalty of ₹ 18,10,376 for the year 2005-2006 respectively from our Company in respect of its timeshare memberships. Our Company has filed four writ petitions (12166/2008, 12167/2008, 12168/2008 and 15277/2008) against the Notices before the Madras High Court and has sought that the Notices be quashed. Further, our Company has also sought an interim injunction restraining the Deputy Commissioner from demanding the luxury tax under the Notices. The Madras High Court, by orders dated May 13, 2008 and June 27, 2008 granted an interim injunction against the Notices, on the condition that our Company furnish a bank guarantee for fifty percent of the demand amount. The matters are currently pending.

G. Consumer cases

A total of 133 consumer cases are currently pending against us in various consumer courts wherein an aggregate sum of approximately ₹ 39,756,148 has been claimed from our Company. The complainants in these cases allege negligence and deficiencies in the services provided by our Company and have sought refund of membership fees due to cancellation of their membership and compensation for mental distress, physical agony and legal costs. These cases are at various stages of hearing and final decision.

II. Other litigation

The Commissioner, Udhagamandalam Municipality (the "**Commissioner**") has issued a show cause notice (U.A.C. No. 12/2003/N) dated April 25, 2008 against Mahindra & Mahindra Limited ("**M&M**") (lessor) in respect of our leased resort property at Sheddon Road, Ooty, Tamil Nadu. It has been stated that construction of a motor room and rain water harvesting tank in land situated at Sheddon Road bearing survey numbers 3990, 4531, 4532, 4533, 4534, 4564 and 4351/3 are unauthorized and illegal as the same is in violation of the development control rules and the Tamil Nadu District Municipalities Act. M&M has been asked to show cause as to why the alleged illegal structures should not be demolished. M&M has filed its reply dated May 19, 2008. Subsequently, the by an order (U.A.C. No. 12/2003/N) dated December 11, 2009 has directed M&M to demolish the motor room and the rain water harvesting at M&M's cost. M&M has filed a review petition before the Municipal Administration and Water Supply Department, Chennai against the order dated December 11, 2009 of the Collector and has sought that the order be set aside and the proceeding of the Commissioner be stayed. The matter is currently pending.

INDEPENDENT ACCOUNTANTS

Deloitte Haskins & Sells, Chartered Accountants, the Auditors of our Company, have audited our (i) consolidated financial statements as of and for each of the years ended March 31 2012, 2011 and 2010; (ii) unconsolidated financial statements as of and for each of the years ended March 31 2012, 2011 and 2010; (iii) unconsolidated financial statements as of and for the nine months period ended December 31, 2012, included in this Red Herring Prospectus.

GENERAL INFORMATION

1. Our Company was incorporated on September 20, 1996 in Chennai as Mahindra Holidays & Reso*rts* India Private Limited. The status of our Company was changed to a public limited company by a special resolution of the members passed at the annual general meeting held on January 29, 1998. The fresh certificate of incorporation consequent on conversion was issued to our Company on April 17, 1998 by the RoC.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI Regulations.

3. The Issue has been authorised and approved by the Board of Directors and the IPP Issue Committee through resolution dated January 21, 2013 and March 6, 2013, respectively, and by our Company's shareholders through a special resolution dated February 23, 2013.

4. Our Company has received in-principle approvals under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the BSE and the NSE on March 6, 2013.

5. Our Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

6. Except as disclosed in this Red Herring Prospectus, there has been no material change in our Company's financial condition since December 31, 2012, the date of its latest audited unconsolidated financial statements, prepared in accordance with Indian GAAP, included herein.

7. Except as disclosed in this Red Herring Prospectus, there are no legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

8. Our Company's Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants have audited our Company's (i) consolidated financial statements as of and for each of the years ended March 31 2012, 2011 and 2010; (ii) unconsolidated financial statements as of and for each of the years ended March 31 2012, 2011 and 2010; (iii) unconsolidated financial statements as of and for the nine month period ended December 31, 2012, included in this Red Herring Prospectus; and have consented to the inclusion of their audit reports in relation thereto in this Red Herring Prospectus.

9. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

10. **Consents**

    Consents in writing of the Directors, the legal advisors, (b) the Book Running Lead Managers, the Syndicate Member, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

    M/s. Deloitte Haskins & Sells, Chartered Accountants, our Company's Auditor, have given their written consent to the inclusion of their report dated March 1, 2013 in the form and context in which it appears in this Red Herring Prospectus. Further, M/s. Deloitte Haskins & Sells, Chartered Accountants, have given their written consent to inclusion of their report dated March 1, 2013 relating to the possible tax benefits accruing to our Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus.

11. **Experts**

    The Auditor of our Company, M/s. Deloitte Haskins & Sells, Chartered Accountants, have furnished a report dated March 1, 2013 relating to the possible tax benefits accruing to our Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus. It is clarified that the reference to Deloitte Haskins & Sells as "Expert" is in accordance with Section 58 of the Companies Act only.

12. **Company Secretary and Compliance Officer**

The Company Secretary and Compliance Officer of our Company is Mr. Dinesh Shetty. His contact details are as follows:

Mr. Dinesh Shetty,

Mahindra Holidays & Resorts India Limited

Mahindra Towers, 1st Floor,
P.K. Kurne Chowk, Worli,
Mumbai 400 018
Tel: (91 022) 3368 4722
Fax: (91 022) 3368 4721
Email: investors@mahindraholidays.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

13. **Price Information of Past Issues handled by Book Running Lead Managers**

The price information of past issues handled by Book Running Lead Managers to the Issue is as follows:

(a) Price information of past issues handled by Book Running Lead Managers to the Issue:

I. Kotak

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Bharti Infratel Limited[1]	41,727.60	220.00	December 28, 2012	200.00	191.65	-12.89%	5,908.35	207.40	5,988.40	204.40	6,001.85	210.30	6,074.80
2.	PC Jeweller Limited[2]	6,013.08	135.00	December 27, 2012	137.00	149.20	10.52%	5,870.10	181.65	5,988.40	168.90	6,056.60	157.55	6,074.65
3.	Credit Analysis & Research Limited	5,399.78	750.00	December 26, 2012	940.00	922.55	23.01%	5,905.60	934.75	6,016.15	923.45	6,024.05	920.85	6,019.35
4.	Speciality Restaurants Limited	1,760.91	150.00	May 30, 2012	152.00	159.60	6.40%	4,950.75	182.45	5,068.35	206.65	5,064.25	213.05	5,149.15
5.	Future Ventures India Limited	7,500.00	10.00	May 10, 2011	9.00	8.20	(18.00)%	5,541.25	8.15	5,428.10	8.10	5,473.10	8.75	5,526.85
6.	Muthoot Finance Limited	9,012.50	175.00	May 6, 2011	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	155.45	5,348.95	175.25	5,532.05
7.	Coal India Limited[3]	151,994.40	245.00	November 4, 2010	291.00	342.55	39.82%	6,281.80	317.20	6,121.60	320.15	5,934.75	321.95	5,992.80
8.	Prestige Estates Projects Limited	12,000.00	183.00	October 27, 2010	190.00	193.15	5.55%	6,012.65	205.85	6,312.45	197.10	6,121.60	162.95	5,799.75
9.	Oberoi Realty Limited	10,286.12	260.00	October 20, 2010	271.10	282.90	8.81%	5,982.10	279.05	6,017.70	289.60	6,273.20	266.00	5,998.80
10.	Tecpro Systems Limited[4]	2,676.85	355.00	October 12, 2010	380.00	405.70	14.28%	6,090.90	399.90	6,101.50	424.55	6,117.55	417.70	6,275.70

Source: www.nseindia.com

[1] *In Bharti Infratel Limited, the anchor investor issue price was ₹ 230 per equity share and the issue price after discount to Retail Individual Bidders was ₹ 210 per equity share*

[2] *In PC Jeweller Limited, the issue price after discount to Retail Individual Bidders and Eligible Employees was ₹ 130 per equity share*

[3] *In Coal India Limited, the issue price after discount to the retail individual bidders and the eligible employees was ₹ 232.75 per equity share.*

[4] *In Tecpro Systems Limited, the issue price after discount to the eligible employees was ₹ 338 per equity share.*

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;
b. S&P CNX Nifty has been considered as the benchmark index.

II. I-Sec

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Bharti Infratel Limited	41,727.60	220*	28-Dec-12	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
2.	Credit Analysis and Research Limited	5,399.78	750	26-Dec-12	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
3.	Tara Jewels Limited	1,794.99	230	6-Dec-12	242	229.9	-0.04%	5,930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40
4.	Future Ventures India Ltd.	7,500.00	10	10-May-11	9.00	8.20	-18.00%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
5.	Muthoot Finance Ltd.	9,012.50	175	6-May-11	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	157.60	5,412.35	175.25	5,532.05
6.	PTC India Financial Services Ltd.	4,332.76	28	30-Mar-11	26.75	24.90	-11.07%	5,787.65	23.00	5,785.70	21.50	5,740.75	21.65	5,749.50
7.	Punjab & Sind Bank	4,708.20	120	30-Dec-10	144.00	127.15	5.96%	6,101.85	118.85	5,762.85	119.75	5,691.05	105.45	5,505.90
8.	A2Z Maintenance & Engineering Services Ltd.	7,762.47	400	23-Dec-10	500.00	328.55	-17.86%	5,980.00	327.15	6,157.60	304.25	5,863.25	302.35	5,743.25
9.	Claris Lifesciences Ltd.#	3,000.00	228	20-Dec-10	224.40	205.85	-9.71%	19,888.88	204.85	20,389.07	199.10	19,224.12	185.35	18,978.32
10.	Commercial Engineers &	1,724.13	127	18-Oct-10	119.00	112.90	-11.10%	6,075.95	108.10	5,987.70	116.85	6,273.20	102.15	5,998.80

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
	Body Builders Co. Ltd.													

All above data is of NSE (Website www.nseindia.com)
BSE Data www.bseindia.com (only Claris as it's not listed on NSE)
Benchmark Index considered above in all the cases was NIFTY
**Discount of ₹ 10 per equity share offered to retail investors and Premium of ₹ 10 per equity share to Anchor investors. All calculations are based on Issue Price of ₹ 220.00 per equity share*
 # As Claris is listed only on BSE, the benchmark index considered is SENSEX
Note: 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day

III. Religare

Religare has not handled any public issue of equity shares in the last three years.

Summary statement of price information of past issues handled by Book Running Lead Managers to the Issue:

I. Kotak

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2012 – January 29, 2013	4	54,901.36	-	-	1	-	-	3	-	-	1	-	1	2
2012	2	16,512.50	-	-	1	-	-	1	-	-	1	-	-	1
2011	11	234,579.83	-	-	2	-	1	8	-	1	2	-	3	5

Source: www.nseindia.com

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;

b. S&P CNX Nifty has been considered as the benchmark index.

II. I-Sec

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-13	3	48,922.37	0	0	2	0	0	1	0	0	1	0	0	2
2011-12	2	16,512.50	0	0	1	0	0	1	0	0	1	0	0	1
2010-11	9	53,863.81	0	1	6	0	0	2	1	2	6	0	0	0

III. Religare

Religare has not handled any public issue of equity shares in the last three years.

14. **Track record of past issues handled by Book Running Lead Managers**

For details regarding the track record of the Book Running Lead Managers to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the website of the Book Running Lead Managers as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1	Kotak	http://investmentbank.kotak.com/track-record/Disclaimer.html
2	ICICI Securities	http://www.icicisecurities.com/OurBusiness/?SubSubReportID=10946
3	Religare	http://www.religarecm.com/article-public-issue-of-equity-Id-27.aspx

FINANCIAL STATEMENTS

AUDITORS' REPORT

Report of the Independent Auditor on the Consolidated Summary Financial Statements

To the Board of Directors of Mahindra Holidays & Resorts India Limited

1. The accompanying Consolidated Summary Financial Statements of Mahindra Holidays & Resorts India Limited ("the Company") and its Subsidiaries (the Company and its Subsidiaries constitute 'the Group') which comprises the Consolidated Balance Sheets as at as at March 31, 2012 , 2011 and 2010, the Consolidated Statements of Profit and Loss for the years ended March 31, 2012 , 2011 and 2010 and the Consolidated Cash Flow Statements for the years ended on those dates together with the related explanatory notes referred to herein as the "Consolidated Summary Financial Statements" are derived from the audited consolidated financial statements (the "Audited Consolidated Financial Statements") of the Company for the respective years audited by us as detailed in paragraph 3 below.

2. The Consolidated Summary Financial Statements include the Summary Financial Statement of the following Subsidiaries:

    1. Mahindra Holidays & Resorts U.S.A Inc.
    2. Mahindra Hotels and Residents India Limited
    3. MHR Hotel Management GmbH
    4. Heritage Bird (M) Sdn Bhd.
    5. BAH Hotelanlagen AG
    6. Bell Tower Resorts Private Limited

3. We have expressed unmodified audit opinions on the Audited Consolidated Financial Statements of the Company and for years ended March 31, 2012, 2011 and 2010 vide our reports dated April 25, 2012, April 25, 2011 and April 29, 2010 respectively.

4. We did not audit the financial statements of the subsidiaries referred above .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.

5. The Audited Consolidated Financial Statements and the Consolidated Summary Financial Statements do not reflect the effect of events that occurred subsequent to the date of our reports on the respective periods referred to in paragraph 3 above.

6. The Audited Consolidated Financial Statements for the year ended 31 March 2010 have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure as per Revised Schedule VI of the Companies Act, 1956 which became effective from 1 April 2011 and also to conform with the classification criteria for the subsequent comparative periods presented in the Consolidated Summary Financial Statements.

7. **Management Responsibility**

    Management is responsible for the preparation of Consolidated Summary Financial Statements prepared in accordance with Accounting Standards (AS) 21 on Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.

8. **Auditors' Responsibility**

    Our responsibility is to express an opinion on the Consolidated Summary Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810 "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

9. **Opinion**

In our opinion, the Consolidated Summary Financial Statements derived from the Audited Consolidated Financial Statements of the Group for the respective years are a fair summary of those Audited Consolidated Financial Statements, in accordance with Accounting Standards (AS) 21 on Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.

10. **Restrictive Clause**

Our report and the attached Consolidated Summary Financial Statements are intended for the use of the management and for inclusion in the Red Herring Prospectus and Prospectus (hereinafter collectively referred to as the '**Offer Document**") in connection with the proposed Institutional Placement Programme of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

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

B. Ramaratnam
Partner
(Membership No.21209)

Chennai, March 1, 2013

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Balance Sheet

Amount in Rs. Millions

Particulars	Note	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS :				
Share Capital	**3**	838.46	836.06	832.87
Reserves and Surplus	**4**	4,795.16	4,165.00	3,552.52
		5,633.62	**5,001.06**	**4,385.39**
Minority Interest		**3.43**	**3.28**	**3.25**
Non- Current liabilities				
Long term Borrowings	**5**	66.37	71.73	60.59
Deferred tax liabilities (net)	**6**	366.33	367.77	333.08
Deferred Income - Advance towards members facilities		10,679.71	9,844.27	8,371.70
(refer note 2 (vii) (a))				
Long term provisions	**7**	15.16	11.35	10.62
		11,127.57	**10,295.12**	**8,775.99**
Current liabilities				
Short term Borrowings	**8**	23.09	30.53	100.16
Trade payables	**9**	885.09	681.16	734.44
Deferred Income - Advance towards members facilities		553.21	441.61	339.71
(refer note 2 (vii) (a))				
Other current liabilities	**10**	1,183.67	830.19	769.19
Short term provisions	**11**	402.15	398.27	399.12
		3,047.21	**2,381.76**	**2,342.62**
		19,811.83	**17,681.22**	**15,507.25**
ASSETS				
Non-current assets				
Fixed Assets				
Tangible assets	**12**	5,267.35	4,754.58	4,380.88
Goodwill on consolidation	**12**	680.96	45.52	45.52
Intangible assets	**12**	17.99	24.05	37.47
Capital work in progress	**36**	1,837.55	1,263.37	956.96
Intangible assets under development		118.03	3.02	-
		7,921.88	**6,090.54**	**5,420.83**
Non-current investments	**13**	0.25	0.25	0.25
Long term loans and advances	**14**	1,211.98	780.16	598.13
Other Non-Current Assets	**15**	3,644.72	4,485.09	4,888.44
		4,856.95	**5,265.50**	**5,486.82**

Particulars	Note	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Current assets				
Current investments	**16**	1,261.71	1,133.08	1,953.77
Inventories	**17**	41.92	34.88	32.60
Trade receivables	**18**	5,180.51	4,379.38	2,143.72
Cash and cash equivalents	**19**	150.57	637.20	278.59
Short term loans and advances	**20**	398.08	128.91	190.92
Other current assets	**21**	0.21	11.73	-
		7,033.00	**6,325.18**	**4,599.60**
		19,811.83	**17,681.22**	**15,507.25**

See accompanying notes forming part of the consolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Statement of Profit and Loss

Amount in Rs. Millions

Particulars	Note	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Revenue from operations	**22**	5,781.13	5,004.23	4,733.91
Other Income	**23**	715.68	460.22	478.00
Total Revenue		**6,496.81**	**5,464.45**	**5,211.91**
EXPENDITURE :				
Employee benefits expense	**24**	1,328.76	899.92	766.83
Finance costs	**25**	6.51	3.11	11.89
Depreciation and amortisation expense	**12**	230.96	221.28	195.64
Other expenses	**26**	3,497.96	2,871.87	2,471.66
Total Expenses		**5,064.19**	**3,996.18**	**3,446.02**
Profit before tax		1,432.62	1,468.27	1,765.89
Less : Tax expense				
- Current tax		410.20	430.50	550.50
- Overseas Tax		0.46	0.13	6.37
- Deferred tax		(1.44)	34.69	38.34
Profit for the year		**1,023.40**	**1,002.95**	**1,170.68**
Minority Share of (profit) / loss		(0.08)	0.49	(0.09)
Profit for the year		**1,023.32**	**1,003.44**	**1,170.59**
Earnings per share: (In Rs.)				
Basic		12.21	12.01	14.34
Diluted		12.19	11.92	14.18

See accompanying notes forming part of the consolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Cash Flow Statement

Amount in Rs. Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before tax	1,432.62	1,468.27	1,765.89
Adjustments :			
Depreciation	230.96	221.28	195.64
Finance costs	6.51	3.11	11.89
Interest income	(8.57)	(28.27)	(12.73)
Dividend income	(110.53)	(73.20)	(43.75)
Loss/(Gain) on fixed assets sold/scrapped (net)	(0.32)	5.50	(0.48)
Provision for doubtful debts	0.01	0.96	0.79
Unrealised exchange loss/(gain)	(112.58)	1.65	14.34
Operating profit before working capital changes	**1,438.10**	**1,599.30**	**1,931.59**
Changes in :			
Deferred income - Advance towards members' facilities	947.04	1,575.76	2,903.50
Trade and other receivables	(260.19)	(1,432.06)	(2,443.40)
Inventories	(7.03)	(2.28)	20.01
Trade and other payables	810.57	(381.89)	621.91
	1,490.39	**(240.47)**	**1,102.02**
Income taxes paid	(874.38)	(466.10)	(848.24)
NET CASH FROM OPERATING ACTIVITIES	**2,054.11**	**892.73**	**2,185.37**
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(1,501.24)	(1,020.53)	(1,542.30)
Proceeds from sale of fixed assets	1.46	27.46	18.24
Bank balance not considered as cash and cash equivalents	(30.17)	-	-
Interest received	8.47	19.50	8.42
Dividend income	110.53	73.20	43.75
NET CASH USED IN INVESTING ACTIVITIES	**(1,410.95)**	**(900.37)**	**(1,471.89)**
CASH FLOW FROM FINANCING ACTIVITIES :			
Repayments of borrowings	(12.80)	(58.49)	(146.78)
Dividends paid	(336.92)	(336.88)	(235.00)
Dividend distribution tax paid	(54.66)	(55.96)	(39.94)
Loan to ESOP Trust	(132.00)	-	-
Proceeds from issue of equity shares to ESOP Trust	147.00	-	-
Issue of equity shares	-	-	1,624.25
Purchase consideration paid on acquisition of subsidiary	(635.44)	-	-
Finance costs paid	(6.51)	(3.11)	(11.89)

	Year ended March 31, 2012	**Year ended March 31, 2011**	**Year ended March 31, 2010**
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	**(1,031.33)**	**(454.44)**	**1,190.64**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(388.17)**	**(462.08)**	**1,904.12**
CASH AND CASH EQUIVALENTS :			
Opening balance	**1,767.16**	**2,229.24**	**325.12**
Cash and Bank balances acquired on acquisition of subsidiary	**3.38**	**-**	**-**
Closing balance	**1,375.61**	**1,767.16**	**2,229.24**
	1,378.99	**1,767.16**	**2,229.24**
	(388.17)	**(462.08)**	**1,904.12**
Reconciliation between Cash and Cash equivalents with the Balance Sheet			
Cash and cash equivalents as per Balance Sheet	150.57	637.20	278.59
Less: Bank balances not considered as Cash and cash equivalents	33.29	3.12	3.12
Net Cash and cash equivalents	117.28	634.08	275.47
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	1,261.71	1,133.08	1,953.77
Cash and cash equivalents at the end of the year	**1,378.99**	**1,767.16**	**2,229.24**

See accompanying notes forming part of the consolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

NOTES FORMING PART OF THE CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

1.1 Corporate Information

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

1.2 Basis of preparation of Consolidated Summary Financial Statements

These consolidated summary financial statements of the Company comprise of the consolidated Summary Balance Sheet as at March 31, 2012, 2011 and 2010; the consolidated Summary Statement of Profit and Loss and the consolidated Summary Statement of Cash Flows for the years ended March 31, 2012, 2011 and 2010, the related Schedules and explanatory notes; together referred to herein as the "Consolidated Summary Financial Statements".

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

Name of the company (Country of Incorporation)	Extent of Holding as at March 31,		
	2012	2011	2010
Mahindra Holidays & Resorts USA Inc (USA)	100.00%	100.00%	100.00%
MHR Hotel Management GmbH (Austria)	75.00%	75.00%	75.00%
Mahindra Hotels & Residences India Limited (India)	100.00%	100.00%	100.00%
Heritage Bird (M) Sdn Bhd (Malaysia)	100.00%	100.00%	100.00%
BAH Hotelanlagen AG (Austria)	98.93%	98.93%	98.93%
Bell Tower Resorts Private Limited (India)	100.00%	0.00%	0.00%

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

These Consolidated Summary Financial Statements have been derived from the audited Consolidated financial statements of the Company for the respective periods which were approved by the Board of Directors of the Company. The figures included in the Consolidated Summary Financial Statements do not reflect the events that occured subsequent to date of approval of the Consolidated financial statements of the Company as detailed below and have been rounded off to present them in Rupees Millions.

Consolidated Financial Statements for the:	Date adopted by the Board of Directors of the Company
Year ended March 31, 2012	April 25, 2012
Year ended March 31, 2011	April 25, 2011
Year ended March 31, 2010	April 29, 2010

The consolidated financial statements as of and for the year ended 31 March 2010 have been regrouped/ reclassified wherever necessary to correspond with the presentation/disclosure requirements of Revised Schedule VI of the Companies Act, 1956 which became effective from 1 April 2011.

The significant accounting policies used in the preparation of the audited Consolidated financial statements of the Company are given in note 2 below.

1.3 Principles of Consolidation

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

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

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.

2 Significant Accounting Policies

(i) ***Use of estimates***

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

(ii) ***Fixed assets***

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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 10 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, where substantially all the risks and rewards of ownership vest in the company are classified as finance leases. Such leases are capitalised at the inception of lease at the lower of fair value and the present value of the minimum lease payments.

(iv) ***Expenditure during construction period***

Revenue expenses incurred in connection with construction of resorts insofar as such expenses relate to the period prior to the date the resort is put to use are treated as part of project cost and capitalised.

(v) ***Inventories***

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

(vi) ***Investments***

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

(vii) ***Revenue recognition***

(a) The company’s business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full 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.

(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 excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

(f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.

(g) Income from home stays is recognized when services are rendered.

(h) Interest income from loans is accounted on time proportion basis and dividend income from mutual fundsis accounted as and when right to receive is established.

(viii) ***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 statement of profit and loss.

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 statement of profit and loss.

(ix) ***Employee benefits***

(a) *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 statement of profit and loss.

(b) *Long term employee benefit plans*

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans employees also contribute to the plan.

(c) *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 statement of profit and loss 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).

(d) *Defined Benefit Plan*

The company has an arrangement with the Life Insurance Corporation of India (LIC) to administer its gratuity fund. The contribution paid/payable to the fund based on liability towards gratuity determined on the basis of an independent actuarial valuation as at balance sheet date using the Projected Unit Credit method is debited to the statement of profit and loss. Actuarial gains and losses arising during the year are recognized in the statement of profit and loss. Long term compensated absences similarly determined on an actuarial basis is provided for and is not funded.

(x) ***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.

(xi) ***Share issue expenses***

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

(xii) ***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 to 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.

(xiii) ***Impairment of assets***

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists the recoverable amount of such asset is estimated and impairment is recognised,if the carrying amount of these assets exceed their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present values based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in the case of re-valued asset.

(xiv) ***Cash and cash equivalents***

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

(xv) ***Cash flow statements***

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

(xvi) ***Provision & contingencies***

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

(xvii) ***Earnings per share***

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Note 3: Share Capital

Amount in Rs. Millions

	As At					
	March 31, 2012		**March 31, 2011**		**March 31, 2010**	
	Number	**value**	**Number**	**value**	**Number**	**value**
Authorised :						
100,000,000 equity shares of Rs.10 each	100,000,000	1,000.00	100,000,000	1,000.00	100,000,000	1,000.00
	100,000,000	**1,000.00**	**100,000,000**	**1,000.00**	**100,000,000**	**1,000.00**
Issued and Subscribed :						
Equity shares of Rs. 10 each fully paid.	84,639,772	846.40	84,229,772	842.30	84,229,772	842.30
Less:Equity shares of Rs 10 each fully paid up issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not alloted to employees.	794,168	7.94	624,094	6.24	942,911	9.43
	83,845,604	**838.46**	**83,605,678**	**836.06**	**83,286,861**	**832.87**

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

(b) Term/Rights attached to equity shares:

(i) The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.

(ii) The details of dividend paid to equity shareholders is as follows:

Particulars	**Year ended March 31,**		
	2012	**2011**	**2010**
Dividend per share (Rs)	4.00	4.00	4.00
Total Dividend including tax on dividend (Rs in Millions)	393.48	391.57	392.87

(iii) Repayment of capital will be in proportion to the number of equity shares held.

(c) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of share holder	No of shares	% held as at March 31, 2012	No of shares	% held as at March 31, 2011	No of shares	% held as at March 31, 2010
Mahindra & Mahindra Limited (Holding Company)	69,985,642	82.69%	69,985,642	83.09%	69,985,642	83.09%

(d) The reconciliation of the number of shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

Amount in Rs. Millions

Particulars	As at March 31, 2012		As at March 31, 2011		As at March 31, 2010	
	(Shares)		(Shares)		(Shares)	
No of Shares at the beginning	83,605,678	836.06	83,286,861	832.87	76,978,510	769.79
Add: Shares issued on exercise of employee stock options	239,926	2.40	318,817	3.19	412,267	4.12
Add: Shares issued on Initial Public Offer					5,896,084	58.96
Number of shares at the end	83,845,604	838.46	83,605,678	836.06	83,286,861	832.87

(e) 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.

(i) 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	Grant I	Grant II	Grant III	Grant V	Grant VI	Grant VII
Date of Grant	July 15, 2006	March 30, 2007	November 1, 2007	November 1, 2008	February 21, 2012	February 21, 2012
Exercise Price (In Rs.)	16.00	52.00	52.00	52.00	370.00	323.00
Average Exercise Price(after bonus issue) (In Rs.)	6.00	19.50	19.50	52.00	-	-
Vesting Period in Years	5	4	4	4	4	4
Number of Options Granted	759,325	122,235	56,700	261,590	400,000	186,500
Contractual life	6 years from the date of grant.*	5 years from the date of each vesting.				
Vesting Conditions	Refer note below	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.					

Note: 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

* Contractual life expired on 14/07/2012

(ii) Summary of Stock options (including bonus shares)

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2011	308,744	60,397	39,992	101,027	-	-	510,160
Options granted	-	-	-	-	400,000	186,500	586,500
Options vested during the year	130,156	-	37,856	31,695	-	-	199,707
Options exercised during the year	138,698	45,726	25,727	29,775	-	-	239,926
Options lapsed during the year	28,408	-	-	22,186	-	-	50,594
Options outstanding as on 31.03.2012	141,638	14,671	14,265	49,066	400,000	186,500	806,140
Options vested but not exercised	28,760	14,552	14,246	16,991	-	-	74,549

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2010	470,994	125,499	102,426	167,203	-	-	866,122
Options granted	-	-	-	-	-	-	-
Options vested during the year	162,594	48,543	37,852	45,218	-	-	294,207
Options exercised during the year	157,686	56,770	62,434	41,927	-	-	318,817
Options lapsed during the year	4,564	8,332	-	24,249	-	-	37,145
Options outstanding as on 31.03.2011	308,744	60,397	39,992	101,027	-	-	510,160
Options vested but not exercised	35,862	61,095	2,117	19,671	-	-	118,745

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	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.

Out of the above 90,000 shares has been issued out of lapsed options.

Out of the above 86,500 shares has been issued out of lapsed options.

(iii) 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 and securities premium account. 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 for bonus shares issued on exercise of stock options.

(iv) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for grant I to V. For grant VI and VII fair value method was adopted. The intrinsic value of the shares granted under grant I to V 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 January 1, 2007, August 31, 2008 and November 01, 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under grant VI and VII is based on the fair value market price is Rs 370 and Rs 323 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is Rs. Nil no employee compensation cost has been charged.

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

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 21st February 2012 is Rs. 113.81 for grant VI and Rs.129.93 for grant VII.

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.10.38 Million and the impact on the financial statements would be:

Amount in Rs. Millions

	March 31, 2012	March 31, 2011	March 31, 2010
Increase in employee compensation cost	3.61	2.08	2.08
Decrease in profit after tax	3.61	2.08	2.08
Decrease in basic & diluted earnings per share (in Rs.)	(0.04)	(0.02)	(0.03)

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

Particulars	Grant dated	Grant dated	Grant dated	Grant dated	Grants dated
	July 15, 2006	March 30, 2007	November 1, 2007	November 1, 2008	February 21, 2012
Risk free interest rate	7.82%	7.92%	7.72%	7.34%	8.00%
Expected life	4.5	5	5	5	6
Expected volatility	Nil	Nil	Nil	Nil	0.33
Expected dividend yield	Nil	Nil	Nil	Nil	Rs.4.00

(f) As approved by the Board, the company has given an interest free loan of Rs 132.00 Million with out interest to Mahindra Holidays & Resorts India Limited Employees Stock Option Trust for the purchase of shares of the company under the employee stock option scheme.

Note 4 : Reserves & Surplus

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Capital Reserve	**1.47**	**1.47**	**1.47**
General Reserve			
As per last balance sheet	384.43	283.39	167.85
Add : Transfer from Statement of Profit and Loss	104.64	102.77	117.84
Less : Bonus shares alloted on exercise of stock options	1.31	1.73	2.30
	487.76	**384.43**	**283.39**
Securities Premium Account			
As per last balance sheet	1,577.36	1,577.36	-
Premium on issue of shares		-	1,709.86
Less: Share issue expenses		-	144.57
Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	142.90	-	12.07
	1,720.26	**1,577.36**	**1,577.36**
Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not alloted to employees	145.68	4.21	6.44
	1,574.58	**1,573.15**	**1,570.92**
Foreign Exchange Fluctuation Reserve			

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
As per last balance sheet	0.02	(0.10)	0.12
Additions during the year	0.20	0.12	(0.22)
	0.22	**0.02**	**(0.10)**
Surplus in Statement of Profit & Loss			
As per last balance sheet	2,205.93	1,696.84	1,036.97
Profit for the Year	1,023.32	1,003.44	1,170.59
	3,229.25	**2,700.28**	**2,207.56**
Appropriations			
Transfer to General Reserve	104.64	102.77	117.84
Proposed Dividends	338.56	336.92	336.92
Tax on proposed dividend	54.92	54.66	55.96
	498.12	**494.35**	**510.72**
	2,731.13	**2,205.93**	**1,696.84**
	4,795.16	**4,165.00**	**3,552.52**

Note 5 : Long Term Borrowings

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Secured :			
Term loan from Bank	66.37	71.73	60.59
	66.37	**71.73**	**60.59**

Note:

The above loan is secured by way of mortgage of buildings of BAH Hotelanlagan AG and is repayable over six years. The rate of interest is euribor plus 1.25%.

Note 6: Deferred Tax Liability (net)

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deferred tax asset			
Provision for doubtful receivables	0.49	0.49	0.18
Provision for Compensated Absences	7.55	5.84	5.60
Others	8.24	5.69	3.65
	16.28	**12.02**	**9.43**
Deferred tax liability			
Difference between book and tax depreciation	382.61	379.79	342.51
Deferred tax liability (net)	**366.33**	**367.77**	**333.08**

Note 7: Long Term Provisions

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Gratuity	0.28	-	-
Compensated absences	14.88	11.35	10.62

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
	15.16	**11.35**	**10.62**

Note 8 : Short Term Borrowings

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Secured :From Banks			
- Loans repayable on demand	7.92	15.82	100.16
- Term loan	15.17	14.71	
	23.09	**30.53**	**100.16**

Secured by an exclusive charge on inventories, receivables and other moveable/Immovable assets.

Note 9: Trade Payables

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade Payables :			
Total outstanding dues to micro and small enterprises	-	-	-
Others	885.09	681.16	734.44
	885.09	**681.16**	**734.44**

Note 10 : Other Current Liabilities

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Unpaid dividends	0.04	0.04	-
Amounts received from ESOP Trust	150.49	6.01	9.70
Dues to Statutory Authorities (PF,ESI & other taxes)	49.99	76.16	60.82
Unearned Revenue	420.38	336.40	447.87
Accrued Expenses	542.27	395.76	250.80
Gratuity	6.50	1.82	-
Commission payable to non-whole time directors	14.00	14.00	-
	1,183.67	**830.19**	**769.19**

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the balance sheet dates.

Note 11 : Short Term Provisions

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Compensated absences	8.67	6.69	6.24
Proposed Dividend	338.56	336.92	336.92
Tax on Proposed Dividend	54.92	54.66	55.96

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
	402.15	**398.27**	**399.12**

NOTE 12 : FIXED ASSETS

Amount in Rs. Millions

	March 31, 2012	March 31, 2011	March 31, 2010
Tangible :			
Land			
Gross Block:-			
Opening	921.99	910.74	706.92
Additions	94.98	11.25	203.82
Deletions	-	-	-
Closing	1,016.97	921.99	910.74
Accumulated Depreciation			
Opening	-	-	-
Additions	-	-	-
Deletions	-	-	-
Closing	-	-	-
Net Block	**1,016.97**	**921.99**	**910.74**
Land – Leasehold			
Gross Block:-			
Opening	0.86	27.39	27.39
Additions	-	-	-
Deletions	-	26.53	-
Closing	0.86	0.86	27.39
Accumulated Depreciation			
Opening	0.09	0.88	0.60
Additions	0.01	0.24	0.28
Deletions	-	1.03	-
Closing	0.10	0.09	0.88
Net Block	**0.76**	**0.77**	**26.51**
Buildings			
Gross Block:-			
Opening	2,892.49	2,565.17	2,006.51
Additions	359.76	329.10	558.66
Deletions	58.44	6.92	-
Closing	3,193.81	2,887.35	2,565.17
Accumulated Depreciation			
Opening	233.37	172.78	132.43
Additions	63.10	58.02	40.35
Deletions	3.34	2.57	-
Closing	293.13	228.23	172.78

	March 31, 2012	March 31, 2011	March 31, 2010
Net Block	**2,900.68**	**2,659.12**	**2,392.39**
Buildings – Leasehold			
Gross Block:-			
Opening	15.61	15.61	28.82
Additions	-	-	-
Deletions	-	-	13.21
Closing	15.61	15.61	15.61
Accumulated Depreciation			
Opening	6.43	4.54	4.50
Additions	1.89	1.89	2.42
Deletions	-	-	2.38
Closing	8.32	6.43	4.54
Net Block	**7.29**	**9.18**	**11.07**
Plant and Equipments			
Gross Block:-			
Opening	898.41	739.93	638.67
Additions	240.68	161.69	103.12
Deletions	18.97	3.21	1.86
Closing	1,120.12	898.41	739.93
Accumulated Depreciation			
Opening	235.22	163.63	117.58
Additions	69.68	73.12	46.51
Deletions	6.43	1.53	0.46
Closing	298.47	235.22	163.63
Net Block	**821.65**	**663.19**	**576.30**
Furniture and Fittings			
Gross Block:-			
Opening	760.23	673.22	585.59
Additions	82.82	89.58	89.82
Deletions	18.83	2.57	2.19
Closing	824.22	760.23	673.22
Accumulated Depreciation			
Opening	353.51	293.39	229.97
Additions	64.39	62.40	65.24
Deletions	12.94	2.28	1.82
Closing	404.96	353.51	293.39
Net Block	**419.26**	**406.72**	**379.83**
Vehicles			
Gross Block:-			
Opening	47.61	44.82	39.68

	March 31, 2012	March 31, 2011	March 31, 2010
Additions	14.16	5.97	11.46
Deletions	3.10	3.18	6.32
Closing	58.67	47.61	44.82
Accumulated Depreciation			
Opening	23.44	21.51	17.91
Additions	4.78	4.81	4.77
Deletions	2.45	2.88	1.17
Closing	25.77	23.44	21.51
Net Block	**32.90**	**24.17**	**23.31**
Office Equipment			
Gross Block:-			
Opening	166.73	157.55	149.10
Additions	10.80	9.20	8.46
Deletions	0.37	0.02	0.01
Closing	177.16	166.73	157.55
Accumulated Depreciation			
Opening	97.29	96.82	82.71
Additions	12.20	0.47	14.11
Deletions	0.17	-	-
Closing	109.32	97.29	96.82
Net Block	**67.84**	**69.44**	**60.73**
TOTAL TANGIBLE			
Gross Block:-			
Opening	5,703.93	5,134.43	4,182.68
Additions	803.20	606.79	975.34
Deletions	99.71	42.43	23.59
Closing	6,407.42	5,698.79	5,134.43
Accumulated Depreciation			
Opening	949.35	753.55	585.70
Additions	216.05	200.95	173.68
Deletions	25.33	10.29	5.83
Closing	1,140.07	944.21	753.55
Net Block	**5,267.35**	**4,754.58**	**4,380.88**
Goodwill on consolidation			
Gross Block:-			
Opening	45.52	45.52	-
Additions	635.44	-	45.52

	March 31, 2012	March 31, 2011	March 31, 2010
Deletions	-	-	-
Closing	680.96	45.52	45.52
Accumulated Amortisation			
Opening	-	-	-
Additions	-	-	-
Deletions	-	-	-
Closing	-	-	-
Net Block	**680.96**	**45.52**	**45.52**
Intangible :			
Software			
Gross Block:-			
Opening	57.06	50.15	47.45
Additions	8.85	6.91	2.70
Deletions	-	-	-
Closing	65.91	57.06	50.15
Accumulated Amortisation			
Opening	49.34	44.89	39.05
Additions	4.78	4.45	5.84
Deletions	-	-	-
Closing	54.12	49.34	44.89
Net Block	**11.79**	**7.72**	**5.26**
Development Expenditure			
Gross Block:-			
Opening	38.54	38.54	36.54
Additions	-	-	2.00
Deletions	-	-	-
Closing	38.54	38.54	38.54
Accumulated Amortisation			
Opening	32.40	21.15	9.65
Additions	5.51	11.25	11.50
Deletions	-	-	-
Closing	37.91	32.40	21.15
Net Block	**0.63**	**6.14**	**17.39**
Non-Compete Fees			
Gross Block:-			
Opening	20.00	20.00	20.00
Additions	-	-	-
Deletions	-	-	-
Closing	20.00	20.00	20.00
Accumulated Amortisation			

	March 31, 2012	March 31, 2011	March 31, 2010
Opening	10.43	6.43	2.43
Additions	4.00	4.00	4.00
Deletions	-	-	-
Closing	14.43	10.43	6.43
Net Block	**5.57**	**9.57**	**13.57**
Vacation ownership weeks			
Gross Block:-			
Opening	6.23	6.23	6.23
Additions	-	-	-
Deletions	-	-	-
Closing	6.23	6.23	6.23
Accumulated Amortisation			
Opening	5.61	4.98	4.36
Additions	0.62	0.63	0.62
Deletions	-	-	-
Closing	6.23	5.61	4.98
Net Block	**-**	**0.62**	**1.25**
TOTAL INTANGIBLE			
Gross Block:-			
Opening	121.83	114.92	110.22
Additions	8.85	6.91	4.70
Deletions	-	-	-
Closing	130.68	121.83	114.92
Accumulated Amortisation			
Opening	97.78	77.45	55.49
Additions	14.91	20.33	21.96
Deletions	-	-	-
Closing	112.69	97.78	77.45
Net Block	17.99	24.05	37.47
TOTAL FIXED ASSETS			
Gross Block:-			
Opening	5,871.28	5,294.87	4,292.90
Additions	1,447.49	613.70	1,025.56
Deletions	99.71	42.43	23.59
Closing	7,219.06	5,866.14	5,294.87
Accumulated Depreciation/Amortisation			
Opening	1,047.13	831.00	641.19
Additions	230.96	221.28	195.64
Deletions	25.33	10.29	5.83
Closing	1,252.76	1,041.99	831.00

	March 31, 2012	March 31, 2011	March 31, 2010
Net Block	**5,966.30**	**4,824.15**	**4,463.87**

Note 13: Non current investments

Amount in Rs. Millions

	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Long term Investments (At Cost, unquoted) :			
Investment in equity shares (Non- Trade, fully paid)			
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)	-	-	-
Investment in Preference shares (Non- Trade, fully paid)			
Guestline Hospitality Management and Development Services Limited	0.25	0.25	0.25
(25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)			
	0.25	**0.25**	**0.25**
Aggregate value of unquoted investments	**0.25**	**0.25**	**0.25**

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.

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

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Capital advances	144.32	186.73	44.30
Security deposits	280.20	269.69	262.45
Payment towards income tax (net of provision)	787.46	323.74	291.38
	1,211.98	**780.16**	**598.13**

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

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Long Term Trade receivables due for payment after one year	3,644.72	4,485.09	4,888.44
	3,644.72	**4,485.09**	**4,888.44**

Note 16 : Current investments

Amount in Rs. Millions

	As At March 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2011	As At March 31, 2010	As At March 31, 2010
	Units	Value	Units	Value	Units	Value
Investment in Mutual Funds (unquoted)						
Units:						
Unquoted						
B864D BSL Interval Income Fund Instl Quarterly Series 1 DD	-	-	7,050,227	70.92	-	-
Birla Sunlife Cash Plus - Instl Prim - DDRE	200,330	20.07	-	-	-	-
Birla Sunlife Cash Manager-IP-DDRE	999,934	100.02	-	-	-	-
Birla Sun Life Savings Fund	278,879	27.91	-	40.88	15,687,609	156.98
Birla Sun Life Short term Fund	-	-	-	-	9,329,942	93.35
DWS Treasury Fund Cash-institutional Plan	995,484	100.04	17,499,760	175.87	19,905,687	200.04
HDFC Cash Management	-	-	-	-	25,573,120	256.54
DWS Ultra Short term Fund - IP - Growth DDRE	-	-	6,179,923	61.91	-	-
HDFC Cash Management	-	-	-	-	-	-
ICICI Prudential flexible income plan	1,482,470	156.75	1,614,361	170.69	96,350	10.19
ICICI Prudential Mutual Fund	-	-	-	-	2,400,316	253.80
ICICI Prudential Ultra Short term Plan	-	-	-	-	9,981,917	100.03
IDFC Money Manager	11,174,159	111.76	-	-	19,028,490	190.54
IDFC Mutual Fund-Money Manager Funds	-	-	-	-	12,597,150	125.99
IDFC Savings Advantage Fund - Plan A - Monthly Div	-	-	165,379	166.82	-	-
JM Money Manager Fund Super Plus Plan - Daily Dividend	13,017,914	130.25	-	-	-	-
Kotak Flexi Debt - Institutional	14,717,687	147.88	-	-	17,723,021	178.07
Kotak Floater Long term Daily Dividend	4,316,215	43.20	-	-	1,491,631	15.03
Principal floating rate fund-Dividend Reinvestment	-	-	-	-	17,278,883	173.00
Kotak QIP Series 6	-	-	10,015,090	100.18	-	-
Kotak Quarterly Interval Plan Series 7	-	-	3,026,702	30.28	-	-
Sundaram Ultra ST Fund Super Inst. DDRE	1,021,798	10.26	5,052,093	50.71	-	-
Tata Fixed income portfolio fund scheme B2	-	-	10,047,908	100.66	-	-
Templeton Floating Rate Income Fund	-	-	-	-	17,992,919	180.11
Templeton India Ultra Short Bond Fund	15,317,855	153.36	474,174	4.75	2,007,876	20.10
TTMSHD Tata Treasury Manager SHIP DDRE	113,977	115.15	112,833	114.00	-	-
TFLD TATA Floater Fund DDRE	14,454,611	145.06	-	-	-	-
UTI Treasury Advantage Fund-Ins Plan DDRE	-	-	1,356	1.36	-	-
UTI-Floating rate fund -short term plan-inst DDRE	-	-	44,016	44.05	-	-

	As At March 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2011	As At March 31, 2010	As At March 31, 2010
	Units	Value	Units	Value	Units	Value
		1,261.71		**1,133.08**		**1,953.77**
Aggregate value of unquoted investments		**1,261.71**		**1,133.08**		**1,953.77**

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

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Stores :			
Food, beverages and smokes	10.33	7.71	9.06
Operating supplies	31.59	27.17	23.54
	41.92	**34.88**	**32.60**

Note 18 : Trade Receivable (Unsecured)

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade Receivables outstanding for less than six months from the date they are due for payment			
Considered good	3,471.54	2,780.23	628.26
	3,471.54	2,780.23	628.26
Trade Receivables outstanding for more than six months from the date they are due for payment			
Considered good	1,708.97	1,599.15	1,515.46
Considered Doubtful	2.89	2.88	1.01
Less: Allowance for trade receivables	2.89	2.88	1.01
	1,708.97	1,599.15	1,515.46
	5,180.51	**4,379.38**	**2,143.72**

Note 19 : Cash and cash equivalents

Amount in Rs. Millions

		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
a.	Cash on hand	2.46	1.35	0.38
		2.46	**1.35**	**0.38**
b.	Balance with Bank			
	Current accounts	114.78	97.69	270.49
	Deposit account with maturity less than 3 months	-	535.00	4.60
	Deposit account -Others	32.67	2.50	2.50
c.	Earmarked accounts			
	Margin money deposits	0.62	0.62	0.62
	Unpaid dividend accounts	0.04	0.04	-
		148.11	**635.85**	**278.21**
		150.57	**637.20**	**278.59**

Note 20 : Short Term Loans & Advances

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Claims Receivable	84.79	-	0.70
Loan to ESOP Trust	132.00	0.01	12.01
Balance with Statutory Authorities	10.43	10.39	18.62
Advances to Suppliers	110.61	67.57	108.23
Loans to Employees	4.68	13.57	7.91
Prepaid Expenses	55.57	37.37	42.56
Gratuity	-	-	0.89
	398.08	**128.91**	**190.92**

Note 21 : Other Current Assets

Amount in Rs. Millions

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Interest accrued on deposits	0.21	11.73	-
	0.21	**11.73**	**-**

Note 22 : Revenue from Operations

Amount in Rs. Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Sales of Services			
Income from sale of vacation Ownership	3,973.84	3,355.95	3,487.31
Income from Resorts :			
- Room rentals	175.66	270.05	225.42
- Food and beverages	443.72	397.83	307.62
- Wine and liquor	14.36	20.37	21.96
- Others	197.57	206.39	147.30
Annual Subscription Fee	929.61	720.79	517.43
Income from travel services & home stays	46.37	32.85	26.87
	5,781.13	**5,004.23**	**4,733.91**

Note 23 : Other Income

Amount in Rs. Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Dividend income:			
Dividend income from current investments	110.53	73.20	43.75
Interest income:			
On installment sales	404.42	334.97	186.55
On deposits with bank	8.57	15.05	-
On others	-	13.22	12.73
Gain on foreign exchange translation (net)	112.58	-	-
Income from securitization (refer note 27)	60.02	11.68	222.86

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Gain on fixed assets sold (net)	0.32	-	0.48
Miscellaneous income	19.24	12.10	11.63
	715.68	**460.22**	**478.00**

Note 24 :Employee benefits expense

Amount in Rs. Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Salaries, wages and bonus	1,223.94	811.22	711.87
Contribution to Provident & other funds	50.77	47.93	25.96
Staff welfare	54.05	40.77	29.00
	1,328.76	**899.92**	**766.83**

Note 25 : Finance Costs

Amount in Rs. Millions

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Interest on borrowings	6.51	3.11	11.89
	6.51	**3.11**	**11.89**

Note 26 : Other Expenses

Amount in Rs. Millions

	Year ended		Year ended		Year ended	
	March 31, 2012		March 31, 2011		March 31, 2010	
Food Beverages and smokes Consumed						
Opening Stock	7.71		10.92		5.70	
Add: Purchases	149.36		142.57		111.66	
	157.07		153.49		117.36	
Less: Closing Stock	10.33		7.71		10.92	
		146.74		145.78		106.44
Operating Supplies		203.82		145.32		128.72
Power and fuel		169.81		138.79		103.14
Rent including lease rentals		300.74		271.82		217.72
Rates and taxes		22.16		19.27		12.08
Insurance		11.22		14.16		8.17
Repairs and maintenance :-						
-Buildings		38.50		29.41		20.00
-Resort Renovations		56.20		25.17		28.67
-Office Equipment		16.14		11.62		7.76
-Others		62.23		48.47		37.48
Communication		57.71		57.98		50.62
Software Charges		26.15		28.56		28.18
Consultancy charges		82.76		86.42		76.89
Advertisement		249.75		157.43		117.41
Sales commission		349.63		262.21		373.94
Sales promotion expenses		1,168.98		943.83		809.38
Travelling		150.08		118.98		79.89

	Year ended March 31, 2012		Year ended March 31, 2011		Year ended March 31, 2010	
Service Charges		136.18		92.47		85.79
Provision for doubtful debts		0.01		1.87		0.79
Auditors' remuneration includes:						
Audit fees		2.80		2.80		2.30
Other services		1.60		1.56		1.05
Reimbursement of expenses/levies		0.02		0.04		-
Director's fees		1.15		0.49		0.31
Commission to non whole time directors		14.00		14.00		-
Loss on exchange fluctuation (net)		-		1.65		14.34
Loss on fixed assets sold/scrapped (net)		-		5.50		-
Bank Charges		50.87		24.10		33.96
Discounts		69.85		109.61		58.97
Miscellaneous expenses		108.86		112.56		67.66
		3,497.96		**2,871.87**		**2,471.66**

27 Securitisation

The company has been securitising amounts receivable including future interest receivable thereon. The excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

(Amount in Rs. Millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Value of Accounts receivable	1,871.11	364.66	2,135.39
Less: Future interest receivable	420.15	102.19	619.93
Principal amount of receivables	1,450.96	262.47	1,515.46
Consideration received	1,550.00	300.00	1,750.00
Profit on securitisation	99.04	37.53	234.54
Less: Reversals in respect of cancelled members	39.02	25.85	11.68
Income from securitisation	60.02	11.68	222.86

28 ***(Amount in Rs. Millions)***

Contingent Liabilities	As at March 31,		
	2012	**2011**	**2010**
(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.	2,673.12	2,036.78	2,657.82
(b) Claims against the company not acknowledged as debts			
Luxury tax claimed on membership, room revenue and other services provided to members, which has been disputed by the company. The possibility of reimbursement depends on the outcome of the cases pending before the adjudicating authority	6.42	6.42	9.67
(c) Income tax matters			
(i) The Income Tax Department's appeal against the orders of the CIT(A) for the assessment years 1998-99 to 2003-04, in respect of issues relating to revenue recognition, was decided in favour of the Company by			

Contingent Liabilities		As at March 31,	
	2012	2011	2010
the Appellate Tribunal . Amount involved was Rs 208.39 Million (Including interest of Rs 58.05 Million).			
For the assessment year 2004-05 & 2009-10 the company's appeal is pending with CIT(A).			
For the assessment years 2005-06 to 2008-09, the Company has gone on appeal to the ITAT in respect of the same issue.			
The amount involved, exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed	2,550.31	1,925.65	1,315.37
Above includes interest of	560.45	382.09	251.75
(ii) Disallowance of expenditure during construction, software expenses, website development expenses, renovation expenses and Project design cost .	110.85	43.94	35.48
Above includes interest of	24.03	7.38	5.97
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) Other disallowances	193.41	166.84	78.54
Above includes interest of	43.76	22.63	9.91

(d) Other matters under appeal

(i) The Government of Kerala issued an Order dated July 3, 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 July 3, 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 demolition of 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 and hearing is awaited.

(iii) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed Rs 125.60 Million as damages for termination of the Contract. The Company has made a counter claim of Rs 200.30 Million towards liquidated damages and other losses. The matter is pending before the Arbitrator.

29 Capital commitments

(Amount in Rs. Millions)

	As at March 31,		
	2012	**2011**	**2010**
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	542.74	771.48	688.23

30. Employee Benefits

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

(Amount in Rs. Millions)

	Gratuity	**As at March 31,**		
		2012	**2011**	**2010**
a.	**Net Asset/ (Liability) recognized in the balance sheet**			
	Present value of funded obligation	19.15	15.40	12.98
	Fair value of plan assets	12.65	13.58	13.87
	Net asset/ (Liability)	(6.50)	(1.82)	0.89
b.	**Expense recognized in the Statement of profit and loss**			
	Current service cost	6.66	3.63	3.16
	Interest cost	1.08	1.04	0.80
	Expected return on plan assets	(1.08)	(1.26)	(0.89)
	Actuarial (gains) / losses	(1.98)	(0.70)	(0.32)
	Total expense	4.68	2.71	2.75
c.	**Change in present value of obligation**			
	Present value of defined benefit obligation as at the beginning of the year	15.40	12.98	9.98
	Current service cost	6.66	3.63	3.16
	Interest cost	1.08	1.04	0.80
	Actuarial (gains) /losses	(0.06)	(0.70)	(0.32)
	Benefits paid	(3.93)	(1.55)	(0.64)
	Present value of defined benefit obligation as at the end of the year	19.15	15.40	12.98
d.	**Change in fair value of plan assets**			
	Plan assets at the beginning of the year	13.58	13.87	10.00
	Expected return on plan assets	1.08	1.26	0.89
	Actuarial gains /(losses)	1.92	-	-
	Contributions by employer	-	-	3.62
	Benefits paid	(3.93)	(1.55)	(0.64)
	Plan assets at the end of the year	12.65	13.58	13.87
e.	**Principal actuarial assumptions**			
1	Discount rate	8.00%	8.00%	8.00%
2	Expected return on plan assets	9.30%	9.00%	8.00%
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality

f 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.

g. Experience Adjustment to the extent provided by actuary:

	As at March 31,		
	2012	2011	2010
Present value of commitments	19.15	15.40	12.98
Fair value of the Plans	12.66	13.58	13.87
Surplus / (Deficit)	(6.49)	(1.82)	0.89
Experience adjustment on plan liabilities	0.06	-	-
Experience adjustment on plan assets	1.92	-	-

h In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustments for certain years.

31 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.

(Amount in Rs. Millions)

Secondary segment information:	Year ended March 31,		
	2012	2011	2010
Domestic			
Sales	5,682.32	4,923.09	4,608.74
Segment assets	17,054.53	16,530.81	12,798.40
Additions to fixed assets	1,501.24	1,020.28	1,542.30
Overseas			
Sales	98.81	81.14	125.17
Segment assets	26.91	5.18	19.50
Additions to fixed assets	-	0.25	-
Total			
Sales	5,781.13	5,004.23	4,733.91
Segment assets	17,081.44	16,535.99	12,817.90
Additions to fixed assets	1,501.24	1,020.53	1,542.30

32. Earnings per share

	Year ended March 31,		
	2012	2011	2010
Net profit after tax (in Rs. Million)	1,023.32	1,003.44	1,170.59
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,804,330	83,532,990	81,626,333
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos) on account of ESOP	83,950,435	84,157,084	82,569,244
Earnings Per Share – Basic (in Rs.)	12.21	12.01	14.34
Earnings per share – Diluted (in Rs.)	12.19	11.92	14.18
Nominal value of shares (in Rs.)	10.00	10.00	10.00

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

(Amount in Rs. Millions)

	As at March 31,		
	2012	2011	2010
Value in foreign currency			

Receivables (in UAE Dirham)	1.75	0.24	1.51
Reservation and membership fees payable (US Dollar) *	*	-	-
Value in INR			
Receivables	24.74	3.01	18.55
Reservation and membership fees payable (US Dollar)	1.85	-	-

* $ 3,610

34 In June 2009, 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 1,768.83 Million of which Rs 1,262.42 Million have been spent towards the object of the issue (Rs 1,117.85 Million were utilised for construction of resorts and Rs 144.57 Million towards issue expenses) and the balance has been invested in debt schemes of mutual funds.

35. Related Party Transactions

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

A.	Holding Company	Mahindra & Mahindra Limited
B.	Fellow Subsidiaries with whom the company has transactions during the period	Mahindra Intertrade Limited
		Mahindra Consulting Engineers Limited
		Mahindra First Choice Wheels Ltd
		Mahindra First Choice Services Limited
		Mahindra Navistar Automotives Limited.
		Mahindra Reva Electric Vehicles Private Limited
		Mahindra Lifespace Developers Limited
		Mahindra Retail Private Limited
		Mahindra Two Wheelers Limited
		Mahindra Vehicle Manufacturers Limited
		Mahindra Shubhlabh Services Limited.
		Mahindra Automobile Distributor Private Limited
		Mahindra EPC Services Private Limited
		Mahindra Engineering Services Limited
		Mahindra United Football Company
		Mahindra World City (Jaipur) Limited
		Mahindra World City Developers Limited
		Mahindra Steel Service Centre Limited
		Mahindra & Mahindra Financial Services Limited
		Mahindra Ugine Steel Company Limited
		Mahindra Logistics Limited
C.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
D.	Key Management Personnel	Mr Ramesh Ramanathan (Managing Director) (upto April 30, 2011)
		Mr Rajiv Sawhney (Managing Director & CEO) (since May 1, 2011)

(ii) Related Party Transactions and balances

(Amount in Rs. Millions)

	Year ended March 31,		
	2012	**2011**	**2010**
Holding company			
Transactions for the year ended:			
Sale of services	317.00	50.67	17.70

	Year ended March 31,		
	2012	**2011**	**2010**
Purchase of services	36.02	22.69	-
Dividend paid	279.93	279.94	220.06
Balances as at:			
Outstanding: Receivable	43.02	9.29	35.47
Fellow Subsidiaries			
Transactions for the year ended:			
Sale of fixed assets:			
Mahindra World City Developers Limited	-	25.50	-
Mahindra First choice Wheels Limited	1.08	-	-
Debtors Securitized:			
Mahindra & Mahindra Financial Services Limited	-	-	750.00
ICD given:			
Mahindra & Mahindra Financial Services Limited	-	300.00	-
Repayment of ICD given:			
Mahindra & Mahindra Financial Services Limited	-	300.00	-
Sale of services:			
Mahindra Logistics Limited	0.04	1.69	-
Mahindra Intertrade Ltd	2.80	0.91	-
Mahindra Navistar Automotives Limited.	0.13	1.50	1.18
Mahindra First Choice Wheels Ltd	0.33	4.80	-
Mahindra First Choice Services Limited	-	0.07	-
Mahindra Lifespace Developers Ltd	1.16	-	0.29
Mahindra Reva Electric Vehicles Private Limited	-	-	-
Mahindra Retail Private Limited	-	0.14	-
Mahindra Vehicle Manufacturers Limited	0.30	-	-
Mahindra Automobile Distributor Private Limited	0.10	-	-
Mahindra Shubhlabh Services Limited.	0.58	-	-
Mahindra EPC Services Private Limited	3.48	-	-
Mahindra United Football Company	-	0.84	1.65
Mahindra World City (Jaipur) Limited	-	0.03	-
Mahindra Steel Service Centre Limited	0.35	-	-
Mahindra & Mahindra Financial Services Limited	-	0.07	-
Mahindra Ugine Steel Company Limited	-	-	0.06
Interest Income:			
Mahindra & Mahindra Financial Services Limited	-	13.61	-
Purchase of services:			
Mahindra World City Developers Limited	-	0.19	0.23
Mahindra Consulting Engineers Limited	0.83	0.25	-
Mahindra Logistics Limited	0.54	-	-
Balances as at:			
Outstanding: Payable			
Mahindra Logistics Limited	0.24	-	-

	Year ended March 31,		
	2012	**2011**	**2010**
Mahindra Consulting Engineers Limited	0.08	0.04	-
Mahindra United Football Company	-	-	0.20
Outstanding: Receivable			
Mahindra Lifespace Developers Ltd	0.63	0.49	0.49
Mahindra Engineering Services Limited	1.39	1.39	-
Mahindra Intertrade Limited.	0.10	-	-
Mahindra Automobile Distributor Private Limited	0.01	-	-
Mahindra Shubhlabh Services Limited.	0.27	-	-
Mahindra EPC Services Private Limited	0.87	-	-
Mahindra Logistics Limited	-	0.06	-
Mahindra Vehicle Manufacturers Limited	0.30	-	-
Mahindra Navistar Automotives Limited.	0.03	0.05	0.68
Mahindra Consulting Engineers Limited	-	0.31	0.31
Mahindra World City Developers Limited	-	-	0.28
Mahindra United Football Company	-	-	0.64
Other entities under the control of the company			
Balances as at:			
Outstanding: Payable			
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	150.49	6.01	9.70
Outstanding: Receivable			
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	132.00	0.01	12.01
Key Management Personnel			
Transactions for the year ended:			
Managerial remuneration:			
Mr. Rajiv Sawhney	17.14	-	-
Mr Ramesh Ramanathan	2.22	26.47	22.82
Purchase of fixed assets:			
Mr. Rajiv Sawhney	3.23	-	-
Balances as at:			
Loan Outstanding:			
Mr Ramesh Ramanathan	-	2.26	2.50

36. Capital work in progress and expenditure during construction pending allocation includes therein.

(Amount in Rs. Millions)

Description	Year ended March 31,		
	2012	**2011**	**2010**
Capital Work-in-progress	1,837.55	1,263.37	956.96
Expenditure during construction pending allocation (included above):			
Salaries,Wages & Bonus	142.67	86.01	46.70
Staff welfare Expenses	2.54	1.91	1.19
Power & Fuel	3.81	3.58	1.38

Description	Year ended March 31,		
	2012	**2011**	**2010**
Rent	2.33	2.01	0.85
Rates & Taxes	2.32	1.92	2.98
Repairs-Others	2.35	2.13	0.13
Travelling	28.39	18.43	11.25
Communication	3.69	2.80	1.71
Printing & Stationery	1.20	0.84	0.52
Insurance	0.01	-	0.01
Consultancy Charges	36.89	18.73	13.57
Freight	3.88	3.07	1.40
Interest - Others	2.32	2.32	27.28
Bank Charges	0.37	0.30	-
Miscellaneous	12.66	7.53	3.85
Total	**245.43**	**151.58**	**112.82**

37. The figures for the years ended March 31, 2011 and March 31, 2010 included in the Consolidated Summary Financial Statements have been reclassified to correspond with the classification criteria followed for the year ended March 31, 2012.

AUDITORS' REPORT

Report of the Independent Auditor on the Unconsolidated Summary Financial Statements

To the Board of Directors of Mahindra Holidays & Resorts India Limited

1. The accompanying Unconsolidated Summary Financial Statements of **Mahindra Holidays & Resorts India Limited** ("the Company") which comprise of the Unconsolidated Balance Sheets as at December 31, 2012 , March 31, 2012 , 2011 and 2010 , the Unconsolidated Statements of Profit and Loss for the nine months period ended December 31, 2012 and for the years ended on March 31, 2012 , 2011 and 2010 and the Unconsolidated Cash Flow Statements for the period and years ended on those dates together with the related explanatory notes referred to herein as the "Unconsolidated Summary Financial Statements" are derived from the audited unconsolidated financial statements (the "Audited Unconsolidated Financial Statements") of the Company for the respective period / years audited by us as detailed in paragraph 2 below.

2. We have expressed unmodified audit opinions on the Audited Unconsolidated Financial Statements of the Company for the nine months period ended December 31, 2012 and for the years ended on March 31, 2012, 2011 and 2010 vide our reports dated March 1, 2013, April 25, 2012, April 25, 2011 and April 29,2010 respectively.

3. The Audited Unconsolidated Financial Statements and the Unconsolidated Summary Financial Statements do not reflect the effect of events that occurred subsequent to the date of our reports on the respective periods referred to in paragraph 2 above.

4. The Audited Unconsolidated Financial Statements for the year ended 31 March 2010 have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure as per Revised Schedule VI of the Companies Act, 1956 which became effective from 1 April 2011 and also to conform with the classification criteria for the subsequent comparative periods presented in the Unconsolidated Summary Financial Statements.

5. **Management Responsibility**

   Management is responsible for the preparation of Unconsolidated Summary Financial Statements in accordance with Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and accounting principles generally accepted in India.

6. **Auditors' Responsibility**

   Our responsibility is to express an opinion on the Unconsolidated Summary Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810 "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

7. **Opinion**

   In our opinion, the Unconsolidated Summary Financial Statements derived from the Audited Unconsolidated Financial Statements of the Company for the respective period / years are a fair summary of those Audited Unconsolidated Financial Statements, in accordance with Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and accounting principles generally accepted in India.

8. **Restrictive Clause**

   Our report and the attached Unconsolidated Summary Financial Statements are intended for the use of the management and for inclusion in the Red Herring Prospectus and Prospectus (hereinafter collectively referred to as the "**Offer Document**") in connection with the proposed Institutional Placement Programme of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Registration No.008072S)

B. Ramaratnam
Partner
(Membership No.21209)

Chennai, March 1, 2013

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

UNCONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Unconsolidated Summary Balance Sheet

(Amount in Rs.Millions)

Particulars	Note	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS :					
Share Capital	3	838.80	838.46	836.06	832.87
Reserves and Surplus	4	5,610.55	4,849.95	4,196.91	3,560.36
		6,449.35	**5,688.41**	**5,032.97**	**4,393.23**
Non- Current liabilities					
Deferred tax liabilities (net)	5	378.90	366.33	367.77	333.08
Deferred Income - Advance towards members facilities		11,888.42	10,679.19	9,840.22	8,368.02
(refer note 2 (vii) (a))					
Long term provisions	6	21.20	14.65	11.35	10.62
		12,288.52	**11,060.17**	**10,219.34**	**8,711.72**
Current liabilities					
Short term Borrowings	7	414.47	7.92	15.82	100.16
Trade payables	8	713.85	849.83	635.44	699.18
Deferred Income - Advance towards members facilities		625.77	551.18	441.61	338.05
(refer note 2 (vii) (a))					
Other current liabilities	9	1,580.22	1,171.55	829.03	767.76
Short term provisions	10	12.45	402.09	398.23	399.12
		3,346.76	**2,982.57**	**2,320.13**	**2,304.27**
		22,084.63	**19,731.15**	**17,572.44**	**15,409.22**
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	11	4,420.39	4,394.58	4,378.09	4,029.93
Intangible assets	11	37.96	15.66	24.05	37.46
Capital work in progress	40	2,221.89	1,836.38	1,345.02	934.63
Intangible assets under development		177.92	118.03	3.02	-
		6,858.16	**6,364.65**	**5,750.18**	**5,002.02**
Non-current investments	12	1,755.83	823.23	317.78	317.78
Long term loans and advances	13	1,542.41	1,290.45	742.82	659.52
Other Non-Current Assets	14	4,564.94	3,633.62	4,451.31	4,863.99
		7,863.18	**5,747.30**	**5,511.91**	**5,841.29**
Current assets					
Current investments	15	269.26	1,261.71	1,133.08	1,953.77
Inventories	16	62.34	36.70	31.40	29.68

Particulars	Note	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Trade receivables	**17**	4,980.21	5,180.51	4,379.38	2,141.86
Cash and cash equivalents	**18**	100.87	83.94	628.32	244.10
Short term loans and advances	**19**	1,886.44	1,041.66	126.44	189.93
Other current assets	**20**	64.17	14.68	11.73	6.57
		7,363.29	**7,619.20**	**6,310.35**	**4,565.91**
		22,084.63	**19,731.15**	**17,572.44**	**15,409.22**

See accompanying notes forming part of the unconsolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

UNCONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Unconsolidated Summary Statement of Profit and Loss

(Amount in Rs.Millions)

Particulars	**Note**	**Nine months period ended**	**Year ended**	**Year ended**	**Year ended**
		December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**
REVENUE :					
Revenue from operations	**21**	4,711.52	5,738.30	4,871.25	4,686.59
Other Income	**22**	405.46	627.46	470.32	476.17
Total Revenue		**5,116.98**	**6,365.76**	**5,341.57**	**5,162.76**
EXPENDITURE :					
Employee benefits expense	**23**	1,088.63	1,264.22	847.34	753.58
Finance Costs	**24**	5.28	3.51	1.59	11.59
Depreciation and amortisation expense	**11**	157.50	203.41	201.01	190.96
Other expenses	**25**	2,761.10	3,439.46	2,798.82	2,439.43
Total Expenditure		**4,012.51**	**4,910.60**	**3,848.76**	**3,395.56**
Profit before tax		1,104.47	1,455.16	1,492.81	1,767.20
Less : Tax expense					
- Current tax		331.40	410.20	430.50	550.50
- Deferred tax		12.57	(1.44)	34.69	38.33
Profit after tax		**760.50**	**1,046.40**	**1,027.62**	**1,178.37**
Earnings per share: (In Rs.)					
Basic		9.07*	12.49	12.30	14.44
Diluted		9.07*	12.46	12.21	14.27
* not annualised					

See accompanying notes forming part of the unconsolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

UNCONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Unconsolidated Summary Cash Flow Statement

(Amount in Rs.Millions)

		Nine months period ended	Year ended	Year ended	Year ended
		December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Profit before tax	1,104.47	1,455.16	1,492.81	1,767.20
	Adjustments :				
	Depreciation	157.50	203.41	201.01	190.96
	Finance costs	5.28	3.51	1.59	11.59
	Interest income	(57.34)	(30.64)	(34.23)	(17.49)
	Dividend income	(48.88)	(110.53)	(73.20)	(43.75)
	(Gain) on fixed assets sold/scrapped (net)	(0.69)	(0.32)	(0.86)	(0.48)
	Provision for doubtful debts/(write back)	(0.76)	0.01	0.95	0.32
	Unrealised exchange loss/(gain) (net)	13.64	(8.69)	(8.71)	5.24
		68.75	56.75	86.55	146.39
	Operating profit before working capital changes	**1,173.22**	**1,511.91**	**1,579.36**	**1,913.59**
	Changes in :				
	Deferred income - Advance towards members' facilities	1,283.83	948.53	1,575.79	2,905.42
	Trade and other receivables	(1,113.41)	(380.93)	(1,426.59)	(2,643.62)
	Inventories	(25.64)	(5.30)	(1.72)	22.71
	Trade and other payables	282.79	696.70	(324.12)	516.85
		427.57	**1,259.00**	**(176.64)**	**801.36**
	Income taxes paid	(340.55)	(872.03)	(465.04)	(838.57)
	NET CASH FROM OPERATING ACTIVITIES	**1,260.24**	**1,898.88**	**937.68**	**1,876.38**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of fixed assets including capital work in progress	(651.05)	(892.24)	(1,015.51)	(1,189.58)
	Proceeds from sale of fixed assets	0.73	1.46	27.45	18.23
	Purchase of investments	(932.60)	(505.45)	-	(311.38)
	Interest received	7.91	7.74	19.48	3.36
	Dividend income	48.88	110.53	73.20	43.75
	NET CASH (USED IN) INVESTING ACTIVITIES	**(1,526.13)**	**(1,277.96)**	**(895.38)**	**(1,435.62)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Repayments of borrowings	406.55	(7.90)	(84.34)	(146.78)

		Nine months period ended	Year ended	Year ended	Year ended
		December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**
	Dividends paid	(338.29)	(336.92)	(336.88)	(235.00)
	Dividend distribution tax paid	(54.92)	(54.66)	(55.96)	(39.94)
	Loan to ESOP Trust	-	(132.00)	-	-
	Proceeds from issue of equity shares to ESOP Trust	-	147.00	-	-
	Issue of equity shares	0.44	-	-	1,624.25
	Advances to subsidiaries	(718.13)	(648.68)	-	245.96
	Finance costs	(5.28)	(3.51)	(1.59)	(11.59)
	NET CASH (USED IN) / FROM FINANCING ACTIVITIES	**(709.63)**	**(1,036.67)**	**(478.77)**	**1,436.90**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(975.52)**	**(415.75)**	**(436.47)**	**1,877.66**
	CASH AND CASH EQUIVALENTS :				
	Opening balance	**1,342.53**	**1,758.28**	**2,194.75**	**317.09**
	Closing balance	**367.01**	**1,342.53**	**1,758.28**	**2,194.75**
		(975.52)	**(415.75)**	**(436.47)**	**1,877.66**
	Reconciliation between Cash and Cash equivalents with the Balance Sheet				
	Cash and cash equivalents as per Balance Sheet	100.87	83.94	628.32	244.10
	Less: Bank balances not considered as Cash and cash equivalents	3.12	3.12	3.12	3.12
	Net Cash and cash equivalents	97.75	80.82	625.20	240.98
	Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	269.26	1,261.71	1,133.08	1,953.77
	Cash and cash equivalents at the end of the period	**367.01**	**1,342.53**	**1,758.28**	**2,194.75**

See accompanying notes forming part of the unconsolidated summary financial statements

MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

UNCONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Notes forming part of the unconsolidated summary financial statements

1.1 Corporate Information

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

1.2 Basis of preparation of Unconsolidated Summary Financial Statements

These unconsolidated summary financial statements of the Company comprise of the Unconsolidated Summary Balance Sheet as at December 31, 2012, March 31, 2012, 2011 and 2010; the Unconsolidated Summary Statement of Profit and Loss and the Unconsolidated Summary Statement of Cash Flows for the nine months period ended December 31, 2012 and for the years ended March 31, 2012, 2011 and 2010, the related Schedules and explanatory notes; together referred to herein as the "Unconsolidated Summary Financial Statements".

These Unconsolidated Summary Financial Statements have been derived from the audited unconsolidated financial statements of the Company for the respective periods which were approved by the Board of Directors of the Company. The figures included in the Unconsolidated Summary Financial Statements do not reflect the events that occured subsequent to date of approval of the unconsolidated financial statements of the Company as detailed below and have been rounded off to present them in Rupees Millions.

Financial Statements for the:	Date adopted by the Board of Directors of the Company
Nine months period ended December 31, 2012	March 1, 2013
Year ended March 31, 2012	April 25, 2012
Year ended March 31, 2011	April 25, 2011
Year ended March 31, 2010	April 29, 2010

The unconsolidated financial statements as of and for the year ended 31 March 2010 have been regrouped/ reclassified wherever necessary to correspond with the presentation/disclosure requirements of Revised Schedule VI of the Companies Act, 1956 which became effective from April 1, 2011.

2 Accounting Policies

(i) Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Use of estimates:

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

(ii) Fixed assets:

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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 10 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, where substantially all the risks and rewards of ownership vest in the company are classified as finance leases. Such leases are capitalised at the inception of lease at the lower of fair value and the present value of the minimum lease payments.

(iv) Expenditure during construction period

Revenue expenses incurred in connection with construction of resorts insofar as such expenses relate to the period prior to the date the resort is put to use are treated as part of project cost and capitalised.

(v) Inventories:

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

(vi) Investments:

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

(vii) Revenue recognition:

(a) The company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full 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.

(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 excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

(f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.

(g) Income from home stays is recognized when services are rendered.

(h) Interest income from loans is accounted on time proportion basis and dividend income from mutual funds is accounted as and when right to receive is established.

(viii) 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 statement of profit and loss.

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 statement of profit and loss.

(ix) Employee benefits:

(a) 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 statement of profit and loss.

(b) Long term employee benefit plans

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans employees also contribute to the plan.

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 statement of profit and loss 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 fund. The contribution paid/payable to the fund based on liability towards gratuity determined on the basis of an independent actuarial valuation as at balance sheet date using the Projected Unit Credit method is debited to the statement of profit and loss. Actuarial gains and losses arising during the year are recognized in the statement of profit and loss. Long term compensated absences similarly determined on an actuarial basis is provided for and is not funded.

(x) 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.

(xi) Share issue expenses:

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

(xii) 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 to 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.

(xiii) Impairment of assets:

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists the recoverable amount of such asset is estimated and impairment is recognised,if the carrying amount of these assets exceed their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present values based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in the case of re-valued asset.

(xiv) Cash and cash equivalents:

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

(xv) Cash flow statements:

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

(xvi) Provision & contingencies:

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

(xvii) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Note 3 : Share Capital

(Amount in Rs.Millions)

	As At December 31, 2012		**As At March 31, 2012**		**As At March 31, 2011**		**As At March 31, 2010**	
	Number	**value**	**Number**	**value**	**Number**	**value**	**Number**	**value**
Authorised :								
100,000,000 equity shares of Rs.10 each	100,000,000	1,000	100,000,000	1,000	100,000,000	1,000	100,000,000	1,000
	100,000,000	**1,000**	**100,000,000**	**1,000**	**100,000,000**	**1,000**	**100,000,000**	**1,000**
Issued and Subscribed :								
Equity shares of Rs. 10 each fully paid	84,639,772	846.40	84,639,772	846.40	84,229,772	842.30	84,229,772	842.30
Less: Equity	759,842	7.60	794,168	7.94	624,094	6.24	942,911	9.43

	As At December 31, 2012		As At March 31, 2012		As At March 31, 2011		As At March 31, 2010	
	Number	**value**	**Number**	**value**	**Number**	**value**	**Number**	**value**
shares of Rs 10 each fully paid up issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not alloted to employees.								
	83,879,930	**838.80**	**83,845,604**	**838.46**	**83,605,678**	**836.06**	**83,286,861**	**832.87**

Notes:

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

3 b) Terms / rights attached to equity shares:

i) The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.

ii) The details of dividend paid to equity shareholders is as follows:

Particulars	Nine months period ended December 31, 2012	Year ended March 31, 2012	2011	2010
Dividend per share (Rs)	-	4.00	4.00	4.00
Total Dividend including tax on dividend (Rs in Millions)	-	393.48	391.57	392.87

iii) Repayment of capital will be in proportion to the number of equity shares held.

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

Name of share holder	No of shares	% held as at December 31, 2012	No of shares	% held as at March 31, 2012	No of shares	% held as at March 31, 2011	No of shares	% held as at March 31, 2010
Mahindra & Mahindra Limited (Holding Company)	69,985,642	82.69%	69,985,642	82.69%	69,985,642	83.09%	69,985,642	83.09%

3 d) The reconciliation of the number of shares outstanding is set out below:-

(Amount in Rs.Millions)

Particulars	**As at December 31, 2012 (Shares)**		**As at March 31, 2012 (Shares)**		**As at March 31, 2011 (Shares)**		**As at March 31, 2010 (Shares)**	
No of Shares at the beginning	83,845,604	838.46	83,605,678	836.06	83,286,861	832.87	76,978,510	769.79
Add: Shares issued on exercise of employee stock options	34,326	0.34	239,926	2.40	318,817	3.19	412,267	4.12
Add: Shares issued on Initial Public Offer	-	-	-	-	-	-	5,896,084	58.96
Number of shares at the end	83,879,930	838.80	83,845,604	838.46	83,605,678	836.06	83,286,861	832.87

3 e) 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.

i) 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	**Grant I**	**Grant II**	**Grant III**	**Grant V**	**Grant VI**	**Grant VII**
Date of Grant	July 15, 2006	March 30, 2007	November 1, 2007	November 1, 2008	February 21, 2012	February 21, 2012
Exercise Price (In Rs.)	16.00	52.00	52.00	52.00	370.00	323.00
Average Exercise Price(after bonus issue) (In Rs.)	6.00	19.50	19.50	52.00	-	-
Vesting Period in Years	5	4	4	4	4	4
Number of Options Granted	759,325	122,235	56,700	261,590	400,000	186,500
Contractual	6 years	5 years from the date of each vesting.				

Grant	Grant I	Grant II	Grant III	Grant V	Grant VI	Grant VII
life	from the date of grant.*					
Vesting Conditions	Refer note below	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.					

Note: 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.
* Contractual life expired on 14/07/2012

ii) Summary of Stock options (including bonus shares)

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2012	141,638	14,671	14,265	49,066	400,000	186,500	806,140
Options granted during the period	-	-	-	-	-	-	-
Options vested during the period	130,156	-	-	27,791	-	-	157,947
Options exercised during the period	2,670	867	10,012	20,777	-	-	34,326
Options lapsed during the period	138,968	-	-	3,584	-	-	142,552
Options outstanding as on 31.12.2012	-	13,804	4,253	24,705	400,000	186,500	629,262
Options vested but not exercised	-	13,685	4,234	23,922	-	-	41,841

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2011	308,744	60,397	39,992	101,027	-	-	510,160
Options granted	-	-	-	-	400,000	186,500	586,500

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options vested during the year	130,156	-	37,856	31,695	-	-	199,707
Options exercised during the year	138,698	45,726	25,727	29,775	-	-	239,926
Options lapsed during the year	28,408	-	-	22,186	-	-	50,594
Options outstanding as on 31.03.2012	141,638	14,671	14,265	49,066	400,000	186,500	806,140
Options vested but not exercised	28,760	14,552	14,246	16,991	-	-	74,549

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2010	470,994	125,499	102,426	167,203	-	-	866,122
Options granted	-	-	-	-	-	-	-
Options vested during the year	162,594	48,543	37,852	45,218	-	-	294,207
Options exercised during the year	157,686	56,770	62,434	41,927	-	-	318,817
Options lapsed during the year	4,564	8,332	-	24,249	-	-	37,145
Options outstanding as on 31.03.2011	308,744	60,397	39,992	101,027	-	-	510,160
Options vested but not exercised	35,862	61,095	2,117	19,671	-	-	118,745

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
Options outstanding as on 1.4.2009	756,343	203,551	132,359	242,250	-	-	1,334,503
Options	-	-	-	-	-	-	-

Particulars	Grant I (July 15, 2006)	Grant II (March 30, 2007)	Grant III (November 1, 2007)	Grant V ** (November 1, 2008)	Grant VI # (February 21, 2012)	Grant VII ## (February 21, 2012)	Total
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.

Out of the above 90,000 shares has been issued out of lapsed options.

Out of the above 86,500 shares has been issued out of lapsed options.

iii) 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 and securities premium account. 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 for bonus shares issued on exercise of stock options.

iv) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for grant I to V. For grant VI and VII fair value method was adopted. The intrinsic value of the shares granted under grant I to V 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 January 1, 2007, August 31, 2008 and November 01, 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under grant VI and VII is based on the fair value market price is Rs 370 and Rs 323 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is Rs. Nil no employee compensation cost has been charged.

v) The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. July 15, 2006, March 30, 2007, November 1, 2007 and November 1, 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.10.38 Millions and the impact on the financial statements would be :

(Amount in Rs.Millions)

	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Increase in employee compensation cost	1.56	3.61	2.08	2.08
Decrease in profit after tax	1.56	3.61	2.08	2.08
Decrease in basic & diluted earnings per share (in Rs.)	(0.02)	(0.04)	(0.02)	(0.03)

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

Particulars	Grant dated	Grant dated	Grant dated	Grant dated	Grants dated
	July 15, 2006	March 30, 2007	November 1, 2007	November 1, 2008	February 21, 2012
Risk free interest rate	7.82%	7.92%	7.72%	7.34%	8.00%
Expected life	4.5	5	5	5	6
Expected volatility	Nil	Nil	Nil	Nil	0.33
Expected dividend yield	Nil	Nil	Nil	Nil	Rs.4.00

3 f) As approved by the Board, the company has given an interest free loan of Rs 132 million with out interest to Mahindra Holidays & Resorts India Limited Employees Stock Option Trust for the purchase of shares of the company under the employees stock option scheme.

Note 4 : Reserves & Surplus

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Capital Reserve	**1.47**	**1.47**	**1.47**	**1.47**
General Reserve				
As per last balance sheet	487.75	384.42	283.38	167.84
Add : Transfer from Statement of profit and loss	-	104.64	102.77	117.84
Less : Bonus shares alloted on exercise of stock options	0.08	1.31	1.73	2.30
	487.67	**487.75**	**384.42**	**283.38**
Securities Premium Account				
As per last balance sheet	1,577.36	1,577.36	1,577.36	-
Premium on issue of Shares (refer note 37)	-	-	-	1,709.86
Less: Share issue expenses (refer note 37)	-	-	-	144.57
Add: Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	142.90	142.90	-	12.07

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
	1,720.26	1,720.26	1,577.36	1,577.36
Less: Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not allotted to employees	145.50	145.68	4.21	6.44
	1,574.76	**1,574.58**	**1,573.15**	**1,570.92**
Surplus in Statement of Profit & Loss				
As per last balance sheet	2,786.15	2,237.87	1,704.59	1,036.93
Profit for the period	760.50	1,046.40	1,027.62	1,178.37
	3,546.65	**3,284.27**	**2,732.21**	**2,215.30**
Appropriations :				
Transfer to General Reserve	-	104.64	102.77	117.84
Proposed dividend	-	338.56	336.92	336.92
Tax on proposed dividend	-	54.92	54.65	55.95
	-	**498.12**	**494.34**	**510.71**
	3,546.65	**2,786.15**	**2,237.87**	**1,704.59**
	5,610.55	**4,849.95**	**4,196.91**	**3,560.36**

Note 5 : Deferred Tax Liability (net)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deferred tax asset				
Provision for doubtful receivables	0.51	0.49	0.49	0.18
Provision for compensated absences	7.80	7.55	5.84	5.60
Others	8.53	8.24	5.69	3.65
	16.84	**16.28**	**12.02**	**9.43**
Deferred tax liability				
Difference between book and tax depreciation	395.74	382.61	379.79	342.51
Deferred tax liability (net)	**378.90**	**366.33**	**367.77**	**333.08**

Note 6 : Long Term Provisions

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Compensated absences	21.20	14.65	11.35	10.62
	21.20	**14.65**	**11.35**	**10.62**

Note 7 : Short Term Borrowings

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Secured :				
Loans repayable on demand				
- from Banks	414.47	7.92	15.82	100.16
	414.47	**7.92**	**15.82**	**100.16**

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

Note 8 : Trade Payables

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Total outstanding dues to micro and small enterprises (refer note 38)	-	-	-	-
Others	713.85	849.83	635.44	699.18
	713.85	**849.83**	**635.44**	**699.18**

Note 9 : Other Current Liabilities

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Unpaid dividend	0.31	0.04	0.04	-
Amounts received from ESOP Trust	150.06	150.49	6.01	9.70
Dues to Statutory Authorities (PF,ESI & other taxes)	85.72	45.65	75.85	60.82
Unearned revenue	592.97	420.38	336.40	447.87
Accrued expenses	748.39	534.49	394.91	249.37
Gratuity	2.77	6.50	1.82	-
Commission payable to non - whole time Directors	-	14.00	14.00	-
	1,580.22	**1,171.55**	**829.03**	**767.76**

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the Balance Sheet dates.

Note 10 : Short Term Provisions

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Compensated absences	12.45	8.61	6.65	6.24
Proposed dividend	-	338.56	336.92	336.92
Tax on proposed dividend	-	54.92	54.66	55.96

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
	12.45	**402.09**	**398.23**	**399.12**

Note 11 : Fixed Assets

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Tangible :				
Land				
Gross Block:-				
Opening	938.70	851.99	840.74	706.92
Additions	82.79	86.71	11.25	133.82
Deletions	-	-	-	-
Closing	1,021.49	938.70	851.99	840.74
Accumulated Depreciation				
Opening	-	-	-	-
Additions	-	-	-	-
Deletions	-	-	-	-
Closing	-	-	-	-
Net Block	**1,021.49**	**938.70**	**851.99**	**840.74**
Land - Leasehold				
Gross Block:-				
Opening	0.86	0.86	27.39	27.39
Additions	-	-	-	-
Deletions	-	-	26.53	-
Closing	0.86	0.86	0.86	27.39
Accumulated Depreciation				
Opening	0.11	0.09	0.88	0.60
Additions	0.01	0.02	0.24	0.28
Deletions	-	-	1.03	-
Closing	0.12	0.11	0.09	0.88
Net Block	**0.74**	**0.75**	**0.77**	**26.51**
Buildings				
Gross Block:-				
Opening	2,598.96	2,612.79	2,300.93	1,935.81
Additions	-	44.61	311.86	365.12
Deletions	-	58.44	-	-
Closing	2,598.96	2,598.96	2,612.79	2,300.93
Accumulated Depreciation				
Opening	256.11	211.55	166.99	131.14
Additions	36.39	47.90	44.56	35.85
Deletions	-	3.34	-	-

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Closing	292.50	256.11	211.55	166.99
Net Block	**2,306.46**	**2,342.85**	**2,401.24**	**2,133.94**
Buildings - Leasehold				
Gross Block:-				
Opening	15.61	15.61	15.61	28.82
Additions	-	-	-	-
Deletions	-	-	-	13.21
Closing	15.61	15.61	15.61	15.61
Accumulated Depreciation				
Opening	8.32	6.43	4.54	4.50
Additions	1.42	1.89	1.89	2.42
Deletions	-	-	-	2.38
Closing	9.74	8.32	6.43	4.54
Net Block	**5.87**	**7.29**	**9.18**	**11.07**
Plant and Equipments				
Gross Block:-				
Opening	929.75	865.22	739.64	638.67
Additions	44.64	82.82	127.59	102.83
Deletions	0.14	18.29	2.01	1.86
Closing	974.25	929.75	865.22	739.64
Accumulated Depreciation				
Opening	282.33	228.40	163.59	117.58
Additions	48.87	59.69	66.33	46.47
Deletions	0.13	5.76	1.52	0.46
Closing	331.07	282.33	228.40	163.59
Net Block	**643.18**	**647.42**	**636.82**	**576.05**
Furniture and Fittings				
Gross Block:-				
Opening	760.17	737.66	650.65	584.87
Additions	25.52	41.34	89.58	67.97
Deletions	2.54	18.83	2.57	2.19
Closing	783.15	760.17	737.66	650.65
Accumulated Depreciation				
Opening	402.68	353.19	293.08	229.80
Additions	45.95	62.43	62.40	65.10
Deletions	2.54	12.94	2.29	1.82
Closing	446.09	402.68	353.19	293.08
Net Block	**337.06**	**357.49**	**384.47**	**357.57**

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Vehicles				
Gross Block:-				
Opening	58.14	47.61	44.82	39.68
Additions	9.79	13.64	5.97	11.46
Deletions	0.05	3.11	3.18	6.32
Closing	67.88	58.14	47.61	44.82
Accumulated Depreciation				
Opening	25.74	23.44	21.51	17.91
Additions	4.36	4.76	4.81	4.77
Deletions	0.02	2.46	2.88	1.17
Closing	30.08	25.74	23.44	21.51
Net Block	**37.80**	**32.40**	**24.17**	**23.31**
Office Equipment				
Gross Block:-				
Opening	176.98	166.73	157.56	149.10
Additions	7.54	10.62	9.20	8.46
Deletions	-	0.37	0.03	-
Closing	184.52	176.98	166.73	157.56
Accumulated Depreciation				
Opening	109.30	97.28	96.82	82.71
Additions	7.43	12.19	0.47	14.11
Deletions	-	0.17	0.01	-
Closing	116.73	109.30	97.28	96.82
Net Block	**67.79**	**67.68**	**69.45**	**60.74**
TOTAL TANGIBLE				
Gross Block:-				
Opening	5,479.17	5,298.47	4,777.34	4,111.26
Additions	170.28	279.74	555.45	689.66
Deletions	2.73	99.04	34.32	23.58
Closing	5,646.72	5,479.17	5,298.47	4,777.34
Accumulated Depreciation				
Opening	1,084.59	920.38	747.41	584.24
Additions	144.43	188.88	180.70	169.00
Deletions	2.69	24.67	7.73	5.83
Closing	1,226.33	1,084.59	920.38	747.41
Net Block	**4,420.39**	**4,394.58**	**4,378.09**	**4,029.93**
Intangible :				
Software				
Gross Block:-				
Opening	63.21	57.04	50.14	47.45
Additions	35.37	6.17	6.90	2.69

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deletions	-	-	-	-
Closing	98.58	63.21	57.04	50.14
Accumulated amortisation				
Opening	53.75	49.33	44.89	39.05
Additions	9.59	4.42	4.44	5.84
Deletions	-	-	-	-
Closing	63.34	53.75	49.33	44.89
Net Block	**35.24**	**9.46**	**7.71**	**5.25**
Development Expenditure				
Gross Block:-				
Opening	38.54	38.54	38.54	36.54
Additions	-	-	-	2.00
Deletions	-	-	-	-
Closing	38.54	38.54	38.54	38.54
Accumulated amortisation				
Opening	37.91	32.40	21.15	9.65
Additions	0.47	5.51	11.25	11.50
Deletions	-	-	-	-
Closing	38.38	37.91	32.40	21.15
Net Block	**0.16**	**0.63**	**6.14**	**17.39**
Non-Compete Fees				
Gross Block:-				
Opening	20.00	20.00	20.00	20.00
Additions	-	-	-	-
Deletions	-	-	-	-
Closing	20.00	20.00	20.00	20.00
Accumulated amortisation				
Opening	14.43	10.43	6.43	2.43
Additions	3.01	4.00	4.00	4.00
Deletions	-	-	-	-
Closing	17.44	14.43	10.43	6.43
Net Block	**2.56**	**5.57**	**9.57**	**13.57**
Vacation ownership weeks				
Gross Block:-				
Opening	6.23	6.23	6.23	6.23
Additions	-	-	-	-
Deletions	-	-	-	-
Closing	6.23	6.23	6.23	6.23
Accumulated amortisation				
Opening	6.23	5.60	4.98	4.36

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Additions	-	0.63	0.62	0.62
Deletions	-	-	-	-
Closing	6.23	6.23	5.60	4.98
Net Block	**-**	**-**	**0.63**	**1.25**
TOTAL INTANGIBLE				
Gross Block:-				
Opening	127.98	121.81	114.91	110.22
Additions	35.37	6.17	6.90	4.69
Deletions	-	-	-	-
Closing	163.35	127.98	121.81	114.91
Accumulated amortisation				
Opening	112.32	97.76	77.45	55.49
Additions	13.07	14.56	20.31	21.96
Deletions	-	-	-	-
Closing	125.39	112.32	97.76	77.45
Net Block	**37.96**	**15.66**	**24.05**	**37.46**
TOTAL FIXED ASSETS				
Gross Block:-				
Opening	5,607.15	5,420.28	4,892.25	4,221.48
Additions	205.65	285.88	562.35	694.35
Deletions	2.73	99.04	34.32	23.58
Closing	5,810.07	5,607.12	5,420.28	4,892.25
Accumulated Depreciation/amortisation				
Opening	1,196.91	1,018.14	824.86	639.73
Additions	157.50	203.41	201.01	190.96
Deletions	2.69	24.67	7.73	5.83
Closing	1,351.72	1,196.88	1,018.14	824.86
Net Block	**4,458.35**	**4,410.24**	**4,402.14**	**4,067.39**

Note 12 : Non current investments

(Amount in Rs.Millions)

	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Long term Investments (At Cost, Un-Quoted) :				
Investment in Equity Shares (non trade, fully paid up)				
Mahindra World City Developers Ltd.	-	-	-	-
(1 equity share of Rs.10 each.)				

	As At December 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010
Investment in Equity Shares of Subsidiaries (trade, fully paid up)				
Mahindra Holidays and Resorts USA Inc	0.05	0.05	0.05	0.05
(100 equity shares of US $ 0.10 each.)				
MHR Hotel Management GmbH	1.57	1.57	1.57	1.57
(Shares equivalent in value to Euros 26,250 out of total share capital of Euros 35,000)				
Heritage Bird (M) Sdn. Bhd.	4.03	4.03	4.03	4.03
(300,002 shares of one Ringgit each.)				
Mahindra Hotels and Residences India Ltd.	0.50	0.50	0.50	0.50
(49,994 equity shares of Rs. 10 each.)				
BAH Hotelanlagen AG	311.38	311.38	311.38	311.38
(1385 shares of Euro 50 each.)				
Bell Tower Resorts Private Limited	505.45	505.45	-	-
(199,38,674 Shares of Rs 10/- each.)				
Divine Heritage Hotels Private Limited				
(700,000 Shares of Rs 10/- each.)	92.50	-	-	-
Gables Promoters Private Limited				
(132,00,000 Shares of Rs 10/- each.)	136.38	-	-	-
Holiday on Hill Resort Private Limited				
(10,00,000 Shares of Rs 10/- each.)	438.74	-	-	-
MH Boutique Hospitality Limited	9.53	-	-	-
(49,00,000 shares of THB 10 each.)				
Infinity Hospitality Group Company Limited	255.45	-	-	-
(45,03,142 shares of THB 10 each.)				
Investment in Preference Shares (non trade fully paid up)				
Guestline Hospitality Management and Development Services Limited	0.25	0.25	0.25	0.25
(25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)				
	1,755.83	**823.23**	**317.78**	**317.78**
Aggregate value of unquoted investments	**1,755.83**	**823.23**	**317.78**	**317.78**

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.

Note 13 : Long Term Loans & Advances (Unsecured, considered good)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Capital advances	316.73	144.32	83.76	44.30
Security deposits	348.82	278.53	268.33	261.18
Loans and advances to related parties	83.24	83.15	68.11	65.96
Payments towards Income Tax (net of provisions)	793.62	784.45	322.62	288.08
	1,542.41	**1,290.45**	**742.82**	**659.52**

Note 14 : Other Non-Current Assets (Unsecured, considered good)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade receivables due for payment after one year	4,564.94	3,633.62	4,451.31	4,863.99
	4,564.94	**3,633.62**	**4,451.31**	**4,863.99**

Note 15 : Current investments

(Amount in Rs.Millions)

	As At December 31, 2012 Units	As At December 31, 2012 Value	As At March 31, 2012 Units	As At March 31, 2012 Value	As At March 31, 2011 Units	As At March 31, 2011 Value	As At March 31, 2010 Units	As At March 31, 2010 Value
Investment in Mutual Funds (unquoted)								
Units :								
B864D BSL Interval Income Fund Instl Quarterly Series 1 DD	-	-	-	-	7,050,227	70.92	-	-
Birla Sunlife Cash Plus – Instl Prim – DDRE	-	-	200,330	20.07	-	-	-	-
Birla Sunlife Cash Manager-IP-DDRE	-	-	999,934	100.02	-	-	-	-
Birla Sun	75,906	7.60	278,879	27.91	4,085,160	40.88	15,687,609	156.98

	As At December 31, 2012 Units	As At December 31, 2012 Value	As At March 31, 2012 Units	As At March 31, 2012 Value	As At March 31, 2011 Units	As At March 31, 2011 Value	As At March 31, 2010 Units	As At March 31, 2010 Value
Life Savings Fund								
Birla Sun Life Short term Fund	-	-	-	-	-	-	9,329,942	93.35
BSL Savings Fund-Instl-Daily Div	-	-	-	-	-	-	-	-
DWS Treasury Fund Cash-institutional Plan	-	-	995,484	100.04	17,499,760	175.87	19,905,687	200.04
DWS Ultra Short Term Fund Instl DDRE	-	-	-	-	6,179,923	61.91	-	-
HDFC Cash Management	-	-	-	-	-	-	25,573,120	256.54
ICICI Prudential flexible income plan	628,469	66.45	1,482,470	156.75	1,614,361	170.69	96,350	10.19
ICICI Prudential Mutual Fund	-	-	-	-	-	-	2,400,316	253.80
ICICI Prudential Ultra Short term Plan	-	-	-	-	-	-	9,981,917	100.03
IDFC Money Manager	-	-	11,174,159	111.76	-	-	19,028,490	190.54
IDFC Mutual Fund-Money Manager Funds	-	-	-	-	-	-	12,597,150	125.99
IDFC Savings Advantage Fund – Plan A – Monthly Div	-	-	-	-	165,379	166.82	-	-
JM Money Manager Fund Super Plus Plan – Daily Dividend	-	-	13,017,914	130.25	-	-	-	-
Kotak Flexi Debt Scheme Inst DDRE	6,626,284	66.58	-	-	-	-	-	-

	As At December 31, 2012 Units	As At December 31, 2012 Value	As At March 31, 2012 Units	As At March 31, 2012 Value	As At March 31, 2011 Units	As At March 31, 2011 Value	As At March 31, 2010 Units	As At March 31, 2010 Value
Kotak Flexi Debt – Institutional	-	-	14,717,687	147.88	-	-	17,723,021	178.07
Kotak Floater Long term Daily Dividend	-	-	-	-	-	-	1,491,631	15.03
JP Morgan India Liquid Fund Super Inst DDRE	-	-	4,316,215	43.20	-	-	-	-
Kotak QIP Series 6	-	-	-	-	10,015,090	100.18	-	-
Kotak Quarterly Interval Plan Series 7	-	-	-	-	3,026,702	30.28	-	-
Principal floating rate fund-Dividend Reinvestment	-	-	-	-	-	-	17,278,883	173.00
Sundaram Ultra ST Fund Super Inst. DDRE	-	-	1,021,798	10.26	5,052,093	50.71	-	-
Tata Fixed income portfolio fund scheme B2	-	-	-	-	10,047,908	100.66	-	-
Templeton Floating Rate Income Fund	-	-	-	-	-	-	17,992,919	180.11
Templeton India Ultra Short Bond Fund	-	-	15,317,855	153.36	474,174	4.75	2,007,876	20.10
Tata Treasury Manager Fund Plan A-DDRE	821	0.83	-	-	-	-	-	-
TTMSHD Tata Treasury Manager SHIP DDRE	63,919	64.58	113,977	115.15	112,833	114.00	-	-
TFLD TATA Floater Fund	-	-	14,454,611	145.06	-	-	-	-

	As At December 31, 2012	As At December 31, 2012	As At March 31, 2012	As At March 31, 2012	As At March 31, 2011	As At March 31, 2011	As At March 31, 2010	As At March 31, 2010
	Units	Value	Units	Value	Units	Value	Units	Value
DDRE								
UTI Treasury Advantage Fund- Ins Plan DDRE	-	-	-	-	1,356	1.36	-	-
UTI-Floating rate fund – short term plan-inst DDRE	-	-	-	-	44,016	44.05	-	-
JM Money Manager Fund Super Plus Plan – Daily Dividend	6,317,893	63.22	-	-	-	-	-	-
		269.26		**1,261.71**		**1,133.08**		**1,953.77**
Aggregate value of unquoted investments		**269.26**		**1,261.71**		**1,133.08**		**1,953.77**

Note 16 : Inventories (At lower of cost & net realisable value)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Food, beverages and smokes	15.10	9.78	7.71	9.06
Operating supplies	47.24	26.92	23.69	20.62
	62.34	**36.70**	**31.40**	**29.68**

Note 17 : Trade Receivable (Unsecured)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade Receivables outstanding for less than six months from the date they are due for payment				
Considered good	3,314.47	3,471.54	2,780.23	627.09
	3,314.47	3,471.54	2,780.23	627.09
Trade Receivables outstanding for more than six months from the date they are due for payment				
Considered good	1,665.74	1,708.97	1,599.15	1,515.47
Considered doubtful	0.75	1.51	1.50	0.55
Less: Allowance for trade receivables	0.75	1.51	1.50	0.55

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
	1,665.74	1,708.97	1,599.15	1,515.47
	4,980.21	**5,180.51**	**4,379.38**	**2,141.86**

Note 18 : Cash & Cash equivalents

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
a. Cash on hand	3.43	2.16	1.35	0.38
	3.43	**2.16**	**1.35**	**0.38**
b. Balances with Banks				
Current accounts	94.01	78.62	88.81	236.00
Deposit account – with maturity of less than 3 months	-	-	535.00	4.60
Deposit account – others	2.50	2.50	2.50	2.50
c. Earmarked accounts				
Margin money deposits	0.62	0.62	0.62	0.62
Unpaid dividend accounts	0.31	0.04	0.04	-
	97.44	**81.78**	**626.97**	**243.72**
	100.87	**83.94**	**628.32**	**244.10**

Note 19 : Short Term Loans & Advances (Unsecured, considered good)

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Inter corporate deposit & advances to subsidiaries	1,365.84	647.71	-	0.96
Claims Receivable	86.33	84.79	-	0.70
Loan to ESOP Trust	132.00	132.00	0.01	12.01
Balances with Statutory Authorities	61.91	9.87	10.39	18.62
Advances to Suppliers	141.91	108.21	65.10	106.30
Loans to Employees	15.29	5.55	13.57	7.91
Prepaid Expenses	83.16	53.53	37.37	42.54
Gratuity	-	-	-	0.89
	1,886.44	**1,041.66**	**126.44**	**189.93**

Note 20 : Other Current Assets

(Amount in Rs.Millions)

	As at December 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Interest accrued on Inter corporate deposits :				
Subsidiary	64.17	14.68	-	6.57
Others	-	-	11.73	-
	64.17	**14.68**	**11.73**	**6.57**

Note 21 : Revenue from Operations

(Amount in Rs.Millions)

	Nine months period ended	Year ended	Year ended	Year ended
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Sales of Services				
Income from sale of vacation Ownership	3,136.68	3,971.96	3,354.19	3,485.65
Income from Resorts :				
- Room rentals	77.65	147.68	195.40	202.04
- Food and beverages	429.47	432.06	384.12	307.73
- Wine and liquor	14.92	14.36	15.67	18.28
- Others	167.02	196.26	168.23	128.58
Annual Subscription Fee	841.31	929.61	720.79	517.43
Income from travel services & home stays	44.47	46.37	32.85	26.88
	4,711.52	**5,738.30**	**4,871.25**	**4,686.59**

Note 22 : Other Income

(Amount in Rs.Millions)

	Nine months period ended	Year ended	Year ended	Year ended
	Dec-12	Mar-12	Mar-11	Mar-10
Dividend income:				
Dividend income from current investments	48.88	110.53	73.20	43.75
Interest income:				
On instalment sales	213.30	404.42	334.97	186.55
On deposit with banks	-	7.74	14.63	-
On others	57.34	22.90	19.60	17.49
Gain on exchange fluctuation (net)	-	8.69	8.71	-
Income from securitization (refer note 26)	79.64	60.02	11.68	222.86
Gain on fixed assets sold (net)	0.69	0.32	0.86	0.48
Miscellaneous income	5.61	12.84	6.67	5.04
	405.46	**627.46**	**470.32**	**476.17**

Note 23 :Employee benefits expense

(Amount in Rs.Millions)

	Nine months period ended	Year ended	Year ended	Year ended
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Salaries, wages and bonus	1,019.53	1,176.58	771.40	701.17
Contribution to Provident & other funds	37.33	35.91	35.17	23.41

	Nine months period ended	Year ended	Year ended	Year ended
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Staff welfare	31.77	51.73	40.77	29.00
	1,088.63	**1,264.22**	**847.34**	**753.58**

Note 24 : Finance costs

(Amount in Rs.Millions)

	Nine months period ended	Year ended	Year ended	Year ended
	Dec-12	Mar-12	Mar-11	Mar-10
Interest on short term borrowings	5.28	3.51	1.59	11.59
	5.28	**3.51**	**1.59**	**11.59**

Note 25 : Other expenses

(Amount in Rs.Millions)

		Nine months period ended December 31, 2012		Year ended March 31, 2012		Year ended March 31, 2011		Year ended March 31, 2010
Food Beverages and smokes Consumed								
Opening Stock	9.78		7.71		9.06		9.52	
Add: Purchases	137.97		141.24		121.65		97.34	
	147.75		148.95		130.71		106.86	
Less: Closing Stock	15.10	132.65	9.78	139.17	7.71	123.00	9.06	97.80
Operating Supplies		159.62		193.22		168.96		127.67
Power and fuel		165.30		165.22		126.96		99.53
Rent (including lease rentals)		311.89		305.14		279.36		226.24
Rates and taxes		17.27		17.48		15.69		11.74
Insurance		6.66		10.25		13.55		8.14
Repairs and maintenance :-								
-Buildings		25.75		34.74		27.00		19.77
-Resort renovations		21.00		56.20		25.17		28.67
-Office Equipment		8.71		12.42		9.27		7.38
-Others		52.04		60.06		48.33		37.48
Communication		53.90		57.17		57.66		50.42
Software Charges		21.23		26.15		28.56		28.18
Consultancy charges		68.10		72.34		75.27		63.97
Advertisement		118.49		248.93		156.10		117.06
Sales commission		230.39		348.47		262.21		373.94
Sales promotion expenses		919.07		1,168.98		943.83		809.38
Travelling		126.26		148.09		117.05		79.56
Service Charges		118.86		135.24		91.31		85.30

	Nine months period ended December 31, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Provision for doubtful debts / (written back)	(0.76)	0.01	0.95	0.32
Auditors' remuneration includes:				
Audit fees	2.10	2.80	2.80	2.30
Other services	1.20	1.60	1.56	1.05
Reimbursement of expenses/levies	0.02	0.02	0.04	-
Director’s fees	0.52	0.93	0.29	0.15
Commission to non whole time directors	-	14.00	14.00	-
Loss on exchange fluctuation (net)	13.64	-	-	5.24
Bank Charges	43.76	50.88	24.39	33.94
Discounts	72.77	69.85	109.61	58.97
Miscellaneous	70.66	100.10	75.90	65.23
	2,761.10	**3,439.46**	**2,798.82**	**2,439.43**

26 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.

(Amount in Rs. Millions)

	Nine months period Ended December 31,	Year ended March 31,		
	2012	**2012**	**2011**	**2010**
Value of Accounts receivable	2,094.88	1,871.11	364.66	2,135.39
Less: Future interest receivable	464.73	420.15	102.19	619.93
Principal amount of receivables	1,630.15	1,450.96	262.47	1,515.46
Consideration received	1,750.00	1,550.00	300.00	1,750.00
Profit on securitisation	119.85	99.04	37.53	234.54
Less: Reversals	40.21	39.02	25.85	11.68
Income from securitisation	79.64	60.02	11.68	222.86

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(Amount in Rs. Millions)

Contingent Liabilities		As at December 31,	As at March 31,		
		2012	**2012**	**2011**	**2010**
(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,	3,509.77	2,673.12	2,036.78	2,657.82

Contingent Liabilities			As at December 31,	As at March 31,		
			2012	2012	2011	2010
	the bank would have recourse to the company. In such cases, the company has recourse to the customer.					
(b)	**Claims against the company not acknowledged as debts**					
	i)	Luxury tax claimed on membership, room revenue and other services provided to members, which has been disputed by the company.	72.35	6.42	6.42	9.67
	ii)	Service tax demands for various years disputed by the company.	589.85	-	-	-
	The possibility of reimbursement depends on the outcome of the cases pending before the adjudicating authority					
(c)	**Income tax matters**					
	i)	The Income Tax Department's appeal against the orders of the CIT(A) for the assessment years 1998-99 to 2003-04, in respect of issues relating to revenue recognition, was decided in favour of the Company by the Appellate Tribunal . Amount involved was Rs 208.39 Million (Including interest of Rs 58.05 Million).				
		For the assessment year 2004-05 & 2009-10 the company's appeal is pending with CIT(A).				
		For the assessment years 2005-06 to 2008-09, the Company has received favorable order for ITAT in respect of this issue during the nine months period ended on 31st december 2012.				
		The amount involved, exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed	800.02	2,550.31	1,925.65	1,315.37
		Above includes interest of	178.36	560.45	382.09	251.75
	ii)	Disallowance of expenditure during construction, software expenses,website development expenses, renovation expenses and Project design cost .	110.85	110.85	43.94	35.48
		Above includes interest of	24.03	24.03	7.38	5.97
		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				

Contingent Liabilities		As at December 31,	As at March 31,		
		2012	2012	2011	2010
	income tax rate differences. Cash outflows would depend on the outcome of the appeals.				
iii)	Other disallowances	105.37	193.41	166.84	78.54
	Above includes interest of	24.05	43.76	22.63	9.91

(d) Other matters under appeal

(i) The Government of Kerala issued an Order dated July 3, 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 July 3, 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 demolition of 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 and hearing is awaited.

(iii) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed Rs 125.60 Millions as damages for termination of the Contract. The Company has made a counter claim of Rs 200.30 Millions towards liquidated damages and other losses. The matter is pending before the Arbitrator.

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(Amount in Rs. Millions)

Capital commitments	As at December 31,	As at March 31,		
	2012	2012	2011	2010
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	291.22	542.74	771.48	688.23

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(Amount in Rs. Millions)

CIF Value of Imports	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010

CIF Value of Imports	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Capital goods	9.65	11.15	10.02	85.16

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(Amount in Rs. Millions)

Expenditure in foreign currency	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Salaries	32.01	38.98	38.80	40.36
Travel	0.38	3.14	0.15	0.81
Consultancy	7.02	5.94	10.81	37.92
Marketing expenses	29.98	13.47	16.42	12.14
Others	14.65	21.27	28.00	33.41

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(Amount in Rs. Millions)

Earnings in foreign exchange	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Room rentals and restaurant sales	5.60	45.53	49.92	33.63
Sale of vacation ownership	73.29	98.81	81.14	93.33
Interest	7.80	6.59	7.53	8.36

32 Particulars of consumption

(Amount in Rs. Millions)

Consumption	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Provisions, beverages (excluding wine, liquor and smokes)	128.71	134.55	116.18	91.46
Wine, Liquor and Smokes	3.94	4.62	6.82	6.34
	132.65	139.17	123.00	97.80
Indigenous	132.65	139.17	123.00	97.80
Imported	-	-	-	-
	132.65	139.17	123.00	97.80
% of total Value				
Indigenous	100%	100%	100%	100%
Imported	0%	0%	0%	0%

33 Employee Benefits

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

(Amount in Rs. Millions)

	Gratuity	Nine months period Ended December 31,	Year ended March 31,		
		2012	2012	2011	2010
a.	**Net Asset/ (Liability) recognized in the balance sheet**				
	Present value of funded obligation	20.28	19.15	15.40	12.98
	Fair value of plan assets	17.51	12.65	13.58	13.87
	Net asset/ (Liability)	(2.77)	(6.50)	(1.82)	0.89
b.	**Expense recognized in the Statement of profit and loss**				
	Current service cost	3.73	6.66	3.63	3.16
	Interest cost	1.05	1.08	1.04	0.80
	Expected return on plan assets	(0.99)	(1.08)	(1.26)	(0.89)
	Actuarial (gains) / losses	(1.02)	(1.98)	(0.70)	(0.32)
	Total expense	2.77	4.68	2.71	2.75
c.	**Change in present value of obligation**				
	Present value of defined benefit obligation as at the beginning of the year	19.15	15.40	12.98	9.98
	Current service cost	3.73	6.66	3.63	3.16
	Interest cost	1.05	1.08	1.04	0.80
	Actuarial (gains) /losses	(0.71)	(0.06)	(0.70)	(0.32)
	Benefits paid	(2.94)	(3.93)	(1.55)	(0.64)
	Present value of defined benefit obligation as at the end of the year/period	20.28	19.15	15.40	12.98
d.	**Change in fair value of plan assets**				
	Plan assets at the beginning of the year/period	12.66	13.58	13.87	10.00
	Expected return on plan assets	0.99	1.08	1.26	0.89
	Actuarial gains /(losses)	0.30	1.92	-	-
	Contributions by employer	6.50	-	-	3.62
	Benefits paid	(2.94)	(3.93)	(1.55)	(0.64)
	Plan assets at the end of the year	17.51	12.65	13.58	13.87
e.	**Principal actuarial assumptions**				
1	Discount rate	8.00%	8.00%	8.00%	8.00%
2	Expected return on plan assets	9.30%	9.30%	9.00%	8.00%
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality

f. 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.

		Nine months period Ended December 31,	Year ended March 31,		
		2012	2012	2011	2010
g.	**Experience Adjustment to the extent provided by actuary:**				
	Present value of commitments	20.28	19.15	15.40	12.98
	Fair value of the Plans	17.51	12.65	13.58	13.87
	Surplus / (Deficit)	(2.77)	(6.50)	(1.82)	0.89
	Experience adjustment on plan liabilities	0.72	0.06	-	-
	Experience adjustment on plan assets	0.30	1.92	-	-

h. In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustments for certain years.

34 Segment Reporting:

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

(Amount in Rs. Millions)

Secondary segment information:	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Within India				
Sales	4,638.23	5,639.49	4,790.11	4,608.75
Segment assets	18,808.48	16,752.77	15,726.69	12,355.87
Additions to fixed assets	651.05	892.24	1,015.26	1,189.58
Outside India				
Sales	73.29	98.81	81.14	77.84
Segment assets	457.45	109.01	72.29	91.08
Additions to fixed assets	-	-	0.25	-
Total				
Sales	4,711.52	5,738.30	4,871.25	4,686.59
Segment assets	19,265.93	16,861.78	15,798.98	12,446.95
Additions to fixed assets	651.05	892.24	1,015.51	1,189.58

35

Earnings per share:	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Net profit after tax (Amount in Rs. Millions)	760.50	1,046.40	1,027.62	1,178.37
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,862,831	83,804,330	83,532,990	81,626,333

Earnings per share:	Nine months period Ended December 31,	Year ended March 31,		
	2012	2012	2011	2010
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos) on account of ESOP	83,886,752	83,950,435	84,157,084	82,569,244
Earnings Per Share – Basic (in Rs.)*	9.07	12.49	12.30	14.44
Earnings per share – Diluted (in Rs.)*	9.07	12.46	12.21	14.27
Nominal value of shares (in Rs.)	10.00	10.00	10.00	10.00

* Basic and diluted EPS for the nine months period ended December 31, 2012 is not annualized.

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

(Amount in Rs. Millions)

	As at December 31,	As at March 31,		
	2012	2012	2011	2010
Value in foreign currency				
Receivables (in UAE Dirham)	5.01	1.75	0.24	1.51
Loan to Malaysian Subsidiary (in Malaysian Ringgit)	4.67	4.86	4.49	4.71
Loan to US subsidiary (in US Dollar)	-	-	-	0.15
ICD to Thailand subsidiaries (in Thai Baht)	166.84	-	-	-
Value in INR				
Receivables	74.81	24.74	3.01	18.55
Loan to Malaysian Subsidiary	82.13	82.09	67.10	65.01
Loan to US Subsidiary	-	-	-	6.57
ICD to Thailand subsidiaries (in Thai Baht)	299.74	-	-	-

37 In June 2009, 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 1,768.83 Millions of which Rs 1,492.68 Millions have been spent towards the object of the issue (Rs 1,348.11 Millions were utilised for construction of resorts and Rs 144.57 Millions towards issue expenses) and the balance has been invested in debt schemes of mutual funds as at December 31, 2012.

38 The particulars regarding dues to Micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues payable to such parties as at the balance sheet date.

39 **Related Party Transactions:**

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

A.	Holding Company	Mahindra & Mahindra Limited
B.	Subsidiary Companies	Mahindra Holidays and Resorts USA Inc.
		Mahindra Hotels & Residences India Limited
		MHR Hotel Management GmbH
		Heritage Bird (M) Sdn Bhd.
		Bell Tower Resorts Private Limited
		BAH Hotelanlagen AG
		Divine Heritage Hotels Private Limited
		Gables Promoters Private Limited

		Holiday on Hills Resorts Private Limited
		MH Boutique Hospitality Limited * (Percentage of holding - 49%)
		Infinity Hospitality Group Company Limited ** (Percentage of holding - 49%)
C.	Fellow Subsidiaries with whom the company has transactions during the period	Mahindra Intertrade Limited
		Mahindra Consulting Engineers Limited
		Mahindra First Choice Wheels Ltd
		Mahindra First Choice Services Limited
		Mahindra Navistar Automotives Limited.
		Mahindra Reva Electric Vehicles Private Limited
		Mahindra Lifespace Developers Limited
		Mahindra Retail Private Limited
		Mahindra Two Wheelers Limited
		Mahindra Vehicle Manufacturers Limited
		Mahindra Shubhlabh Services Limited.
		Mahindra Automobile Distributor Private Limited
		Mahindra EPC Services Private Limited
		Mahindra Engineering Services Limited
		Mahindra United Football Company
		Mahindra World City (Jaipur) Limited
		Mahindra World City Developers Limited
		Mahindra Steel Service Centre Limited
		Mahindra & Mahindra Financial Services Limited
		Mahindra Ugine Steel Company Limited
		Mahindra Logistics Limited
D.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
E.	Key Management Personnel	Mr Ramesh Ramanathan (Managing Director) (upto April 30, 2011)
		Mr Rajiv Sawhney (Managing Director & CEO) (since May 1, 2011)

* By virtue of management control.

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

(ii) Related Party Transactions and balances

(Amount in Rs. Millions)

	December 31,	March 31,		
	2012	**2012**	**2011**	**2010**
Holding company				
Transactions for the period/year ended :				
Sale of services	360.63	317.00	50.67	17.70
Purchases of fixed assets	82.80	-	-	-
Purchase of services	49.02	36.02	22.69	-
Dividend paid	279.94	279.93	279.94	220.06
Balances as at :				
Outstanding: Payable	61.29	-	-	-
Outstanding: Receivable	30.14	43.02	9.29	35.47
Subsidiary companies				
Transactions for the period/year ended :				
Investments made:				

	December 31,	March 31,		
	2012	2012	2011	2010
Bell Tower Resorts Private Limited	-	505.45	-	-
Divine Heritage Hotels Private Limited	92.50	-	-	-
Gables Promoters Private Limited	136.38	-	-	-
Holiday on Hills Resorts Private Limited	438.74	-	-	-
BAH Hotelanlagen AG	-	-	-	311.38
Infinity Hospitality Group Company Limited	255.45	-	-	-
MH Boutique Hospitality Limited	9.53	-	-	-
ICD given:				
Bell Tower Resorts Private Limited	-	648.68	-	-
Divine Heritage Hotels Private Limited	65.00	-	-	-
Holiday on Hills Resorts Private Limited	286.07	-	-	-
Infinity Hospitality Group Company Limited	248.87	-	-	-
MH Boutique Hospitality Limited	50.87	-	-	-
Recovery of loan given:				
Mahindra Holidays and Resorts USA Inc.	-	-	-	247.81
Sale of services:				
Bell Tower Resorts Private Limited	-	0.35	-	-
Purchase of services:				
Bell Tower Resorts Private Limited	22.41	4.33	-	-
Divine Heritage Hotels Private Limited	0.78	-	-	-
Holiday on Hills Resorts Private Limited	1.71	-	-	-
Heritage Bird (M) Sdn Bhd.	10.29	10.18	9.87	9.10
Interest Income:				
Bell Tower Resorts Private Limited	43.99	16.31	-	-
Divine Heritage Hotels Private Limited	2.44	-	-	-
Heritage Bird (M) Sdn Bhd.	5.37	6.59	5.99	5.64
Holiday on Hills Resorts Private Limited	4.90	-	-	-
Mahindra Holidays and Resorts USA Inc.	-	-	-	8.49
Infinity Hospitality Group Company Limited	3.64	-	-	-
MH Boutique Hospitality Limited	0.76	-	-	-
Balances as at :				
Investment :				
BAH Hotelanlagen AG	311.38	311.38	311.38	311.38
Mahindra Hotels & Residences India Limited	0.50	0.50	0.50	0.50
MHR Hotel Management GmbH	1.57	1.57	1.57	1.57
Heritage Bird (M) Sdn Bhd.	4.03	4.03	4.03	4.03
Mahindra Holidays and Resorts USA Inc.	0.05	0.05	0.05	0.05
Bell Tower Resorts Private Limited	505.45	505.45	-	-
Divine Heritage Hotels Private Limited	92.50	-	-	-
Gables Promoters Private Limited	136.38	-	-	-
Holiday on Hills Resorts Private Limited	438.74	-	-	-
Infinity Hospitality Group Company Limited	255.45	-	-	-
MH Boutique Hospitality Limited	9.53	-	-	-

	December 31,	March 31,		
	2012	2012	2011	2010
Loans and Advances :				
Mahindra Hotels & Residences India Limited	1.11	1.06	1.01	0.96
Heritage Bird (M) Sdn Bhd.	82.13	82.09	67.10	65.01
ICD Outstanding:				
Bell Tower Resorts Private Limited	702.95	648.68	-	-
Divine Heritage Hotels Private Limited	67.19	-	-	-
Holiday on Hills Resorts Private Limited	290.48	-	-	-
Infinity Hospitality Group Company Limited	248.87	-	-	-
MH Boutique Hospitality Limited	50.87	-	-	-
Outstanding: Receivable				
Bell Tower Resorts Private Limited	20.81	13.72	-	-
Divine Heritage Hotels Private Limited	47.90	-	-	-
Holiday on Hills Resorts Private Limited	0.93	-	-	-
Mahindra Holidays and Resorts USA Inc.	-	-	-	6.57
Fellow Subsidiaries				
Transactions for the period/year ended :				
Sale of fixed assets:				
Mahindra World City Developers Limited	-	-	25.50	-
Mahindra First choice Wheels Limited	-	1.08	-	-
Debtors Securitized:				
Mahindra & Mahindra Financial Services Limited	-	-	-	750.00
ICD given:				
Mahindra & Mahindra Financial Services Limited	-	-	300.00	-
Repayment of ICD given:				
Mahindra & Mahindra Financial Services Limited	-	-	300.00	-
Sale of services:				
Mahindra Logistics Limited	0.04	0.04	1.69	-
Mahindra Intertrade Ltd	4.90	2.80	0.91	-
Mahindra Navistar Automotives Limited.	0.38	0.13	1.50	1.18
Mahindra First Choice Wheels Ltd	0.07	0.33	4.80	-
Mahindra First Choice Services Limited	0.47	-	0.07	-
Mahindra Lifespace Developers Ltd	2.69	1.16	-	0.29
Mahindra Reva Electric Vehicles Private Limited	0.23	-	-	-
Mahindra Retail Private Limited	0.11	-	0.14	-
Mahindra Two Wheelers Limited	0.40	-	-	-
Mahindra Vehicle Manufacturers Limited	0.28	0.30	-	-
Mahindra Automobile Distributor Private Limited	-	0.10	-	-
Mahindra Shubhlabh Services Limited.	0.07	0.58	-	-
Mahindra EPC Services Private Limited	5.54	3.48	-	-

	December 31,	March 31,		
	2012	2012	2011	2010
Mahindra United Football Company	-	-	0.84	1.65
Mahindra World City (Jaipur) Limited	-	-	0.03	-
Mahindra Steel Service Centre Limited	-	0.35	-	-
Mahindra & Mahindra Financial Services Limited	-	-	0.07	-
Mahindra Ugine Steel Company Limited	-	-	-	0.06
Interest Income				
Mahindra & Mahindra Financial Services Limited	-	-	13.61	-
Purchase of services:				
Mahindra World City Developers Limited	-	-	0.19	0.23
Mahindra Consulting Engineers Limited	0.21	0.83	0.25	-
Mahindra Logistics Limited	0.45	0.54	-	-
Balances as at :				
Outstanding: Payable				
Mahindra Logistics Limited	0.03	0.24	-	-
Mahindra Consulting Engineers Limited	0.08	0.08	0.04	-
Mahindra United Football Company	-	-	-	0.20
Outstanding: Receivable				
Mahindra Lifespace Developers Ltd	0.49	0.63	0.49	0.49
Mahindra Engineering Services Limited	1.63	1.39	1.39	-
Mahindra Intertrade Limited.	1.19	0.10	-	-
Mahindra Automobile Distributor Private Limited	-	0.01	-	-
Mahindra Shubhlabh Services Limited.	0.10	0.27	-	-
Mahindra EPC Services Private Limited	0.55	0.87	-	-
Mahindra Two Wheelers Limited	0.20	-	-	-
Mahindra Logistics Limited	-	-	0.06	-
Mahindra Vehicle Manufacturers Limited	-	0.30	-	-
Mahindra Navistar Automotives Limited.	-	0.03	0.05	0.68
Mahindra Consulting Engineers Limited	-	-	0.31	0.31
Mahindra World City Developers Limited	-	-	-	0.28
Mahindra United Football Company	-	-	-	0.64
Other entities under the control of the company				
Balances as at :				
Outstanding: Payable				
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	150.06	150.49	6.01	9.70
Outstanding: Receivable				
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	132.00	132.00	0.01	12.01
Key Management Personnel				
Transactions for the period/year ended :				

	December 31,	March 31,		
	2012	**2012**	**2011**	**2010**
Managerial remuneration:				
Mr Rajiv Sawhney	18.86	17.14	-	-
Mr Ramesh Ramanathan	-	2.22	26.47	22.82
Purchase of fixed assets:				
Mr Rajiv Sawhney	-	3.23	-	-
Balances as at :				
Loan Outstanding:				
Mr Ramesh Ramanathan	-	-	2.26	2.50

40 **Capital work in progress and expenditure during construction pending allocation includes therein.**

(Amount in Rs. Millions)

Description	As at December 31,	Year ended March 31,		
	2012	**2012**	**2011**	**2010**
Capital Work-in-progress	2,221.89	1,836.38	1,345.02	934.63
Expenditure during construction pending allocation (included above):				
Salaries, Wages & Bonus	179.09	142.66	86.01	46.70
Staff welfare Expenses	2.78	2.53	1.91	1.19
Power & Fuel	4.32	3.81	3.58	1.38
Rent	2.55	2.33	2.01	0.85
Rates & Taxes	2.39	2.32	1.92	2.99
Repairs-Others	2.71	2.35	2.13	0.12
Travelling	35.59	28.39	18.43	11.25
Communication	4.27	3.69	2.80	1.71
Printing & Stationery	1.43	1.20	0.84	0.52
Insurance	0.02	0.01	-	0.01
Consultancy Charges	53.86	36.89	18.73	13.57
Freight	4.13	3.88	3.07	1.40
Interest - Others	2.32	2.32	2.32	27.28
Bank Charges	0.49	0.37	0.30	-
Miscellaneous	15.57	12.66	7.53	3.85
Total	**311.52**	**245.41**	**151.58**	**112.82**

41 The figures for the years ended March 31, 2012, March 31, 2011 and March 31, 2010 included in the Unconsolidated Summary Financial Statements have been reclassified to correspond with the classification criteria followed for the nine months period ended December 31, 2012.

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Red Herring Prospectus contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Mr. Arun Kumar Nanda *Chairman (Non-Executive)*	
Mr. Rajiv Sawhney *Managing Director and Chief Executive Officer*	
Mr. Uday Y. Phadke *Non-Executive Director*	
Mr. Vineet Nayyar *Non-Executive Director*	
Mr. Cyrus J. Guzder *Independent Director*	
Mr. Rohit Khattar *Independent Director*	
Mr. Sridar Iyengar *Independent Director*	

Date : March 6, 2013

Place : Mumbai

Aloke Ghosh

Chief Financial Officer

Registered Office of the Company

Mahindra Holidays & Resorts India Limited
Mahindra Towers, 2nd Floor
No. 17/18, Patullos Road
Chennai – 600 002.

Auditor to the Company

M/s. Deloitte Haskins & Sells, Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road, T. Nagar
Chennai 600 017

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021

ICICI Securities Limited
ICICI Securities
H. T. Parekh Marg
Churchgate, Mumbai 400 020

Religare Capital Markets Limited
901, 9th Floor, Tower -1
Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone Road
Mumbai 400 013

Syndicate Member
Kotak Securities Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24, Vithalrao Nagar
Madhapur, Hyderabad 500 081

Public Issue Account Bank

Yes Bank Limited
Indiabulls Finance Centre, Tower 2, 8th floor
Senapati Bapat Marg, Elphinstone (West)
Mumbai 400 013

Domestic Legal Counsel to the Company

Khaitan & Co.
One Indiabulls Centre, 13th Floor, Tower 1, 841 Senapati Bapat Marg, Mumbai 400 013

Indian Legal Counsel to the Book Running Lead Managers

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013