

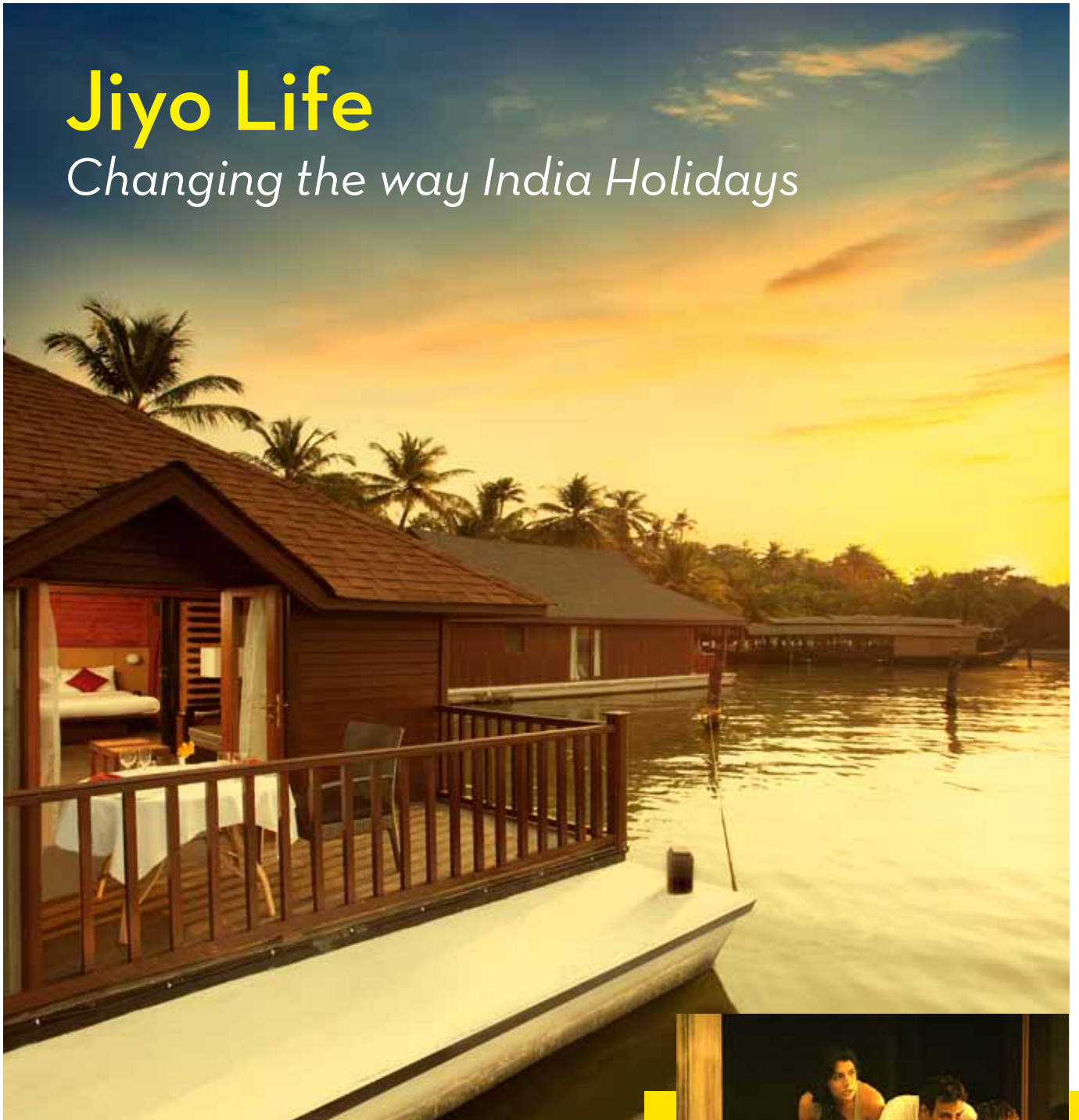
Jiyo
Life



fun. family. forever.

Jiyo Life

Changing the way India Holidays



Mahindra Holidays & Resorts India Limited
Annual Report 2010 - 11

Today is another perfect day, to defy the world's naysayers.

Today, we will think bigger than our size.
Today, we will refuse to accept limitations.
Today, we will not be held back by the past.

Today, we will focus on the future –
and never, ever blink.

Today, we will break down another barrier.
Scoff at another convention.
And use alternative thinking.
To solve another previously unsolvable problem.

Today, we will accomplish something
astounding. And in the process,
change someone's life for the better.

Today, we will set an example for the world.

With boldness.
With confidence.
With relentless optimism.

GOOD MORNING.

TODAY IS ANOTHER PERFECT DAY...

TO Rise.

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Financial Section

Mahindra Holidays is committed to the core philosophy and mission of 'Good Living. Happy Families', which is articulated as 'Jiyo Life'.





Jiyo Life is all about moments of wholesome joy for the family, when you truly feel alive. This is an ardent call not just for our customers, but for all stakeholders. It entails a keen sensitivity for the environment and the community. Jiyo Life expresses the three brand pillars of *Rise*, our Group's core purpose:

- ~ Accepting no limits by continuing to raise the bar by bringing new members to Jiyo Life and by adopting new dimensions through different experiences and destinations.
- ~ Alternative thinking entails product-process innovation, be it the introduction of terra — our new campsite product to engage with nature — or customer-centric initiatives, such as adding new customer touch points and introducing holiday activities never seen in India before. These initiatives enable Jiyo Life and enhance both membership and holiday experience of our customers.
- ~ Driving positive change through affirmative action to develop communities, preserve the environment and contribute to sustainable development, such as pioneering Ecotel certification; pre-certification of greenfield projects by Indian Green Building Council; and, engaging with local communities to create opportunities for their socio-economic development. All these efforts are aimed at Jiyo Life — to live life to the fullest, happiest and in the most balanced and responsible way.

Chairman's Welcome






 We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to *Rise*.

Dear Shareholder

This is the second annual report of your Company since its successful IPO in July 2009, and my second letter to you as the Chairman.

Let me start by sharing with you some facts about Mahindra Holidays.

-  At the end of 2004-05, your Company had 28,491 vacation owners in its fold. On 31 March 2011, the membership stood at 125,169. That translates to a 25 per cent compound annual growth rate (CAGR) over six years — a creditable achievement by any yardstick.
-  Six years ago, your Company had one product — vacation ownership under Club Mahindra Holidays. Today, while Club Mahindra Holidays continues to dominate, it has various other products and offerings such as Zest, Club Mahindra Fundays, Mahindra Homestays, clubmahindra.travel and the newly launched rugged camping vacations called terra. Each provides differentiated offerings for various types of clients. And each has a high growth potential.
-  Today, your Company has a selection of 35 resorts across hill stations, beaches, backwaters, wildlife, forts and heritage, as well as international destinations. In addition, Mahindra Homestays provides the experiences of authentic India by guests living in carefully vetted Indian homes — ranging



I have no doubts that Mahindra Holidays is again getting itself into a position to rapidly and profitably leverage the growth opportunities in India's leisure hospitality market.

from palaces and heritage properties, to plantations as well as rural and farm homes. On 31 March 2011, Mahindra Homestays was affiliated with 282 homes comprising 750 rooms across 60 locations in India.

I could go on. The point of these examples is to illustrate the phenomenal growth and goodwill that your Company has enjoyed over the last six years. Simply put, we have understood the needs of an increasingly better off set of consumers who desire to have vacation experiences with a difference; and, in the process, we have grown the business in different directions through attractive offerings; all united by the power of the Mahindra brand — a name associated with trust, credibility and transparency.

Rapid growth, such as what has been witnessed by your Company, occasionally requires review and consolidation, lest it unwittingly gets out of hand. In the first half of 2010-11, the senior management of Mahindra Holidays asked a simple question: "What are the improvements that we must do today so that Mahindra Holidays is even better prepared to benefit from future market opportunities?"

This led your Company to initiate measures to further improve productivity and create an even stronger foundation for growth. There were several initiatives. Let me name a few.

The first involved strengthening the process of customer acquisition, so as to build a more robust customer portfolio. The second was to standardise and further upgrade the quality and processes of customer interface — from the point of initial contact to sales to member relations and resort service. The third was to implement processes based upon best in class TQM principles across the organisation. The fourth was to further focus on building a seamless, enterprise-wide information technology backbone to handle exponential growth in volumes while increasing customer satisfaction.

Thus, the tasks for driving the next phase of growth were to build a more robust customer base; standardise and improve all customer facing experiences; make quality the watchword of the organisation; and create a world class IT system to facilitate all aspects of the business.

It was time to pause; to re-focus on the key drivers; to create an unmatched customer experience; and move on to the next phase of growth.

These initiatives were identified and put in place in the first half of 2010-11. While they put a pause on growth and somewhat dampened your Company's financial results, I have no doubts that Mahindra Holidays is again getting itself into a position to rapidly and profitably leverage the growth opportunities in India's leisure hospitality market.

As a Chairman of a listed Company, I am expected to be circumspect about 'forward-looking' statements. Nevertheless, I believe that the next year should see a significant growth in room inventory. Moreover, I expect the management to achieve its improved quality and productivity goals. If these were to occur, one should presume that your Company ought to generate higher shareholder value along with higher revenue growth. I am, therefore, optimistic of the foreseeable future.

In January 2011, the Mahindra Group launched a new brand positioning spanning all industries, companies, and geographies. It is expressed by the word 'Rise'. I am sure that you have seen this in various advertisement and media releases. 'Rise' articulates a core group purpose: "We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise."

Mahindra Holidays, too, shall 'Rise'. We will keep raising the bar; re-define and expand opportunities; innovate products and processes for the customers; and drive change, not just through greater shareholder value but by bettering the environment and the lives of our communities.

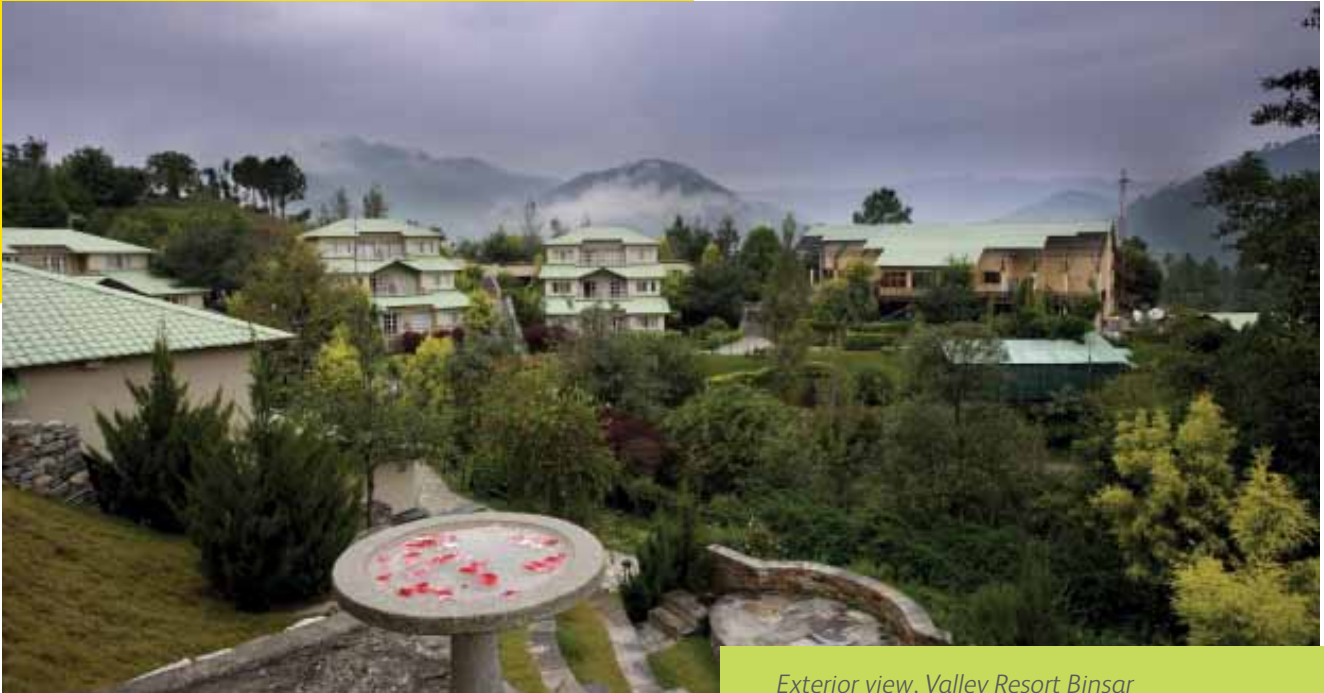
Thank you for your support. We treasure it.

With regards

A K Nanda

Chairman

Directors' Report



Exterior view, Valley Resort Binsar

Directors' Report to the Shareholders

Your Directors are pleased to present their Fifteenth Report together with the audited accounts of your Company for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

(Rs. Lakh)

	2011	2010
Income:		
Income from sale of Vacation Ownership and other services	48,713	46,875
Other Income	4,703	4,762
Total Income	53,416	51,637
Expenditure :		
Less: Employee Cost & other expenses	(36,218)	(31,600)
Profit before Depreciation, Interest and Taxation	17,198	20,037
Less: Depreciation	(2,010)	(1,910)
Interest	(260)	(455)
Profit for the year before tax	14,928	17,672
Less: Provision for Tax – Current Tax	(4,305)	(5,505)
– Deferred tax (net)	(347)	(383)
Net Profit for the year after tax	10,276	11,784
Balance brought forward from earlier years	17,046	10,369
Balance carried forward	27,322	22,153
Appropriations:		
General Reserve	(1,028)	(1,178)
Proposed Final Dividend on Equity shares	(3,369)	(3,369)
Income Tax on Proposed Final Dividend	(547)	(560)
Surplus carried to Balance Sheet	22,378	17,046

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.4 per Equity Share of the face value of Rs.10 each for the financial year 2010-11. The dividend, if approved at the ensuing Annual General Meeting, will be paid to the Shareholders whose names appear on the register of members of the Company as on 15th July, 2011. The equity dividend outgo for the financial year 2010-11, inclusive of tax on distributed profits would absorb a sum of Rs. 3,916 lakh (as against Rs.3,929 lakh comprising the dividend of Rs.4 per Equity Share paid for the previous year).

OPERATIONS AND FINANCIAL OVERVIEW

Club Mahindra Holidays, the Company's flagship brand in the vacation ownership business, along with Zest, continued to drive the Company's business during the year. The Company added over 15,000 new members to its vacation ownership business, taking the total membership to 125,169 at the end of the year.

In line with the growth in membership, the Company added inventory across new locations such as Udaipur, Sariska, Osian, Nawalgarh and Swamimalai. In addition, a resort in Innsbruck, Austria, and Kuala Lumpur, Malaysia, were also added to the Company's portfolio of international resorts. Apart from this, the expansion at Coorg became fully operational. At the end of the year, the Company had 35 resorts.

In a significant development, your Company has entered into a Memorandum of Understanding with the Government of Gujarat at the 'Vibrant Gujarat Summit' held in January 2011 to build seven new Club Mahindra Resorts in the State. These properties will be located at Saputhara, Polo Forest, Shivrajpur, Madhavpur, Suvali Beach, Nalsarovar and Jamboghoda, which will add around 600 units and involve an investment of approximately Rs.210 crore.

Apart from growth in members and increase in inventory, the Company introduced innovative and interesting facilities for its customers. During the year, the focus was on developing holiday activities that capture the natural beauty and cultural heritage of the destination. To engage different members of the family, your Company organised lifestyle seminars and beginner classes for activities such as swimming, yoga, aerobics, painting and cooking. Svaastha spas, which provide holistic wellness therapies, were extended to four new resorts — Ashtamudi, Goa, Munnar and Kumbhalgarh — taking the total to seven resorts.

It has been the stated objective of the Company to expand its holiday offerings across various segments and different holiday



One bedroom apartment, Safari Resort Corbett

experiences so as to progress steadily towards dominance in the holiday market. The Company launched terra — a camping and adventure holiday product during the year. Other products of the Company — Fundays, Homestays and Travel — also performed creditably during the year.

In terms of strategic direction, 2010-11 was a year of operational consolidation for your Company. The Company initiated a number of tough control measures aimed at improving productivity and creating a stronger foundation for future growth. This involved strengthening its customer acquisition process to build a robust customer portfolio, and enhancing customer experience to achieve greater differentiation in the market. Although the process will add significantly to the Company's performance in the coming years, it has impacted the Company's results during the year, especially during the first half. However, the performance picked-up towards the end of the year.

Your Company's total income (including other income) grew at 3.4 per cent from Rs.51,637 lakh in 2009-10 to Rs.53,416 lakh in 2010-11. The growth in income was low due to decrease in income from securitisation during the year. Profit After Taxes (PAT) came down from Rs.11,784 lakh in 2009-10 to Rs.10,276 lakh in 2010-11. As a result, diluted EPS of the Company was Rs.12.21 in 2010-11, down from Rs.14.27 in the previous year.

CAPITAL EXPENDITURE

During the year, the Company added Rs. 5,554 lakhs to its gross block, comprising investment in resort properties and Rs.69 lakhs for product development and software. The Capital work in progress as on 31st March, 2011, stood at Rs. 14,318 lakhs mainly representing resorts under development – Tungi near Lonavla, Virajpet in Coorg and Theog in Shimla.

AWARDS AND RECOGNITIONS

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

- ~ Mahindra Holidays won the Bird Express TravelWorld Award for 'Excellence in Operations'. These awards are regarded as one of the most respected awards in the travel and hospitality industry in India.
- ~ The resorts at Coorg and Goa were formally awarded the prestigious ECOTEL certification. The resort at Coorg was awarded 'Five Globes', the highest level of certification possible under the ECOTEL rating system. The resort at Goa was awarded 'Four Globes' and aspires to achieve the highest level in the next year.
- ~ The resorts at Naukuchiatal, Manali, Thekaddy and Yeracud were awarded the RCI Gold Crown status during the year taking the total number of Gold Crown resorts to 10. The resorts at Goa, Munnar, Coorg, Binsar, Dharamshala and Kumbhalgarh retained their RCI Gold Crown status.
- ~ The resort at Kumbhalgarh was adjudged as the top Gold Crown resort at the 'RCI Champions 2010' award which recognises the contributions made by companies to the vacation ownership business. The Company's employees won awards for excellence in sales, operations and that of the best resort manager at the event.
- ~ The resorts at Goa, Munnar, Coorg, Binsar, Manali, Dharamshala, Ooty, Kodaikanal, Puducherry, Thekaddy and Kumbhalgarh continue to retain their Branch Hygiene Code (BHC) certification.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your Company continued to carry out initiatives aimed at contributing to the socio-economic well being and development of the communities and the ecosystem that it interacts with. These are discussed in the Management Discussion and Analysis Report forming part of this Annual Report.

SUSTAINABILITY

In line with the philosophy of the Mahindra Group, your Company recognises the importance of sustainability, and is committed to conserve the ecological integrity of its locations through responsible business practices, and by greater accountability and transparency. Your Company actively participated in the Group's journey for Corporate Sustainability Reporting. The 'Sustainability Report' of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). Besides this, the Company continued to work in line with the five-year 'Sustainability Roadmap', which lays out the plan of initiatives to be carried out until 2013-14.

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

INITIAL PUBLIC OFFER (IPO)

During 2009-10, your Company had successfully carried out an Initial Public Offer of 92.65 lakh equity shares which was oversubscribed by more than nine times. The issue comprised a fresh issue of 58,96,084 equity shares of Rs.10 each and offer for sale of 33,69,191 equity shares by the Promoters of the Company. The net proceeds to the Company from the issue were Rs.17,688 lakhs and the shares were listed on the National Stock Exchange and the Bombay Stock Exchange on 16th July 2009.

As on 31st March 2011, the Company has utilised Rs.11,139 lakhs from the IPO proceeds.



Second pool, Varca Beach Goa

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

STOCK OPTIONS

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

DIRECTORS

Mr. Sridar Iyengar and Mr Rohit Khattar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. As stipulated in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, brief resume of Mr. Sridar Iyengar and Mr. Rohit Khattar, are provided in the report on Corporate Governance, which forms part of this Annual Report.

Mr Ramesh Ramanathan, resigned as the Managing Director and from the Board of the Company with effect from 30th April, 2011 to assume another role within the Mahindra Group. The Board placed on record its deep sense of appreciation for the services rendered by him during his association with the Company and his contribution in building the Company to its current level. Mr. Rajiv Sawhney has been appointed as an Additional Director with effect from 25th April, 2011, and as the Managing Director & CEO of the Company with effect from 1st May, 2011 for a period of five years. He holds office up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a

Member under section 257 of the Companies Act, 1956, signifying the intention to propose Mr. Sawhney as candidate for the office of Director.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

SUBSIDIARY COMPANIES

As on 31st March, 2011, your Company had five subsidiary companies viz., Mahindra Hotels and Residences India Limited, Mahindra Holidays and Resorts USA Inc., MHR Hotel Management GmbH, Heritage Bird (M) Sdn Bhd and BAH Hotelanlagen AG.

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

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

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

Heritage Bird (M) Sdn Bhd was incorporated on 7th July, 2007

under the laws of Malaysia and became a wholly-owned subsidiary of your Company on 3rd March, 2008. The principal activity of the company is purchasing, maintaining and leasing resorts.

BAH Hotelanlagen AG was incorporated on 14th December, 2006 under the law of Austria and became a subsidiary of your Company on 11th January, 2010. The company was incorporated to carry out the business of hotel, tourism and related activities.

The statement pursuant to section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached. The consolidated financial statements of the Company prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

In accordance with the general circular issued by Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any Shareholder of the Company and the concerned subsidiary company who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiaries would also be available for inspection by any Shareholder at the Registered Office of the Company and at the Office of the respective subsidiary companies, during working hours upto the date of the Annual General Meeting.

AUDITORS

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

PUBLIC DEPOSITS, LOANS AND ADVANCES

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations. These initiatives have been discussed in greater detail in the sections on Sustainability in the Management Discussion and Analysis report.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure II to this Report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER

The Company had 12 employees who were in receipt of remuneration of not less than Rs.60,00,000 during the year ended 31st March, 2011 or not less than Rs.5,00,000 per month during any part of the said year. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the statement may write to the Company.

ACKNOWLEDGEMENT AND APPRECIATION

Your Directors take this opportunity to thank the Company's customers, shareholders, suppliers, bankers, financial institutions and the Central and State Governments for their unstinted support. The Directors would also like to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board

Place: Mumbai
Date: 25th April, 2011

A K NANDA
Chairman

Annexure I to the Directors' Report for the year ended 31st March, 2011

INFORMATION TO BE DISCLOSED UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999;

a)	Options granted	1199850					
b)	The pricing formula	Grant I - Granted on 15th July, 2006	Grant II - Granted on 30th March, 2007	Grant III - Granted on 1st November, 2007	Grant V - Granted on 1st November, 2008		
		The options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an independent Chartered Accountant using Discounted Cash Flow Method					
c)	Options vested	810,610 Options stand vested on 31st March, 2011.					
d)	Options exercised	758,357					
e)	The total number of shares arising as a result of exercise of options	758,357 equity shares of Rs.10/- each. These were transferred from the Trust to the Eligible Employees.					
f)	Options lapsed	230,079					
g)	Variation of terms of options	The Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 formulated prior to the Initial Public Offering (IPO) of the Company was ratified by the Company subsequent to IPO on 16th December 2009 by seeking the consent of shareholders through Postal Ballot.					
h)	Money realised by exercise of options	Rs.19,052,696					
i)	Total number of options in force	211,414					
j)	Employee-wise details of options granted to:						
	i)	Senior Managerial Personnel	Names of Directors and Senior Managerial Persons to whom stock options have been granted	Number of options granted in July 2006 *	Number of options granted in March 2007 **	Number of options granted in November 2007 #	Number of options granted in November 2008 ##
			Mr. A K Nanda	200000	-	9510	10500
			Mr. Ramesh Ramanathan	100000	12200	-	10100
			Mr. U.Y.Phadke	10000	-	3170	3500
			Mr. Cyrus J Guzder	10000	-	-	-
			Mr. Rohit Khattar	10000	-	-	-
			Ms. Rama Bijapurkar	-	-	15000	-
			Mr. Vineet Nayyar	-	-	10000	-
			Mr. R.Radhakrishna	15000	5440	-	4470
			Mr. Ravindera Khanna	12000	3570	-	2830
			Mrs. Vimla Dorairaju	12200	3910	-	3090
			Mr. Anirudha Haldar	9000	1870	-	2200
			Mr. M. Harinath	9150	2040	-	1670
			Mrs. Sumathi Mohan	4400	1800	-	1420
			Mr. P. Ravi Shankar	-	-	-	10000
			Mr. Rajiv Balakrishnan	1000	375	-	410

* 579598 options have been vested till 31st March, 2011, of which 566163 options have been exercised by the eligible employees.

**87378 options have been vested till 31st March, 2011, of which 64494 options have been exercised by the eligible employees.

42520 options have been vested till 31st March, 2011, of which 41727 options have been exercised by the eligible employees.

101114 options have been vested till 31st March, 2011, of which 85973 options have been exercised by the eligible employees.

	ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Name of Employee	Number of options granted in July 2006	Number of options granted in March 2007	
			Mr.Ramesh Ramanathan	100000	12200	
	iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL			
K)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'			Rs. 12.21		
I)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.		The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.20.76 lakhs, Profit after tax lower by Rs.20.76 lakhs and the basic and diluted earnings per share would have been lower by Rs.0.02.			
m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.		Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	
			15th July, 2006	16.00	4.28	
			30th March, 2007	52.00	16.36	
			1st November, 2007	52.00	16.55	
			1st November, 2008	52.00	16.04	
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:		The fair value of the stock options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:			
			Grant dated 15th July, 2006	Grant dated 30th March, 2007	Grant dated 1st November, 2007	Grant dated 1st November, 2008
(i)	risk-free interest rate,		7.82%	7.92%	7.72%	7.34%
(ii)	expected life,		4.50	5.00	5.00	5.00
(iii)	expected volatility,		Nil	Nil	Nil	Nil
(iv)	expected dividends, and		Nil	Nil	Nil	Nil
(v)	the price of the underlying share in market at the time of option grant.	Not Applicable as the shares of the Company are not listed at the time of option grant.				

Note:

- (i) The entire options granted under Grant - IV on 4th February, 2008 were either lapsed or surrendered.
- (ii) The options granted under Grant I, Grant II & Grant III stand augmented by 5 Bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November, 2007.

Annexure II To the Directors' Report for the Year Ended 31st March, 2011

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

A. Conservation of Energy

- a. Energy Conservation measures taken: The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- b. Additional investments and proposals, if any, are being implemented for reduction of consumption of energy: Installation of CFL bulbs in large resorts.
- c. Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in reduction of Energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the schedule: Not Applicable

B. Technology Absorption

Research & Development (R&D)

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

C. Foreign Exchange Earnings And Outgo

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Report.

Particulars with regard to Foreign Exchange Earnings and Outgo are given in the Notes on Accounts.

For and on behalf of the Board

Place: Mumbai
Date: 25th April, 2011

A K NANDA
Chairman

Management Discussion and Analysis



Dune Shack, Varca Beach Goa

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

The Company has pioneered vacation ownership in India, and is currently the market leader in the segment. It offers complete holiday solutions to its customers, drawing on its wide range of products and services. These are: Club Mahindra Holidays, which is the Company's flagship brand, Zest, Club Mahindra Fundays, Mahindra Homestays, clubmahindra.travel, and the newly launched terra.

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

INTRODUCTION

2010-11 saw significant improvement in global macroeconomic environment, with advanced economies reporting positive growth, and allaying fears of a double-dip recession. The Indian economy, which had weathered the financial crisis better than most others of comparable size, also benefited from this positive change — recording a broad-based increase in activity during the year, in which all sectors contributed. India's GDP grew by 8.5 per cent in 2010-11 — 50 basis points higher than the GDP growth of 8 per cent achieved in 2009-10.

However, the concern was inflation. Despite a better than expected performance of agriculture, which recorded 6.6 per cent growth — its highest since 2003-04 — there was no relief from rising prices of food items, which dented household budgets. Simultaneously, commodity and oil prices remained firm during the year, increasing project execution and operational costs.

Thus, the macroeconomic environment in 2010-11 presented both opportunities as well as challenges. With a rapidly growing economy, the travel and tourism sector is set for consistent growth in the coming years. The key factors driving this growth are discussed in the section on markets and opportunities. Equally, persistent high inflation is a cause of concern as it can dampen consumer sentiment, especially for the Company, since it deals with products and services at the upper end of the discretionary consumer spend.

2010-11 was the 15th year of operation of the Company. As an entity that has been growing rapidly in the last few years, Mahindra Holidays considered the macroeconomic developments as an opportunity to strengthen and consolidate its operations, and thus allow it to be better prepared to leverage future market opportunities and scale-up operations.

This involved giving expression to its mission of “Good Living. Happy Families.” through “Jiyo Life”— a comprehensive campaign of efforts aimed at the customer, and all constituent stakeholders. Hence, the Company initiated a number of measures aimed to improve productivity and create a stronger foundation for future growth. Among others, these involved strengthening its customer acquisition process to build a more robust customer portfolio, and further enhancing customer experience to achieve greater differentiation in the market. These measures included:

- ~ comprehensive review of existing membership base;
- ~ standardising, training and certifying all customer facing roles, from the point of initial contact and sales to member relations and resort services;
- ~ strengthening customer acquisition process;
- ~ widespread implementation of TQM principles; and
- ~ building a transparent enterprise-wide technology backbone which is capable of seamlessly handling growth in volumes and of increasing customer satisfaction.

These have been discussed in greater detail in the sections on HR, Quality, IT and Project PariNaam.

The Company is confident that these initiatives will significantly add to the Company’s performance in the coming years.

Nevertheless, it is true that the Company’s results for 2010-11 have been affected — with lower sales growth and a fall in profits.

The Company believes that with the course corrections initiated in 2010-11, the Company is again in a position to rapidly and profitably leverage the growth opportunities in the leisure hospitality market in India. Going forward, the focus will be on adding inventory to meet the requirements of its growing customer base and providing a variety of experiences through a combination of new destinations, innovative products and services — all of which are structured to increase overall customer satisfaction.

The markets and opportunities, the operational and financial performance of the Company, initiatives in the areas of quality, sustainable development, and key functional areas such as human resources and information technology (IT), are discussed in greater detail herein.

MARKETS AND OPPORTUNITIES

With strong and sustained growth of the economy over the last decade, the market for travel and tourism is growing rapidly in India across various socio-economic segments. The key factors behind the increase in the size of this opportunity are:

1. Disposable incomes have grown significantly during the period. Per capita national income in India has more than



Waterfield, Varca Beach Goa

tripled from Rs.16,700 in 2000-01 to Rs.54,800 in 2010-11. According to the McKinsey Global Institute, the number of household earning over Rs.5 lakh per year will increase from 3.6 million in 2005 to 8.8 million in 2015. Over the same period, the share of wallet spent on discretionary items is expected to grow from 50 per cent to 70 per cent. This has given, and will continue to impart, considerable push to the demand for leisure travel and the other market segments that the Company addresses.

2. Domestic tourism in India is on the Rise. According to latest information from the Ministry of Tourism, Government of India, the number of domestic tourist visits in India has increased to 650 million in 2009 versus 191 million in 1999 — a CAGR of 13 per cent during the 10 year period. Over the same period, number of outbound departures of Indian nationals has risen from 4.1 million to 11.1 million — reflecting an increase in the willingness and ability to take quality holidays among the country’s middle to higher income segments. Forecasts published by Business Monitor International suggest that outbound departures of Indian residents will increase to 15.4 million by 2015. These trends, coupled with growing well-being and changes in life style, indicate very strong growth potential of travel and tourism.
3. The hospitality sector in India is witnessing significant activity over the last few years. According to recent research done by Cushman & Wakefield, the sector will have a cumulative demand for 690,000 additional room nights between 2009 and 2013. The market for vacation ownership, India has witnessed a considerable increase in the awareness and acceptance of the concept over the last few years. According to another research by Group RCI and Cushman & Wakefield in 2009, the size of the Indian timeshare industry was estimated at 4,640 units and 146,450 members representing some 241,330 timeshare weeks in 2008. It projected the demand to grow at an annual rate of 16 per cent from 2006 to 2015.

Mahindra Holidays is the largest player in the vacation ownership market in India. It has a dominant market share of over 70 per cent of the total active vacation ownership members in India with RCI.

Leveraging the ‘Mahindra’ brand — a name associated with trust, credibility and transparency — the Company has pioneered and grown the vacation ownership business in India, and has introduced and marketed the concept to a wide cross-section of people across the country and across geographies. With successful execution

of projects and the delivery of quality holiday experiences to its members, Mahindra Holidays has not only established a brand for itself, but has also become the industry benchmark.

For its future growth, the Company is actively looking at new destinations and markets as well as designing innovative products to suit the needs of specific consumer segments. In fact, moving sales and marketing beyond the top metropolitan and Tier I cities by strengthening its sales and distribution network, which comprises own employees, franchisees and agents, has been an important focus area. As on 31st March 2011, the Company had a network of 18 branch offices, 12 on-site offices, 44 retail outlets and 126 franchisees to distribute its products and services.

BUSINESS PERFORMANCE

Mahindra Holidays is the country’s leading player in the leisure hospitality industry. This is different from traditional holiday products, which are built around the concept of rooms and suited to individual travellers or couples. Leisure hospitality, in contrast, focuses on providing a complete holiday experience for the entire family. This includes choice of apartment type and size, as well as an array of different activities for all members of the family across different ages and preferences.

During the year, Mahindra Holidays continued to deliver quality family holidays to its customers in line with its vision of “Good Living. Happy Families”. Highlights of the Company’s efforts to enliven “Jiyo Life” during the year are:

- The membership base continued to grow, and stood at 125,169 as on 31st March 2011.
- The Company added several new destinations to its vacation ownership business. Including the expansion of existing resorts which became operational during the year, the Company’s room inventory also increased. It expects to add significantly higher inventory during 2011-12.
- It launched terra — a camping and adventure holiday product. Other products of the Company — Fundays, Homestays and Travel — also performed creditably during the year.
- Mahindra Holidays became the first vacation ownership company in India to receive the prestigious ECOTEL® certification for two of its resorts. It also became the first vacation ownership company in the world to receive the COPC-2000® CSP Global Standard certification by the Customer Operations Performance Centre Inc for its Member Relations Centre.

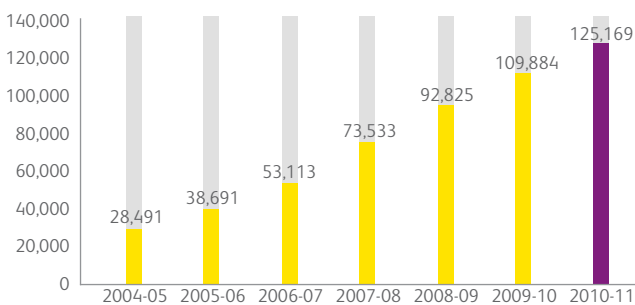
As mentioned earlier, 2010-11 was a year of operational consolidation for Mahindra Holidays. The Company initiated a number of measures aimed at improving future productivity and creating a stronger foundation for growth. Although the process will add significantly to the Company's performance in the coming years, it has impacted the results during the year, especially in the first half. The highlights of Mahindra Holiday's financial performance during the year as a standalone entity are given below.

- Total income of the Company (including other income) grew at 3.4 per cent from Rs.516 crore in 2009-10 to Rs.534 crore in 2010-11.
- Profit after tax (PAT) declined from Rs.118 crore in 2009-10 to Rs.103 crore in 2010-11. Net margin (PAT/Total income) fell from 22.8 per cent in 2009-10 to 19.2 per cent during 2010-11.
- Consequently, diluted EPS of the Company was Rs.12.21 in 2010-11, down from Rs.14.27 in the previous year.

VACATION OWNERSHIP

Vacation ownership accounts for a significant part of the Company's business and continues to drive its growth. As shown in the chart, Mahindra Holidays has recorded significant growth in the membership of its vacation ownership business over the last few years. During 2010-11, it has added over 15,000 members, taking the total membership to 125,169 as on 31st March 2011.

Cumulative Vacation Ownership Membership



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

Club Mahindra Holidays

Club Mahindra Holidays is the flagship product in the vacation ownership business. Membership entitles a week's holiday every year for a period of 25 years in a chosen apartment type and season category. Thanks to its customer friendly features and highest standards of product integrity, Club Mahindra Holidays was selected as a Consumer Superbrand in 2009.

The conventional timeshare model entitles ownership at a fixed resort location for a fixed week every year in a fixed season and room type. In contrast, Club Mahindra Holidays offers an extremely flexible customer-centric product — where one can choose the time and duration of the holiday, trade up or down on the weeks and/or apartments, and accumulate or advance the entitlement across an increasing number of resort locations. The most important benefit is that the holiday entitlements are protected from the effects of inflation, which makes it even more attractive for customers in the current macroeconomic environment. The product comes with defined and consistent value additions in terms of quality of service and choice of holiday locations. A Club Mahindra member is also entitled to the membership of RCI which allows access to over 6,000 RCI affiliated resorts worldwide.

Zest

Zest is another Mahindra Holidays product in the vacations ownership space. It entitles members to short breaks for six nights each year in studio apartments for a period of 10 years. It is aimed at the upwardly mobile younger generation in metropolitan cities, who prefer taking shorter breaks to unwind and de-stress from their busy work life.



Lakeview, Munnar Kerala

OTHER PRODUCTS

Club Mahindra Fundays

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

During the year, there was considerable interest in the product both from leading Indian corporate houses and multi-national companies. Several new corporate clients were added during the year.

Mahindra Homestays

Mahindra Homestays provides experiences of authentic India by providing accommodation in Indian homes — traditional Indian hospitality at its best. Each home provides unique experience in terms of customs, cuisine, architecture and activities. Originally designed for foreign tourists coming to India, the project was subsequently extended to domestic travellers. Currently, the product provides extensive choice of homes across different budget categories and property types: palaces, heritage properties, plantations, rural, city and farm homes.

Affiliation of homeowners with Mahindra Holidays is done after a careful process that includes assessing the facilities and training the homeowners. The process ensures that basic standards related to service, hygiene and safety are met and contributes to the overall satisfaction of the customer. During the year, the Company entered into MoUs with the State Governments of Tamil Nadu and Punjab to jointly promote home-stays. It already has similar MoUs with the governments of Kerala, Rajasthan and Uttarakhand.

As on 31st March, 2011, Mahindra Homestays was affiliated with 282 homes aggregating 750 rooms across 60 locations in 16 states. During the year, there was substantial increase in the number of room nights marketed in the product. A significant share of the business now comes from the product's online portal www.mahindrahomestays.com.

Club Mahindra Travel

Club Mahindra Travel, registered with IATA in Chennai, started as a travel integration service for Club Mahindra Holidays' members to take care of their entire range of travel needs — from accommodation to the best deals on air tickets, complete holiday packages, including sightseeing tours and documentation

requirements such as visa processing, foreign exchange and travel insurance. The product operates through a separate website www.clubmahindra.travel as well as through offices in Chennai, Mumbai and Delhi.

Apart from serving the travel related needs of its vacation ownership customers, the business is now concentrating on growing its corporate clients. During the year, the business took over the travel desk operations in most of the Mahindra Group companies. Besides, the MICE (Meetings, Incentives, Conferences, and Exhibitions) business also witnessed growth with several domestic and international conferences that were organised for a number of companies. Overall, business volume grew creditably during the year. In 2011-12, it will focus on expanding to other large metros and building a franchisee network for providing its services in Tier II cities.

Terra

Terra is a new outdoor camping and adventure holiday product of the Company launched in August 2010. Aimed at the younger generation looking for both recreation and adventure in their holiday, the product combines hospitability and highest levels of safety and hygiene with a closer to nature experience in simple, basic and rugged terrains — nature at its pristine best.

Terra campsites are designed to provide accommodation for families in tents with attached toilet and bath, basic services and a dining tent that provides wholesome food cooked at the campsite.



Derby Green, Ooty

Besides, there are facilities for amazing outdoor experiences, with a range of recreational and adventure activities conducted to a planned itinerary by the Company's team of experts. These include activities such as zorbing, mountain biking, abseiling/rappelling, rock climbing, zip-lining, guided nature walks, bonfires and treasure hunts. The product operates through a telephone contact centre based reservation engine, and has its independent website www.terracamps.com.

During the year, the Company started operations with one campsite at Panchgani, in Maharashtra, which is spread across five acres of land and is just 15 kilometres away from the Panchgani market. During 2011-12, two more campsites are expected to come-up, one each in the northern and southern part of the country.

NEW PRODUCTS

As a part of its strategy for growth, Mahindra Holidays plans to enter new segments by offering innovative products aimed at the different holiday needs of consumers. The Company is currently working on a product for senior citizens, an exclusive product specifically designed keeping in mind the needs of the high-end consumers and a deeded product offering partial ownership of high-end villas in close proximity to some of the company's existing resorts. These are expected to be launched in the foreseeable future.

PROPERTIES AND NEW PROJECTS

Mahindra Holidays currently has a pan-India presence through its extensive network of resorts. At the end of the year, the Company had 35 resorts across a cross-section of destinations: hills and hill stations, beach, backwater, wildlife, fort and heritage. It also operates resorts in international destinations. Most of these resorts are either owned or managed under a long lease.



During the year, the network of resorts was expanded with new locations such as Udaipur, Sariska, Osian, Nawalgarh and Swamimalai. In addition, resorts in Innsbruck, Austria and Kuala Lumpur, Malaysia, were also made available to Club Mahindra members. Apart from this, the expansion at the Company's existing resort at Coorg became fully operational.

Inventory addition during the year was limited as the Company focused on streamlining its customer acquisition processes, so as to improve productivity and creating a stronger foundation for future growth. However, with development efforts picking-up in the second half of the year, the Company has built a strong pipeline of greenfield projects, acquisition and leases, as well as expansion of existing properties which will become operational during the next few years.

Regarding greenfield projects, the property at Tungi (near Lonavala) is in its advanced stages of completion. Other projects under different stages of planning and implementation are a second resort at Coorg and one at Yelagiri. Besides these, Mahindra Holidays also has a land-bank in five locations across four different states, and is in the process of finalising land in new locations. The Company also expects to add a resort at Ranthambore in Rajasthan through acquisition, and expand its existing property at Gir during 2011-12.

In a significant development, Mahindra Holidays entered into an MoU with the Government of Gujarat at the 'Vibrant Gujarat Summit' held in January 2011 to build seven new Club Mahindra Resorts in the state. These properties will be located at Saputhara, Polo Forest, Shivrajpur, Madhavpur, Suvali Beach, Nalsarovar, and Jamboghoda; will add around 600 units; and involve an investment of approximately Rs.210 crore.

RESORT OPERATIONS

Efficient and effective resort operations are key to the functioning of Mahindra Holidays. As a Company marketing long duration products and services to its members, Mahindra Holidays ensures that quality of infrastructure and facilities are well maintained and upgraded regularly to meet customer expectations.

All resort locations are sufficiently equipped to cater to different dining and activity needs of individual members of the family. Most of the larger resorts also feature activity areas with trained personnel for engaging kids and toddlers. In a bid to meet the expectations of customers which are becoming more sophisticated with evolving lifestyles and greater exposure, the Company has introduced several innovative and interesting facilities for its customers.

During the year, the focus was on developing holiday activities that capture the natural beauty and cultural heritage of the destination. To engage the different members of the family, the Company organised lifestyle seminars and beginner classes for activities such as swimming, yoga, aerobics, painting and cooking. Svaastha spas, which provide holistic wellness therapies, were extended to four new resorts — Ashtamudi, Goa, Munnar and Kumbhalgarh — taking the total to seven resorts.

In 2010-11, the Company carried out significant improvements in the F&B services available at the resorts, introducing newer menus and dining options for its members. In November 2010, the Company supported the launch of "The Essential Culinary Guide", a book authored by its Corporate Executive Chef, Chef Soundararajan.

MEMBER RELATIONS

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

Once a sale is registered, the member relations team takes over the process of welcoming the new member to the Club Mahindra family. This is initiated by a welcome call, where the executive explains the product features, offerings and benefits associated with the membership. Apart from voice based contact, the Company has developed an effective and transparent web based solution which allows members to update their contact details, view their payments, holidaying history, and check room availability to plan holidays.

During the year, the Company enabled the payment of guest fees and international usage fees through the website or the IVR system. It is also in the process to upgrade the reservation tool to make it more transparent, efficient and user-friendly. Once operational, customers will be able to view availability, plan holidays and close the booking through the website, including making payments.

The processes of the member relations department are ISO 9001:2000 certified. During the year, Mahindra Holidays became the first vacation ownership company in the world to receive the prestigious COPC-2000® CSP Global Standard by the Customer Operations Performance Centre Inc. for its Member Relations

Centre. This certification underscores the Company's commitment to the principle of customer centricity in carrying out its operations, and will help it in improving its productivity and overall customer satisfaction.

MAHINDRA Rise

In January 2011, the Mahindra Group launched a new brand positioning spanning all industries, companies, and geographies. The new brand positioning, expressed by the word "Rise", is amplified by a simple group core purpose: "We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise."

Rise captures a sense of optimism about the future and a determination to shape one's own destiny. It means that the Company's products and services empower our customers to achieve their aspirations. From providing farmers in rural India with equipment and agri-services that help them raise farm productivity to building reliable pickups for businessmen, from creating IT solutions for some of the world's leading companies to pioneering green real estate in India, the Company enables its customers to achieve a better future.

Building a strong, universally relevant brand is a key driver of business success. Rise is expected to play a major role in the Company's plan to build a strong global presence and market leadership to become a truly global multinational. Rise unifies the varied perceptions of brand Mahindra across its existing companies, from automotive to retail. It also provides a clear guiding principle for all Group companies to follow.

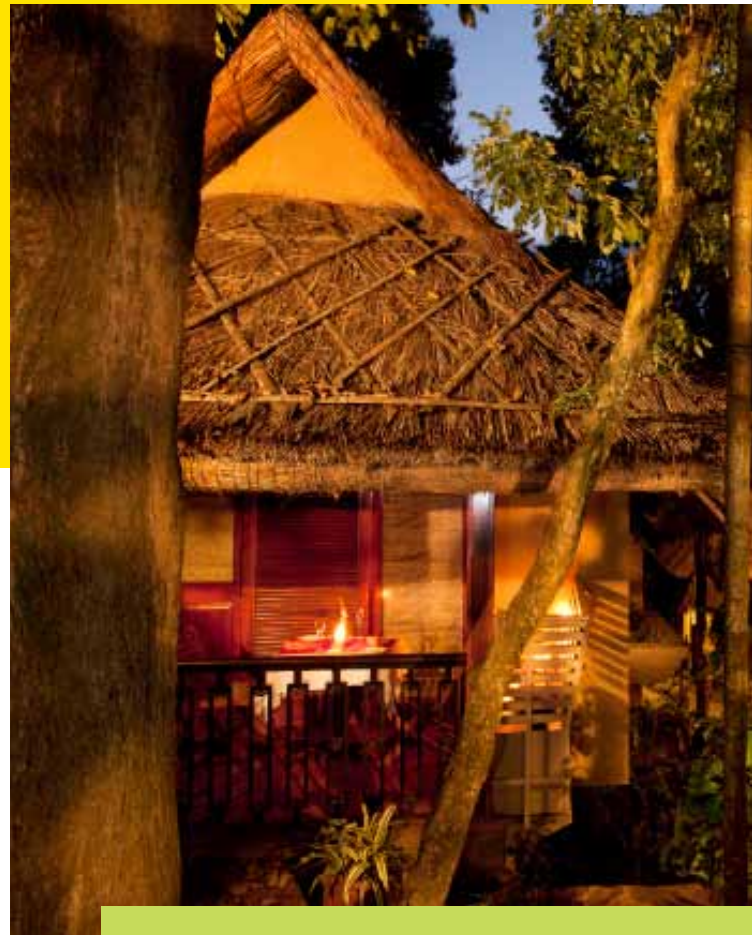
The idea of "Rise" arose from 18 months of in-depth conversations with employees and customers. It is an articulation of values the Group has always held. The idea of Rise rests on three brand pillars: accepting no limits, alternative thinking, and driving positive change.

For Mahindra Holidays, Rise is an embodiment of its core philosophy and mission of 'Good Living. Happy Families.', which is expressed as 'Jiyo Life' — a call to live a complete life, not just for our customers, but also all other constituent stakeholders, and the environment at large. For the Company, Jiyo Life is the expression of the three brand pillars of Rise:

- ~ accepting no limits means continuing to raise the bar by further increasing its market presence by redefining and expanding the opportunities — by bringing new members to Jiyo Life and by bringing new dimensions through different experiences and destinations.

- ~ alternative thinking means innovation in products and processes around the customer, be it the introduction of terra — the Company's new campsite product to engage with nature — or customer centric initiatives such as feedback processes, adding new customer touch points and introducing holiday activities never seen in India before, that enable Jiyo Life and enhance both membership and holiday experience of its customers.

- ~ driving positive change means affirmative action to develop communities, preserve the environment and contribute to sustainable development, such as pioneering Ecotel certification for resorts; LEED pre-certification of greenfield projects by Indian Green Building Council; employing energy efficient and sustainable practices in resort operations; and, engaging with local communities actively in the areas of education, health and environment to create awareness and at the same time opportunities for their socio-economic development. All aimed at Jiyo Life — to live life to the fullest, happiest, in the most balanced and responsible way.



Machan apartment, Tusker Trails, Thekkady Kerala

In addition to guiding product and service development, Rise has important implications for the internal working of the Group. It is currently driving internal business transformation of the Mahindra Group to help to live the Company's core purpose and enable it to achieve the goal of becoming a leading global player. The Company is re-evaluating its processes from HR policies to brand and digital architecture to drive positive change in its employees' work experience, its business success, and relationships with all its stakeholders. Mahindra Holidays, has introduced Employee Service Recognition awards to motivate and encourage the employees to Jiyo Life, making the workplace fun, and making it easier for them to deliver delight with personal conviction.

In the coming years, the Company expects Rise to yield strong business results by creating strong relationships with customers and all stakeholders, providing a clear guide for business decisions across the Group, and catalysing ambitious and innovative growth.

HUMAN RESOURCES (HR)

HR is key to the Company's business. Mahindra Holidays has some of the best practices in place to attract and retain skilled talent, and its HR processes and policies are aligned to enable employees meet their career objectives. The Company actively participated in "Rise" by communicating and inculcating its core principles among its employees.

During the year, the Company intensified its training efforts. The key focus was on improving the quality and productivity of its frontline executives. Thus, all sales executives went through a mandatory certification process before they interact with potential customers. Training on basic interpersonal and managerial skills was provided to first-time managers and frontline executives at resort locations. This training and certification process will be extended to all customer-facing roles within the Company during 2011-12.

The Company also continued with its efforts to build a talent pipeline across different levels. For aspiring sales professionals, Mahindra Holidays Sales Executive Trainee Program (MHSET), launched during the previous year to attract, recruit, induct and groom young talent for future sales positions, became a major success. MHSET will continue to meet the growing needs of the business in the future. The 'Development Centres', which were initiated in the previous year, were expanded significantly to cover 93 senior managers, comprising two-third of the eligible candidates for the programme. The development plans of individual employees are being based on the feedback from these Development Centres.

Apart from this, the Company carried out several capability

building and employee engagement exercises across its offices and resort locations. Several employees were nominated for management development programmes by IIM and online self-learning modules of Harvard Manage Mentor.

As on 31st March 2011, there were 2007 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

QUALITY

During the previous year, Mahindra Holidays had embarked on a TQM (Total Quality Management) journey, in collaboration with Mahindra Institute of Quality, to create a framework to institutionalise quality across the Company through large scale process improvements.

Two large and extremely important business processes — customer acquisition and customer experience at resorts — were taken up for improvement during the year. To do so, 41 quality improvement teams comprising 188 employees were formed across all resorts and branches to spearhead the improvement projects and integrate quality into the organisation. A top-level quality council, headed by the Managing Director of the Company was formed, which met once a month to review and closely monitor the project.



Floating Cottage, Backwater Retreat, Ashtamudi, Kerala

As a result, improvement areas were identified and 66 projects are under different stages of implementation. Also, documentation of resort operations and telephone marketing standard operating procedures (SOPs) are going through a comprehensive review, and will now include measures of performance.

In terms of building the necessary skills to implement these projects, 123 employees have been trained on TQM tools and techniques during 2010-11. These include 27 employees trained for the level of 'yellow belt' by Mahindra Institute of Quality; 17 employees trained for six-sigma 'green belt'; nine employees trained for carrying out internal quality audits in line with the principles of ISO 9001-2008; and, three quality managers from corporate team who were trained for becoming lead auditors.

Given its importance in meeting the core business goals and growth objectives, 2011-12 will continue to witness an unwavering focus on quality. Apart from increasing the scope and coverage of training employees, the Company will launch Kaizen initiatives to inculcate a culture of continuous improvement in the organisation.

INFORMATION TECHNOLOGY (IT)

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

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

During the year, Mahindra Holidays initiated the process of upgrading its IT infrastructure to the latest state-of-the-art offerings of Microsoft — both on desktops and servers. The Company is also moving to the latest version of ERP which will not only mitigate the risk of technology obsolescence, but also features considerable improvements to suit the requirement of a unique business model. The upgrading of the ERP will also improve the MIS and reporting for all businesses. In another development, with the availability of connectivity at its Dubai office, the Company is now truly online.

Customer feedback system in the Company was consolidated at all the resorts. These systems are managed by the operations team at each resort, who receive regular reports on customer feedback



Outdoor Restaurant, Valley Resort, Binsar

and have provision of triggering instant SMS in case urgent action is required. New touch screen based point-of-sale terminals were also installed at resorts during the year for taking orders.

During the year, online payment systems were enabled through the Company's website as well as IVRS. Apart from this, a website was launched for the new product terra. The website of Mahindra Homestays was upgraded to allow users to do multiple bookings by using shopping carts, similar to online retail websites. A new CRM solution was also implemented for one-time holiday takers.

The Company received the ISO 27001 certification for the corporate office, member relations centre, Chennai branch office and the resort at Coorg. This is a standard for Information Security Management System which specifies systems that are intended to bring information security, in the case of data of customers which are under explicit management control.



One bedroom apartment, Tusker Trails, Thekkady Kerala

PROJECT PARINAAM

Mahindra Holidays has undertaken a comprehensive company-wide initiative called “Project PariNaam” to transform the organisation and make it ready for scale and growth while further strengthening its financial and operational controls. The objective is to enhance the holiday experience by aligning all processes to the single goal of creating best in class end-to-end guest management systems, where all activities and processes are built around the customer.

The first phase of the project involved mapping the existing processes and articulating the strategic objectives of the Company. This was completed during the year. The Company is currently working on connecting these objectives to businesses processes that will be built on the principles of customer centricity. Once this is complete, the next step will involve using the best design architecture and technology platform to meet the requirements of a significantly scaled-up business model.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Mahindra Group has been at the forefront of taking affirmative action as a responsible organisation that seeks to meaningfully

contribute to the socio-economic well being and development of the communities and the ecosystem that it interacts with in carrying out its business. As a part of the Mahindra group, the Company is committed to contribute 1 per cent of its profit after tax to CSR activities every year primarily in the areas of education, health and environment — both through its group-level and Company-level activities.

Apart from working with local NGOs and contributing resources for socially relevant projects in these areas, the Company also encourages community service by its employees by involving them in the implementation of these CSR activities through its ‘Employee Social Options Programme’. During the year, the Company’s employees volunteered 643 man days aggregating 4,224 man-hours on different CSR initiatives. Some of these were:

Education

The Company sponsored the education of 1,300 girl children through the “Nanhi Kali” project; and the education of another 300 girls in Chennai. At its resort locations in Shimla, Ooty and Coorg, the Company supplied educational material and amenities to the poor and needy students. It also carried out repair and maintenance work and providing infrastructure facilities at an anganwadi close to its resort at Coorg.

Environment

Around 70,000 trees were planted during the year as a part of Mahindra Hariyali — a major tree plantation drive across its resort location — with greater focus involving the local community and using fruit bearing saplings that can be a source of income. The Company also took forward its ‘Say No To Plastic’ campaign by creating it into an employment and income generating opportunity for the local people by sponsoring paper bag manufacturing machines in Manali and Goa. Other initiative included installation of solar and other energy efficient lights in villages and areas around the Company’s resorts, cleanliness drives on beaches and other ecologically sensitive areas, and free vehicle emission check-up camp — all of which were carried out at several locations.

Health

The Company sponsored facilities such as drinking water and equipment at Kumbhagarh and Coorg; assistance and construction of toilets and kitchen at school and facilities for the poor in Chennai; distribution of blankets and amenities for people affected by flood and natural disasters at Binsar. Besides, it regularly carried out blood donation and medical check-up camps to benefit the local communities in which it operates.

SUSTAINABILITY

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

Mahindra Holidays actively participated in the Group’s journey for Corporate Sustainability Reporting. The ‘Sustainability Report’ of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). GRI is a Netherlands-based network which has pioneered the development of the world’s most widely used sustainability reporting framework. The United Nations is one of its key stakeholders. This reporting framework sets out the principles and indicators that organisations should use to measure and report their economic, environmental, and social performance. During 2010-11, the Company expanded the coverage of its sustainability reporting to seven large resorts, which account for around 70 per cent of its inventory.

During the year, Mahindra Holidays continued to work towards the implementation of its five-year ‘Sustainability Roadmap’, which lays out the plan of initiatives to be carried out until 2013-14.



Children’s play area, Snowpeaks, Manali

This follows the triple bottom line approach of ‘People, Planet and Profit’. The major initiatives that have been undertaken to reduce the carbon footprint and meet the sustainability objectives which include use of environment-friendly and energy efficient lighting at the resort locations such as mass conversion from regular bulbs to LED lamps, CFLs, solar panels; use of timers and motion sensors for lighting of pathways and common areas; commissioning of eco bio-block sewage treatment plants at resorts and organic waste pulveriser for wet garbage disposal; and ozone generators for pools.

As mentioned earlier, two of the Company’s resorts are ECOTEL® certified: Coorg received a Five Globe certification and Goa

a Four Globe. The Company is also working towards getting other environment related certifications for some of its other projects. In addition, the Company is applying for LEED pre-certification of its greenfield projects at Tungi and Coorg by Indian Green Building Council.

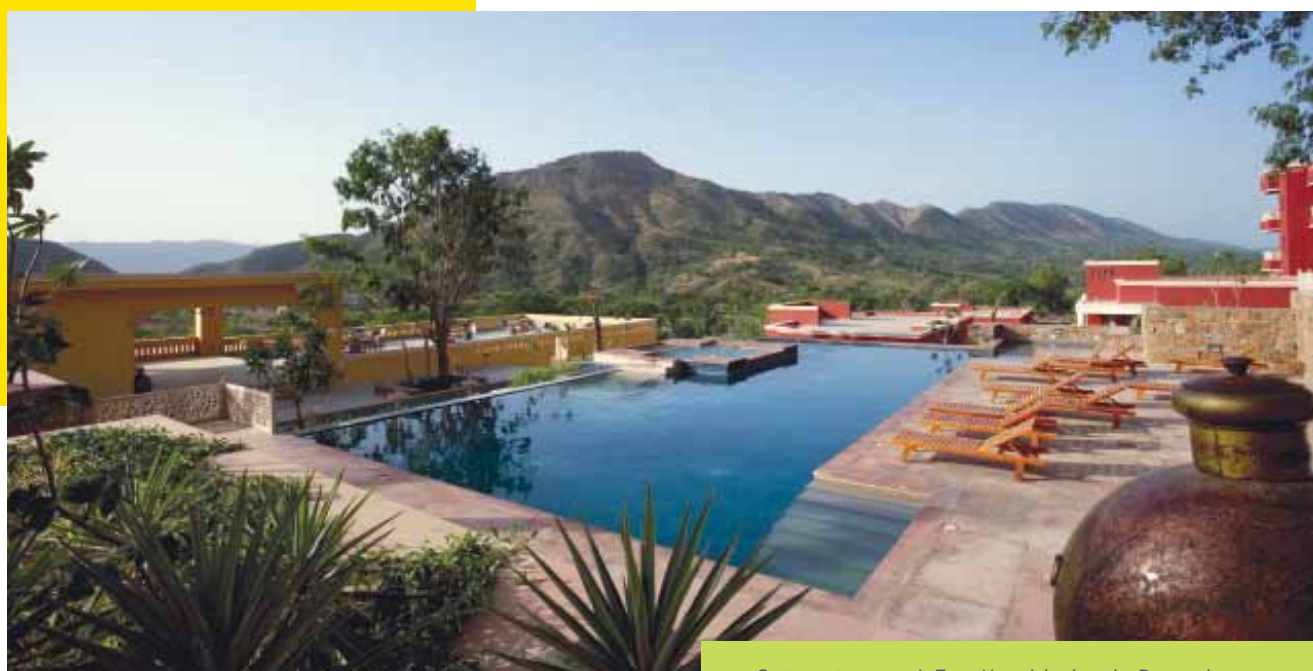
FINANCIALS

Table 1 presents the abridged profit and loss statement of the Company as a standalone entity.

Table 1: Abridged Profit and Loss Statement (Rs. crore)

	2010-11	2009-10
Operating Income	522.5	510.2
Other Income	11.7	6.2
Total Income	534.2	516.4
Operating Expenses	229.4	209.5
Other Expenses	132.8	106.5
Financial Expenses	2.6	4.6
Depreciation	20.1	19.1
Total Expenditure	384.9	339.6
PBDIT	172.0	200.4
PBDT	169.4	195.8
PBIT	151.9	181.3
PBT	149.3	176.7
Tax	46.5	58.9
PAT	102.8	117.8
Diluted EPS (Rs.)	12.21	14.27

The Company’s slowing down growth to focus on operational consolidation and process improvements adversely impacted its performance during the first half of the financial year. Here are the key financial highlights.



Swimming pool, Fort Kumbhalgarh, Rajasthan

- Total income, which includes both operating and other income, grew at 3.4 per cent from Rs.516 crore in 2009-10 to Rs.534 crore in 2010-11. The growth in income was low due to decrease in income from securitisation, which came down from Rs.22.3 crore in 2009-10 to Rs.1.2 crore in 2010-11 .
- Operating expenses, which include employee costs as well as sales and marketing expenses, grew by 9.5 per cent during the year to Rs.230 crore. Other expenses, which include lease rentals, maintenance and other administrative overheads, increased by 25 per cent to Rs.132 crores during 2010-11.
- Consequently, there was a decline in profits. Profit after tax (PAT) reduced from Rs.118 crore in 2009-10 to Rs.103 crore in 2010-11.
- Diluted EPS was Rs.12.21 in 2010-11, down from Rs.14.27 in the previous year

Table 2 compares the profitability ratios for 2009-10 and 2010-11.

Table 2: Profitability Ratios

	2010-11	2009-10
PBDIT/Total Income	32.2%	38.8%
PBDT/Total Income	31.7%	37.9%
PBT/Total Income	27.9%	34.2%
PAT/Total Income	19.2%	22.8%

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

INTERNAL CONTROLS

The Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. Besides, it has a sound ERP solution that implements these processes, strengthening controls and minimising the possibility of errors and lapses.

The Company has an internal audit function. Given the size of the Company's operations in terms of number of resort locations and nature of its business, it also uses independent internal audit firms to conduct periodic audits in line with an audit plan that is drawn at the beginning of the year. The scope of the exercise includes ensuring adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are placed every quarter before the Audit Committee of the Board of Directors, which reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.



Lounge, Royal Demazong, Gangtok



Lawns, Derby Green, Ooty

THREATS, RISKS AND CONCERNS

Mahindra Holidays has a risk management framework in place for identification of risks, assessment of their nature, severity and potential impact, and measures to mitigate them. This framework has established mechanisms for adequate and timely reporting and monitoring. Risks are reviewed periodically and updated to reflect the business environment and change in the size and scope of the Company's operations.

Macroeconomic Risks

The global economic slowdown affected India and the hospitality industry. Although the situation has improved considerably, such cyclical downturns may continue to resurface in the future. Besides, inflation continues to be high. Apart from increasing costs, this can impact the Company by creating a negative consumer sentiment regarding discretionary spend categories.

The Company recognises these risks and has initiated measures to minimise their impact. This includes focusing on customer acquisition and experience, expanding the addressable market base by introducing new products for specific target segments. It has also sought to de-risk itself by expanding its travel services

product to corporate clients, and marketing 'Homestays' to domestic customers.

Operational Risks

Operational risks mainly relate to meeting customer expectations in terms of quality of service and maintaining a balance between the inventory of resorts and growth of customers. These assume significance given the long service duration of the key products. The Company may not be able to make available the choice of location / dates as desired by customers on every occasion, which could result in dissatisfaction. Another operational risk is in the ability to consistently attract, retain and motivate managerial talent and other skilled personnel, especially in a high growth industry with unique characteristics.

As mentioned earlier in the report, the Company invests significant resources in systems and processes to ensure quality of service and overall experience of the customers to mitigate these risks. Regarding room inventory, the Company has been judicious in the use of different options — fresh developments, expansions, leases of different durations and acquisitions — to maintain a balance between the demand and supply. As far as talent management

and retention is concerned, the management believes that its human resource practices to enhance employee engagement and satisfaction mitigate these risks.

Financial Risks

The Company's business involves significant investments in building resorts for its operations. These expose the Company to risks in terms of timely and adequate availability of funds at competitive rates to finance its growth. Besides, the Company offers its customers schemes to finance the purchase of the vacation ownership and similar products of the Company, which exposes it to credit risks.

Currently, Mahindra Holidays is a zero long-term debt company, and has a strong and stable capital structure to raise capital for further expansion, if necessary. The Company undertakes comprehensive assessment of the profile of its customers and carefully monitors its exposure to credit risk. It has adequate systems in place to minimise the impact in the event of default — for instance, through relatively high down payments and moratorium on the first vacation until a certain number of payments are received.

Regulatory and Legal Risks

Mahindra Holidays is exposed to regulatory and legal risks in carrying out its business. These include cumbersome processes and risks relating to land acquisition, conversion of land for commercial usage and development of properties, environmental clearances and activities related to development of new resorts. At the same time, there are other regulatory and legal risks pertaining to tax proceedings, legal proceedings on properties, customer complaints, non-compliance of regulations including environmental regulations and those pertaining to the hospitality sector.

As discussed earlier, the Company has systems and controls in place to mitigate these risks and minimise instances of non-compliance.

OUTLOOK

Global economic performance improved considerably during the year. India, too, reported an improvement in performance, with the GDP growing at 8.5 per cent in 2010-11, up from 8 per cent during 2009-10. This sustained growth of the economy, coupled with rising incomes and aspirations, is expected to continue to fuel the growth of leisure travel and hospitality sector in India.

Although high inflation continues to be a source of concern, the Company believes that the superior value of its products and services will continue to attract customers, especially in an environment where the current penetration of the industry is a fraction of the potential market. From the Company's standpoint,

the consolidation measures taken during the year have created a stronger foundation for growth, and have begun to yield results.

During 2011-12, the focus of the Company will be to expand its presence and introduce new products and services which should open up newer opportunities. The Company's outlook for 2011-12 is reasonably optimistic.

CAUTIONARY STATEMENT

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



Atrium, Snowpeaks, Manali

Corporate Governance Report



Derby Green, Ooty

CORPORATE GOVERNANCE PHILOSOPHY

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is committed to sound Corporate Governance practices in the way it conducts business and deals with its stakeholders.

Your Company's Corporate Governance practices are aimed at having systems and procedures that ensure transparency and maintain an appropriate balance of accountability between the Directors and the Management. These practices include timely and accurate disclosure of information regarding the operational and financial performance of the Company. These benefit not just the investors, but also your Company's customers, creditors, employees and the society at large. It is the Company's philosophy and strong belief that adhering to such high levels of corporate governance practices go a long way in establishing the credibility of the Company and create significant long term value for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to the Company subsequent to its public listing on 16th July, 2009. However, as a Company which believes in implementing corporate governance practices in its true spirit, Mahindra Holidays has been practicing exceptional corporate governance practices even before the listing, some of which are beyond the mandatory requirements of Clause 49.

As a Company which believes in implementing corporate governance practices that go beyond meeting the letter of law, the Company has adopted practices mandated in the Clause 49 and has established procedures and systems to remain fully compliant with it as on 31st March, 2011.

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

BOARD OF DIRECTORS

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Chairman of the Board is a Non-Executive Director and half of the Board comprises Independent Directors. The Management of the Company is headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' values are met.

The Non-Executive Independent Directors have the requisite qualifications and experience in general corporate management, finance, hospitality, banking, and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors while participating in its decision making process.

Mr. A K Nanda, Non Executive Non Independent Director and Chairman of the Company, is currently a Non Executive Non Independent Director of Mahindra & Mahindra Limited (M&M), the holding company. Prior to his resignation with effect from the close of working hours on 31st March, 2010, he was the Executive Director of Mahindra & Mahindra Limited. Mr. Uday Y Phadke, Non-Executive Director of the Company is in the whole-time employment of the holding Company, Mahindra & Mahindra Limited and draws remuneration from it. Mr Vineet

Nayyar, Non-Executive Director of the Company is in the whole-time employment of a joint venture of your holding company, Tech Mahindra Limited and draws remuneration from it.

Apart from the above and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Independent Directors would be entitled to under the Companies Act, 1956, none of the Directors have any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its holding company, its Subsidiaries and Associates companies which in their judgement would affect their independence. None of the Directors of the Company are inter-se related to each other.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

COMPOSITION OF THE BOARD

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

Directors	Category	As on 31st March, 2011**		
		Committee Memberships^^	Committee Chairmanships^^	Directorships#
Mr. A K Nanda	Non-Executive Chairman	7	3	14
Mr. Ramesh Ramanathan*	Managing Director	1	Nil	4
Mr. Uday Y Phadke	Non-Executive Director	8	3	10
Mr. Vineet Nayyar	Non-Executive Director	1	Nil	8
Mr. Cyrus J Guzder	Independent Director	2	1	4
Mr. Rohit Khattar	Independent Director	1	Nil	3
Ms. Rama Bijapurkar	Independent Director	2	NIL	6
Mr. Sridar Iyengar	Independent Director	6	3	8

* Mr. Ramesh Ramanathan, Managing Director resigned from the Board with effect from 30th April, 2011. Mr. Rajiv Sawhney has been appointed as an Additional Director on the Board with effect from 25th April, 2011 and as a Managing Director with effect from 1st May, 2011.

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

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

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

BOARD MEETINGS AND ATTENDANCE

Four Board Meetings were held during the financial year 1st April, 2010 to 31st March, 2011 on: 29th April, 2010, 26th July, 2010, 25th October, 2010 and 31st January, 2011. The gap between two Meetings did not exceed four months. These Meetings were well attended. The Fourteenth Annual General Meeting (AGM) of the Company was held on 26th July, 2010.

Directors	Number of Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. A K Nanda	4	4	Yes
Mr. Ramesh Ramanathan	4	4	Yes
Mr. Uday Y Phadke	4	4	Yes
Mr. Vineet Nayyar	4	1	No
Mr. Cyrus J Guzder	4	4	Yes
Mr. Rohit Khattar	4	1	No
Ms. Rama Bijapurkar	4	4	Yes
Mr. Sridar Iyengar	4	4	Yes

BOARD PROCEDURE

A detailed agenda is sent to each Director in advance of the Board and the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. A detailed functional report is also placed at Board Meetings.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of

non-compliances, if any. The Board also reviews major legal issues, minutes of the Board Meetings of Company’s subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit and other committees of the Board, and information on recruitment of officers just below the Board level, including the Company Secretary and the Compliance Officer.



Plantations, Lakeview Munnar

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Mr. Sridar Iyengar and Mr. Rohit Khattar, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

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

Sridar Iyengar

Mr. Sridar Iyengar is an Independent Director on the Board of your Company since 2008. 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 various companies such as America India Foundation, ICICI Bank, Infosys Technologies Limited, Rediff.com, Onmobile Global Limited, Career Launcher India Limited, Cleartrip Travel

Services Private Limited and ICICI Prudential Life Insurance Company Limited.

For more than 35 years, Mr. Iyengar has worked in the U.K., U.S. and India with a large number of companies, advising them on strategy and other issues. Previously, he 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. He also served as a member of the Audit Strategy group of KPMG LLP.

Mr. Iyengar is a member of following Board Committees of various companies:

Name of the Company	Name of Committee	Position Held
Mahindra Holidays & Resorts India Limited	Audit Committee	Member
Infosys Technologies Limited	Audit Committee	Member
	Risk Committee	Member
Infosys BPO Limited	Audit Committee	Member
	Compensation Committee	Member
ICICI Bank Limited	Audit Committee	Chairman
	Board Governance Committee	Chairman
	Risk Committee	Member
Rediff.com India Limited	Audit Committee	Chairman
Onmobile Global Limited	Compensation Committee	Chairman
Career Launcher India Limited	Audit Committee	Chairman

Mr. Iyengar does not hold any shares in the Company.

Rohit Khattar

Mr. Rohit Khattar is an Independent Director of our Company since 2004. He graduated in 1985 from the School of Hotel, Restaurant and Institutional Management, Michigan State University, U.S.A.

After opening restaurants in Washington D.C. for W.R. Grace Inc., upon his return to India, he founded Old World Hospitality Pvt. Ltd. (O.W.H.). Apart from running 21 successful restaurants in Delhi (N.C.R.), 9 in Lavasa and 3 in London, O.W.H. also operates two Performing Arts and Convention Centres - Habitat World, India Habitat Centre and Epicentre, Gurgaon. Mr. Khattar has over 23 years experience in the hospitality industry.

Mr. Khattar is a member of following Board Committees of various companies:

Name of the Company	Name of Committee	Position Held
Mahindra Holidays & Resorts India Limited	Remuneration Committee	Member
Mumbai Mantra Media Limited	Audit Committee	Member

Mr. Khattar holds 24,030 shares in the Company.

REMUNERATION TO DIRECTORS

Remuneration Policy

While deciding on the remuneration for Directors, the Board and the Remuneration Committee consider the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the Remuneration Committee regularly tracks the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

Remuneration Paid

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

Detailed information of Directors' remuneration for the year 2010-11 is given below:

(Rs. in lakhs)						
Name of Directors	Category	Sitting Fees (Note 1)	Commission (Note 2)	Salary performance pay and Perquisites	Superannuation and Provident Fund (Note 4)	Total
Mr. A K Nanda	Non-Executive Chairman	0.60	100.00	Nil	Nil	100.60
Mr. Ramesh Ramanathan	Managing Director	Nil	Nil	255.44	9.23	264.67
Mr. Uday Y Phadke	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Vineet Nayyar	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Cyrus J Guzder	Independent	0.80	10.00	Nil	Nil	10.80
Mr. Rohit Khattar	Independent	0.10	10.00	Nil	Nil	10.10
Ms. Rama Bijapurkar	Independent	0.80	10.00	Nil	Nil	10.80
Mr. Sridar Iyengar	Independent	0.60	10.00	Nil	Nil	10.60

Notes:

- Non-Executive Chairman and Independent Directors are paid sitting fees for attending meetings of the Board / Committees of the Board of Directors of the Company. With effect from January 2011, the sitting fees has been raised from Rs.5,000 to Rs.20,000 for attending meetings of Board / Audit Committee. The sitting fees payable for attending all other Committee Meetings remains unchanged at Rs.5,000.
- The Board of Directors at their meeting held on 25th April, 2011 has approved the Commission payable to the Non-Executive Directors. The Commission will be paid to the Non-Executive Directors subject to the approval of shareholders.
- There were no fresh stock options granted in the year 2010-11
- Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
- Salary to Mr. Ramesh Ramanathan
 - Salary and Allowances of Rs. 80.51 lakhs
 - Perquisites of Rs. 163.54 lakhs
 - Performance Pay of Rs. 11.39 lakhs
- Mr. Ramanathan, Managing Director, has availed a Housing Loan of Rs.32 lakh, at an interest rate of 3% per annum for Rs. 20 Lakhs and 4% per annum for the Balance Rs.12 lakh as per the Company's Housing Loan Policy in January 2007.
- The Company has not advanced loans to any other Directors during the year
- The nature of employment of the Managing Director with the Company is contractual and can be terminated by giving 3 months notice from either party. The contract does not provide for any severance fees.

Shares and Convertible Instruments held by Directors

Details of ownership of any shares in the Company by the Directors either on their own or for any other person on a beneficial basis is given below:

Name of Directors	Category	Shares held as on 31st March 2011	No. of Options granted in July, 2006 *	No. of Options granted in March, 2007 **	No. of Options granted in November, 2007 ***	No. of Options granted in November, 2008 ****
Mr. A K Nanda	Non-Executive Chairman	409,891	200,000	Nil	9,510	10,500
Mr. Ramesh Ramanathan	Managing Director	220,000	100,000	12,200	Nil	10,100
Mr. Uday Y Phadke	Non-Executive	20,825	10,000	Nil	3,170	3,500
Mr. Vineet Nayyar	Non-Executive	20,025	Nil	Nil	10,000	Nil
Mr. Cyrus J Guzder	Independent	24,030	10,000	Nil	Nil	Nil
Mr. Rohit Khattar	Independent	24,030	10,000	Nil	Nil	Nil
Ms. Rama Bijapurkar	Independent	30,036	Nil	Nil	15,000	Nil
Mr. Sridar Iyengar	Independent	Nil	Nil	Nil	Nil	Nil

Notes:

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

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

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises four members. Mr. Cyrus J Guzder, Mr. Uday Y Phadke, Ms. Rama Bijapurkar and Mr. Sridar Iyengar. Mr. Sridar Iyengar was inducted into the committee with effect from 26th July 2010. Mr. Cyrus J Guzder, Chairman of the Committee, Ms. Rama Bijapurkar and Mr. Sridar Iyengar are Independent Directors. All members of the Committee have good knowledge of accounting and financial management. The Company Secretary is the secretary to the Committee.

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

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

The Committee met four times during the year under review and the gap between two Meetings did not exceed four months. During the financial year 1st April, 2010 to 31st March, 2011, the Committee met on: 29th April, 2010, 26th July, 2010, 25th October, 2010 and 31st January, 2011. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. Cyrus J Guzder	4	4
Mr. Uday Y Phadke	4	4
Ms. Rama Bijapurkar	4	4
Mr. Sridar Iyengar	4	2*

Mr. Sridar Iyengar was appointed as a Member of the Audit Committee with effect from 26th July, 2010 and attended both the Audit Committee Meetings held during the year subsequent to his appointment.

Invitees to the Meetings of the Audit Committee include Chairman of the Board, Managing Director, Statutory Auditors, Chief Financial Officer, Chief Internal Auditor & Head – Corporate Management Services of Mahindra & Mahindra Limited, the holding Company, Internal Auditors and Resident Internal Auditor. The Chairman of the Audit Committee, Mr. Cyrus J Guzder was present at the 14th Annual General Meeting of the Company held on 26th July, 2010.

Share Allotment/Transfer – cum – Investor Grievances Committee

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

The Committee meets as and when required, to inter-alia deal with matters relating to its terms of reference which include transfer of shares and monitoring redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The Committee met three times during the year 1st April, 2010 to 31st March, 2011 on: 29th April, 2010, 26th July, 2010 and 25th October, 2010. All the Meetings were well attended by its Members.

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

During the year, 13 complaints were received from the Shareholders, all of which have been attended to/resolved. As of 31st March 2011, there are no pending share transfers or complaints from the shareholders.

Consequent to the resignation of Mr. Ramesh Ramanathan with effect from 30th April 2011, Mr. Rajiv Sawhney, Managing Director & CEO has been appointed as a member of the Share Allotment/ Transfer - cum - Investor Grievances Committee with effect from 1st May, 2011.



Kangra Valley, Dharamshala

Remuneration Committee

The role of the Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director of the Company. The broad terms of reference of the Committee are, to recommend to the Board about the Company's policy on remuneration package for Executive Directors, to advise the Board in framing the remuneration policy for key managerial personnel of the Company from time to time, to give directions for administration of the ESOP scheme and to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The Committee has formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme (MHRIL ESOS) which is administered and implemented by Mahindra Holidays & Resorts India Limited Employees Stock Option Trust in accordance with the directions of the Committee and in terms of the Deed of Trust. The Committee also attends to such other matters as may be prescribed from time to time.

Ms. Rama Bijapurkar is the Chairperson of the Committee. Mr. A K Nanda, Mr. Cyrus J Guzder, Mr. Vineet Nayyar and Mr. Rohit Khattar are the other members of the Committee. The Committee met twice during the year 1st April, 2010 to 31st March, 2011 on: 26th July, 2010 and 25th October, 2010. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Ms. Rama Bijapurkar	2	2
Mr. A K Nanda	2	2
Mr. Vineet Nayyar	2	Nil
Mr. Cyrus J Guzder	2	2
Mr. Rohit Khattar	2	1

Loans & Investment Committee

The Loans & Investment Committee approves the loans, investment, subscription/acquisition, sale/transfer and all related aspects of these transactions. The committee consists of Mr. A K Nanda, Chairman and Mr. Ramesh Ramanathan, Managing Director as the members. There were no meetings of the Committee during 2010-11.

Consequent to the resignation of Mr. Ramesh Ramanathan with effect from 30th April 2011, Mr. Rajiv Sawhney, Managing Director & CEO has been appointed as a member of Loans & Investment Committee with the effect from 1st May, 2011.

IPO Committee

The IPO Committee was formed by the Board to oversee all activities and matters pertaining to Public Issue of the Company. Mr. A K Nanda is the Chairman of the Committee. Mr. Uday Y Phadke, Mr. Cyrus J Guzder, and Mr. Ramesh Ramanathan are the members of the Committee. There were no meetings of the Committee during 2010-11.

Consequent to the resignation of Mr. Ramesh Ramanathan with effect from 30th April 2011, Mr. Rajiv Sawhney, Managing Director & CEO has been appointed as a member of IPO Committee with effect from 1st May, 2011.

Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition as well as long term lease proposals of the Company. Mr. A K Nanda, Chairman, Mr. Ramesh Ramanathan, Managing Director and Mr. Cyrus J Guzder are the members of the Committee. There were no meetings of the Committee during the year 2010-11.

Consequent to the resignation of Mr. Ramesh Ramanathan with effect from 30th April 2011, Mr. Rajiv Sawhney, Managing Director & CEO has been appointed as a member of Inventory Approval Committee with effect from 1st May, 2011.

DISCLOSURES

Code of Conduct

The Board has laid down two separate Codes of Conduct ("Codes"), one for Board Members and other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website www.clubmahindra.com. All Board Members and Senior Management personnel of the Company have affirmed compliance with these Codes. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

CEO /CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements, and matters related to internal controls in the prescribed format for the year ended 31st March, 2011.

Risk Management

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

Subsidiary Companies

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

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

Related Party Transactions

During the financial year 2010-11, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, holding company, subsidiaries or relatives that may have potential conflict with the interests of the Company at large. Further, details of related party transactions form part of notes to the accounts of the Annual Report.

Accounting Treatment in Preparation of Financial Statements

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

Details of Non-compliance Relating to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

Code for Prevention of Insider Trading Practices

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



Hill Country, Kodaikanal

and disclosures to be made, while dealing with shares of the Company, and cautions them of the consequences of violations.

Proceeds from Public Issues, Right Issues and Preferential Issues

The Audit Committee has been monitoring the uses and applications of funds by major category such as capital expenditure, sales and marketing, working capital on a quarterly basis as part of its quarterly declaration of financial results. The Company has not utilised the funds generated out of public issue for any purpose other than those stated in the offer document/prospectus.

Details of Unclaimed Shares

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

The Company has 9 shareholders with 370 outstanding shares in the suspense account lying at the year ended 31st March, 2011. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. The details as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. 01.04.2010	12	523
Number of shareholders who approached issuer / Registrar and Share Transfer Agent for transfer of shares from suspense account during the year 2010-11	3	153
Number of shareholders to whom shares were transferred from suspense account during the year	3	153
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e 31.03.2011	9	370

Management Discussion and Analysis Report

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

Compliance with Clause 49

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

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

Corporate Governance Voluntary Guidelines 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

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

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

GENERAL SHAREHOLDER INFORMATION**Fifteenth Annual General Meeting**

Date : 25th July 2011

Time : 3.00 P.M

Venue: Tapovan Hall
Chinmaya Heritage Centre
No.2, 13th Avenue, Harrington Road,
Chetpet, Chennai – 600 031.

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

Year	Date	Time	Venue	Special Resolutions Passed
2007-08	19th June, 2008	3.00 PM	Mahindra Towers, 2nd Floor, No.17/18, Patullos Road, Chennai – 600 002	Remuneration by way of Commission to Non-Executive Directors
2008-09	29th June, 2009	4.00 PM	Mahindra Towers, 2nd Floor, No.17/18, Patullos Road, Chennai – 600 002	No Special Resolution was passed at the AGM
2009-10	26th July, 2010	3.00 PM	Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.	No Special Resolution was passed at the AGM

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

Year	Date	Time	Special Resolutions Passed
2007-08	2nd Aug, 2007	3.00 PM	Amendment/ Modification to Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006.
	25th Sep, 2007	11.00 AM	Approval for issue of Equity Shares to persons other than existing shareholders under Employees' Stock Option Scheme. Approval for extension of benefits of Employees' Stock Option Scheme to the Directors / Employees' of Holding / Subsidiary Company.
	8th Oct, 2007	3.00 PM	Alteration of Articles of Association Increase in Remuneration payable to Managing Director. Amendment to Memorandum of Association.
	19th Nov, 2007	3.00 PM	Issue of shares to Public
2008-09	29th Sep, 2008	10.00 AM	Issue of shares to Public
	8th Dec, 2008	5.00 PM	Increase in Remuneration payable to Managing Director. Approval for issue of Equity Shares to persons other than existing shareholders under Employees' Stock Option Scheme. Approval for extension of benefits of Employees' Stock Option Scheme to the Directors / Employees' of Holding / Subsidiary Company.

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

No Extraordinary General Meeting (EGM) was held during 2009-10 and 2010-11. No Special Resolution was passed during 2009-10 and 2010-11 through postal ballot.

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from 16th July, 2011 to 25th July, 2011, both days inclusive.

Dividend Payment Date

Dividend, if declared at the Annual General Meeting will be paid on or after 26th July, 2011 but before 5th August, 2011.

Financial Year

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

Financial Reporting for 2011 – 12

The First Quarter Results – 30th June, 2011	By end of July, 2011
The Half Yearly Results – 30th September, 2011	By end of October, 2011
Third Quarter Results – 31st December, 2011	By end of January, 2012
Approval of Annual Accounts – 31st March, 2012	By end of April, 2012

Note: The above dates are indicative.

Means of Communication

The quarterly, half-yearly and yearly results as required under clause 41 of the Listing Agreement are normally published in Business Standard (English editions) and Dinamani (Tamil edition). These are not sent individually to the Shareholders.

The Company's results and official news releases are displayed on the Company's website at www.clubmahindra.com. Presentations are also made to international and national institutional investors and analysts, which are also put up on the website of the Company.

Listing on Stock Exchanges

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchanges where the Company's shares are listed.

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

BSE 533088

NSE MHRIL



Derby Green, Ooty

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares

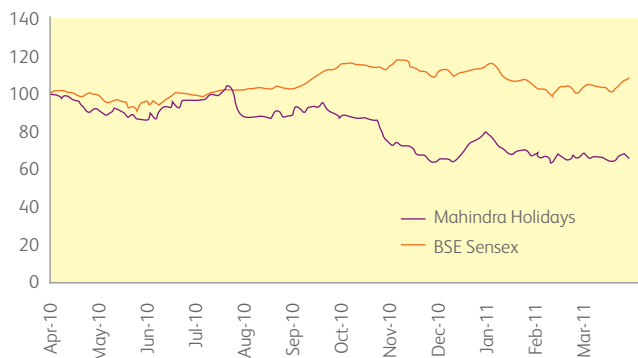
ISIN: INE998I01010

Stock Performance**BSE and NSE – Monthly High / Low and Volumes**

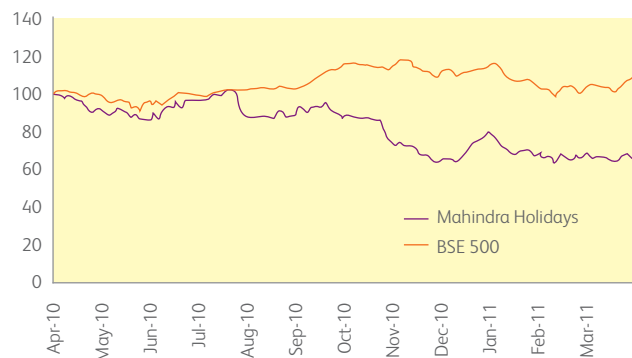
	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
April, 2010	559.50	462.30	607,307	559.95	482.15	168,250
May, 2010	509.85	442.65	411,762	509.00	460.00	150,186
June, 2010	543.00	455.10	642,194	539.95	444.00	477,040
July, 2010	574.00	475.00	1,042,624	574.00	478.00	390,338
August, 2010	505.00	459.00	731,863	505.00	453.00	306,268
September, 2010	543.80	468.00	601,499	542.15	460.10	325,537
October, 2010	486.00	406.00	337,096	485.00	406.00	234,020
November, 2010	425.00	340.00	462,628	419.00	340.00	156,992
December, 2010	448.90	335.00	466,214	447.70	330.00	168,476
January, 2011	435.00	347.00	92,571	435.00	346.50	329,278
February, 2011	384.00	333.10	104,299	380.00	335.10	57,114
March, 2011	403.50	344.20	651,477	394.00	342.00	595,223

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

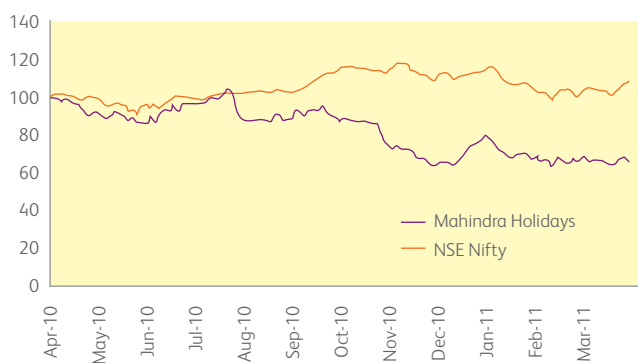
Month	MHRIL's Closing Price on NSE on the last trading day of month (Rs.)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2010	507.70	17,558.71	5,278.00	7,042.68
May, 2010	468.05	16,944.63	5,086.30	6,782.37
June, 2010	524.25	17,700.90	5,312.50	7,092.20
July, 2010	480.60	17,868.29	5,367.60	7,205.22
August, 2010	476.50	17,971.12	5,402.40	7,289.74
September, 2010	470.85	20,069.12	6,029.95	7,984.45
October, 2010	410.70	20,032.34	6,017.70	8,036.88
November, 2010	349.00	19,521.25	5,862.70	7,722.05
December, 2010	433.95	20,509.09	6,134.50	7,961.06
January, 2011	370.30	18,327.76	5,505.90	7,128.29
February, 2011	365.55	17,823.40	5,333.25	6,850.40
March, 2011	347.55	19,445.22	5,833.75	7,437.26

Mahindra Holidays Share Performance versus BSE Sensex

Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on 1 April 2010

Mahindra Holidays Share Performance versus BSE 500

Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on 1 April 2010

Mahindra Holidays Share Performance versus NSE NIFTY

Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on 1 April 2010

Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Share Allotment/Transfer-cum-Investors Grievance Committee meets as and when required to consider the other transfer proposals and attend to Shareholders' grievances. As of 31st March, 2011, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2011

Number of Shares	Number of Shareholders	Percentage of Shareholders	Total Number of Shares	Percentage of Shareholding
1 to 100	9,376	84.38%	345,357	0.41%
101 to 500	1,036	9.32%	255,170	0.30%
501 to 1000	218	1.96%	170,776	0.20%
1001 to 5000	272	2.45%	674,325	0.80%
5001 to 10000	74	0.67%	548,123	0.65%
10001 to 50000	96	0.86%	2,138,413	2.54%
50001 to 100000	21	0.19%	1,588,513	1.89%
100001 & above	19	0.17%	78,509,095	93.21%
Total	11,112	100.00%	84,229,772	100.00%

Shareholding Pattern as on 31st March, 2011

Category of Shareholders	Total Holdings	Holdings in Percentage
Promoters holdings	69,985,642	83.09 %
Mutual Funds	521,114	0.62 %
Banks, Financial Institutions & others	1,249,556	1.48 %
Foreign Institutional Investors	2,651,473	3.15 %
Bodies Corporate	3,162,942	3.76 %
NRI/OCBs/Foreign Nationals	1,063,517	1.26 %
Indian Public	5,595,528	6.64 %
Total	84,229,772	100.00%

DEMATERIALIZATION OF SHARES

As on 31st March, 2010, 99.96 per cent of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share, as trading in the Equity Shares of the Company on exchanges is permitted only in dematerialised form. Non-Promoters' holding is 16.91 per cent.

OUTSTANDING ADRS/GDRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

OFFICES OF THE COMPANY**Registered & Corporate Office:**

Mahindra Towers, 2nd Floor,
No.17/18, Patullos Road,
Chennai – 600 002.
Tel: 044-3988 1000
Fax: 044-3027 7778

Apart from the registered & corporate office, the Company has an extensive network of branch offices, including site offices at the resorts to carry out the business of the Company. Details of these offices can be found at the Company's website www.clubmahindra.com

Registrar and Share Transfer Agents

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

Address for Correspondence

Shareholders may correspond with the Company at its Registered Office or with the Registrar and Transfer Agents M/s. Karvy Computershare Private Limited at the above mentioned address in respect of all matters relating to transfer / dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

Company Secretary & Compliance Officer

Mr Rajiv Balakrishnan *
Mahindra Towers, 2nd Floor, 17/18, Patullos Road,
Chennai – 600 002. Tamilnadu, India.
Tele: +91 44 39881000
Fax : +91 44 30277778

* Mr. Rajiv Balakrishnan ceases to be the Company Secretary & Compliance Officer of the Company with effect from 09.05.2011.

Company's Investor E-mail ID

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

Company's website

The Company can also be visited at its website:
www.clubmahindra.com

DECLARATION ON CODES OF CONDUCT

To

The Members of Mahindra Holidays & Resorts India Limited

I, Ramesh Ramanathan, Managing Director of Mahindra Holidays & Resorts India Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

Mumbai, 25th April, 2011

Ramesh Ramanathan
Managing Director

CERTIFICATE

To

The Members of Mahindra Holidays & Resorts India Limited

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

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

Place: Chennai

Date: April 25, 2011

B.Ramaratnam
Partner
(Membership No. 21209)

Financial Section



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Consolidated Accounts

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Auditors' Report

TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

- 1) We have audited the attached Balance Sheet of **Mahindra Holidays & Resorts India Limited** as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- 5) On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner
(Membership No.21209)

Mumbai, April 25, 2011

Auditors' Report on financial statements

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

- (i) Having regard to the nature of Company's business / activities / result, clauses (v), (vi), (viii), (x), (xii) to (xvi), (xviii) and (xxi) of CARO are not applicable to the Company in the current year.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) As on March 31, 2011, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of disputes except the following :

Name of the statute	Nature of the dues	Financial Years	Amount (Rs.)	Forum where the dispute is pending
Income Tax	Income Tax & Fringe Benefit Tax	2005-06 to 2007-08	1,459,456,986	Commissioner of Income Tax – Appeals

- (viii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner
(Membership No.21209)

Mumbai, April 25, 2011

Balance Sheet

 as at March 31, 2011

	Schedule	Rs. As at March 31, 2011	Rs. As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	836,056,780	832,868,610
Reserves and Surplus	2	4,196,910,571	3,560,364,496
Deferred Income			
Advance Towards Members' Facilities (See Note 1 (vii) (a))		9,569,796,246	8,050,101,025
Loan Funds:			
Secured Loans	3	15,822,018	100,164,726
Deferred Tax Liability (Net)		367,777,070	333,088,627
Total		14,986,362,685	12,876,587,484
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	5,420,276,923	4,892,238,805
Less : Depreciation		1,018,131,671	824,851,319
Net Block		4,402,145,252	4,067,387,486
Capital Work In Progress/Advances		1,280,208,768	865,836,679
Expenditure During Construction Pending Allocation	5	151,593,864	112,819,159
		5,833,947,884	5,046,043,324
Investments	6	1,450,846,686	2,271,551,506
Current Assets, Loans and Advances			
Inventories	7	31,401,494	29,676,925
Sundry Debtors		8,069,597,612	6,315,400,454
Cash and Bank Balances		626,503,351	244,099,934
Loans and Advances		798,763,936	811,729,073
		9,526,266,393	7,400,906,386
Less: Current Liabilities and Provisions			
Current Liabilities	8	1,413,258,646	1,432,175,049
Provisions		411,439,632	409,738,683
		1,824,698,278	1,841,913,732
Net Current Assets		7,701,568,115	5,558,992,654
Total		14,986,362,685	12,876,587,484
Notes on Accounts	14		

The Schedules referred above forms an integral part of Balance Sheet
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place: Mumbai
Date: April 25, 2011

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Profit and Loss Account for the year ended March 31, 2011

Rs.

	Schedule	2010-11	2009-10
INCOME			
Income From Sale of Vacation Ownership and Other Services	9	4,871,252,868	4,687,499,308
Other Income	10	470,324,955	476,171,448
Total		5,341,577,823	5,163,670,756
EXPENDITURE			
Employee Cost	11	821,854,234	735,639,939
Depreciation		201,005,763	190,962,520
Other Expenses	12	2,799,923,808	2,424,341,401
Interest and Financial Charges	13	25,982,089	45,522,985
Total		3,848,765,894	3,396,466,845
Profit Before Tax		1,492,811,929	1,767,203,911
Provision For Taxation			
Current Tax		430,500,000	550,500,000
Deferred Tax		34,688,443	38,328,846
		465,188,443	588,828,846
Profit After Tax		1,027,623,486	1,178,375,065
Profit Brought Forward		1,704,587,631	1,036,929,703
Balance Available For Appropriation		2,732,211,117	2,215,304,768
Appropriations:			
General Reserve		102,770,000	117,840,000
Proposed Dividend		336,919,088	336,919,088
Tax on Proposed Dividend		54,656,699	55,958,049
		494,345,787	510,717,137
Balance Carried to Balance Sheet		2,237,865,330	1,704,587,631
Earnings Per Share			
Basic		12.30	14.44
Diluted		12.21	14.27
Notes on Accounts	14		

The Schedules referred above forms an integral part of Profit & Loss
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place: Mumbai
Date: April 25, 2011

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Cash Flow Statement for the year ended March 31, 2011

Rs.

	March 31, 2011	March 31, 201
A CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	1,492,811,929	1,767,203,911
Adjustments for :		
Depreciation	201,005,763	190,962,520
Interest and financial charges	25,982,089	45,522,985
Interest on deposits	(34,233,123)	(17,486,820)
Interest on instalment sales	(334,965,516)	(186,553,498)
Dividend income	(73,202,446)	(43,749,057)
Income from securitisation	(11,684,966)	(222,864,404)
Loss/(Gain) on fixed assets sold/scrapped (net)	(864,495)	(479,415)
Unrealised exchange loss/(gain)	(8,706,120)	5,232,202
Operating profit before working capital changes	1,256,143,115	1,537,788,424
Changes in :		
Deferred income - Advance towards members' facilities	1,519,695,221	1,681,788,311
Trade and other receivables	(1,221,009,702)	(1,135,869,581)
Inventories	(1,724,569)	22,710,612
Trade and other payables	(303,989,831)	529,845,055
	(7,028,881)	1,098,474,397
Income taxes paid	(465,043,375)	(838,575,727)
NET CASH FROM OPERATING ACTIVITIES	784,070,859	1,797,687,094
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets including capital work in progress/advances and expenditure pending allocation	(1,015,505,509)	(1,160,786,056)
Proceeds from sale of fixed assets	27,459,681	18,234,680
Purchase of investments (net of proceeds)	820,704,820	(2,261,423,353)
Interest received	19,474,010	3,361,649
Interest on instalment sales received	160,783,448	97,007,819
Dividend income	73,202,446	40,010,254
Income from securitisation received	11,684,966	222,864,404
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	97,803,862	(3,040,730,603)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) from borrowings	(84,342,708)	(146,780,170)
Dividends paid	(336,875,004)	(235,001,064)
Dividend distribution tax paid	(55,958,049)	(39,938,431)
Issue of equity shares	3,686,546	1,628,230,324
Interest and financial charges paid	(25,982,089)	(39,022,985)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(499,471,304)	1,167,487,674
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	382,403,417	(75,555,835)
CASH AND CASH EQUIVALENTS :		
Opening balance	244,099,934	319,655,769
Closing balance	626,503,351	244,099,934
	382,403,417	(75,555,835)

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Place: Mumbai
Date: April 25, 2011

Rajiv Balakrishnan
Company Secretary

Schedules to Accounts

	As at March 31, 2011	Rs. As at March 31, 2010
SCHEDULE 1		
Share Capital		
Authorised :		
100,000,000 equity shares of Rs.10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued :		
84,229,772 equity shares of Rs.10 each	842,297,720	842,297,720
Subscribed and paid-up :		
84,229,772 equity shares of Rs. 10 each fully paid (of the above 69,985,642 equity shares are held by the holding company, Mahindra & Mahindra Limited)	842,297,720	842,297,720
Less: 624,094 (previous year 942,911) equity shares of Rs 10 each fully paid up issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees (refer note 2)	6,240,940	9,429,110
	836,056,780	832,868,610

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

	As at March 31, 2011	Rs. As at March 31, 2010
SCHEDULE 2		
Reserves and Surplus		
Capital reserve	1,474,577	1,474,577
General Reserve		
As per last balance sheet	283,384,260	167,847,150
Less : Bonus shares issued on exercise of stock options	1,731,680	2,302,890
Add : Transfer from Profit and Loss Account	102,770,000	117,840,000
	384,422,580	283,384,260
Securities Premium Account		
As per last balance sheet	1,565,289,824	-
Premium on issue of shares	-	1,709,864,360
Less: Share issue expenses	-	144,574,536
	1,565,289,824	1,565,289,824
Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	12,071,220	12,071,220
Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees	4,212,960	6,443,016
	7,858,260	5,628,204
	1,573,148,084	1,570,918,028
Balance in Profit and Loss Account	2,237,865,330	1,704,587,631
	4,196,910,571	3,560,364,496

	As at March 31, 2011	Rs. As at March 31, 2010
SCHEDULE 3		
Loan Funds		
Secured Loans		
(refer note 3)		
Loans and advances from a bank		
- Cash credit	15,822,018	100,164,726
	15,822,018	100,164,726

Schedules to Accounts

SCHEDULE - 4

Fixed Assets As At March 31, 2011

Description	Gross block (at cost)				Depreciation / Amortisation				Net block		
	As at April 1, 2010	Adjustments	Additions	Deductions	As at March 31, 2011	As at April 1, 2010	Adjustments	For the year	Deductions	As at March 31, 2011	As at March 31, 2010
(A) Tangible assets											
(i) Assets on lease / hire purchase											
Leasehold land	27,389,500	-	-	26,525,500	864,000	880,334	-	242,870	1,027,214	95,990	768,010
Leasehold buildings	15,608,588	-	-	-	15,608,588	4,539,388	-	1,888,348	-	6,427,736	9,180,852
Vehicles	3,639,262	(2,743,263)	-	895,999	-	2,597,896	(1,804,313)	102,416	895,999	-	1,041,366
	46,637,350	(2,743,263)	-	27,421,499	16,472,588	8,017,618	(1,804,313)	2,233,634	1,923,213	6,523,726	38,619,732
(ii) Owned assets											
Freehold land	840,739,739	-	11,246,180	-	851,985,919	-	-	-	-	-	840,739,739
Buildings	2,300,921,009	-	311,872,500	-	2,612,793,509	166,986,289	-	44,555,391	-	211,541,680	2,133,934,720
Ships	614,000	-	-	-	614,000	2,616	-	43,410	-	46,026	611,384
Plant and machinery	896,584,376	-	136,787,300	2,038,133	1,031,333,543	260,405,644	-	66,753,369	1,530,789	325,628,224	705,705,319
Furniture and fixtures	650,651,037	-	89,582,185	2,573,688	737,659,534	293,077,355	-	62,399,998	2,285,906	353,191,447	384,468,087
Vehicles	41,180,157	2,743,263	5,966,387	2,287,277	47,602,530	18,907,987	1,804,313	4,703,243	1,985,503	23,430,040	22,272,170
	4,730,690,318	2,743,263	555,454,552	6,899,098	5,281,989,035	739,379,891	1,804,313	178,455,411	5,802,198	913,837,417	3,991,310,427
(B) Intangible assets											
Vacation Ownership weeks	6,226,938	-	-	-	6,226,938	4,981,552	-	622,694	-	5,604,246	622,692
Product design and development	38,540,065	-	-	-	38,540,065	21,145,422	-	11,252,942	-	32,398,364	17,394,643
Software	50,144,134	-	6,904,163	-	57,048,297	44,893,959	-	4,441,082	-	49,335,041	5,250,175
Non Compete Fee	20,000,000	-	-	-	20,000,000	6,432,877	-	4,000,000	-	10,432,877	13,567,123
	114,911,137	-	6,904,163	-	121,815,300	77,453,810	-	20,316,718	-	97,770,528	37,457,327
Total	4,892,238,805	-	562,358,715	34,320,597	5,420,276,923	824,851,319	-	201,005,763	7,725,411	1,018,131,671	4,402,145,252
Previous Year	4,221,480,876	-	694,342,965	23,585,036	4,892,238,805	639,718,570	-	190,962,520	5,829,771	824,851,319	4,067,387,486

Schedules to Accounts

Rs.

	As at 01.04.2010	Additions	Capitalised during the year	As at 31.03.2011
SCHEDULE - 5				
Expenditure During Construction pending Allocation				
Salaries,Wages & Bonus	46,704,880	46,396,041	7,089,169	86,011,752
Staff welfare Expenses	1,185,400	1,176,252	451,519	1,910,133
Power & Fuel	1,378,329	3,422,269	1,215,742	3,584,856
Rent	849,023	1,515,239	356,800	2,007,462
Rates & Taxes	2,986,258	743,751	1,806,660	1,923,349
Repairs-Others	125,572	2,175,482	169,782	2,131,272
Travelling	11,249,175	9,922,306	2,745,733	18,425,748
Communication	1,707,387	1,532,355	439,008	2,800,734
Printing & Stationery	519,365	518,733	196,301	841,797
Insurance	6,433	96,887	100,993	2,327
Consultancy Charges	13,567,352	7,397,673	2,237,647	18,727,378
Freight	1,400,315	2,429,643	763,228	3,066,730
Miscellaneous	3,854,974	5,437,171	1,294,987	7,997,158
Interest - Others	27,284,696	42,122	25,163,650	2,163,168
Total	112,819,159	82,805,924	44,031,219	151,593,864

	Units on 31-March-11 Nos.	Units on 31-March-10 Nos.	Value as on 31-March-11 Rs.	Value as on 31-March-10 Rs.
SCHEDULE - 6				
Investments				
Investment in mutual funds (unquoted, short term, non-trade)				
B864D BSL Interval Income Fund Instl Quarterly Series 1 DD	7,050,227	-	70,923,167	-
Birla Sun Life Savings Fund	4,085,160	15,687,609	40,879,375	156,982,762
Birla Sun Life Short term Fund	-	9,329,942	-	93,350,737
DWS Treasury Fund Cash-institutional Plan	17,499,760	19,905,687	175,867,336	200,046,178
DWS Ultra Short term Fund - IP - Growth DDRE	6,179,923	-	61,909,855	-
HDFC Cash Management	-	25,573,120	-	256,536,749
ICICI Prudential flexible income plan	1,614,361	96,350	170,694,439	10,187,569
ICICI Prudential Mutual Fund	-	2,400,316	-	253,797,360
ICICI Prudential Ultra Short term Plan	-	9,981,917	-	100,028,788
IDFC Money Manager	-	19,028,490	-	190,542,649
IDFC Mutual Fund-Money Manager Funds	-	12,597,150	-	125,990,398
IDFC Savings Advantage Fund - Plan A - Monthly Div	165,379	-	166,822,112	-
Kotak Flexi Debt - Institutional	-	17,723,021	-	178,072,053
Kotak Floater Long term Daily Dividend	-	1,491,631	-	15,035,340
Kotak QIP Series 6	10,015,090	-	100,181,943	-

Schedules to Accounts

	Units on 31-March-11 Nos.	Units on 31-March-10 Nos.	Value as on 31-March-11 Rs.	Value as on 31-March-10 Rs.
SCHEDULE - 6 (CONTD.)				
Investments				
Kotak Quarterly Interval Plan Series 7	3,026,702	-	30,275,802	-
Principal floating rate fund-Dividend Reinvestment	-	17,278,883	-	173,001,356
Sundaram Ultra ST Fund Super Inst. DDRE	5,052,093	-	50,707,862	-
Tata Fixed income portfolio fund scheme B2	10,047,908	-	100,664,962	-
Templeton Floating Rate Income Fund	-	17,992,919	-	180,109,116
Templeton India Ultra Short Bond Fund	474,174	2,007,876	4,747,241	20,102,047
TTMSHD Tata Treasury Manager SHIP DDRE	112,833	-	113,997,413	-
UTI Treasury Advantage Fund- Ins Plan DDRE	1,356	-	1,356,785	-
UTI-Floating rate fund -short term plan-inst DDRE	44,016	-	44,049,990	-
Investment in preference shares (unquoted, long term, non-trade, fully paidup)				
Guestline Hospitality Management and Development Services Limited (25,000, 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)			250,000	250,000
Investment in equity shares (unquoted, long term, non-trade, fully paidup)				
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)			10	10
Investment in equity shares in subsidiary (unquoted, long term, trade, fully paidup)				
Mahindra Holidays and Resorts USA Inc (100 equity shares of US\$ 0.10 each.)			45,503	45,503
MHR Hotel Management GmbH (Shares equivalent in value to Euros 26,250 out of total share capital of Euros 35,000)			1,567,125	1,567,125
Heritage Bird (M) Sdn. Bhd. (300,002 shares of one Ringgit each.)			4,026,772	4,026,772
Mahindra Hotels and Residences India Ltd. (49,994 equity shares of Rs. 10 each.)			499,940	499,940
BAH Hotelanlagen AG (1385 shares of Euro 50 each.)			311,379,054	311,379,054
Note :			1,450,846,686	2,271,551,506

- a) The preference shares of Guestline Hospitality Management and Development Services Limited will be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz 14.01.2003
- b) The preference shares of Guestline Hospitality Management and Development Services Limited shall at the option of the holder be convertible into fully paid equity shares of the face value of Rs.10 each anytime after thirty six months from the date of allotment.

Schedules to Accounts

	As at March 31, 2011	Rs. As at March 31, 2010
SCHEDULE 7		
Current Assets, Loans And Advances :		
Current assets :		
Inventories		
Food, beverages and smokes	7,709,674	9,059,077
Operating supplies	23,691,820	20,617,848
	31,401,494	29,676,925
Sundry debtors		
(Unsecured)		
Dues over six months		
: considered good	1,599,145,650	1,515,461,726
: considered doubtful	1,503,209	552,995
	1,600,648,859	1,516,014,721
Other debts, considered good	7,715,158,265	6,082,640,529
	9,315,807,124	7,598,655,250
Less : provision for doubtful debts	1,503,209	552,995
	9,314,303,915	7,598,102,255
Less : unmatured finance charges	1,244,706,303	1,282,701,801
	8,069,597,612	6,315,400,454
Cash and bank balances		
Cash on hand	323,716	379,572
Balances with scheduled banks :		
in current accounts	88,007,271	235,992,082
in deposit accounts	538,128,280	7,728,280
in unpaid dividend accounts	44,084	-
	626,503,351	244,099,934
Loans and advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or		
for value to be received	100,807,734	173,257,314
Advances and loan to subsidiaries	68,111,228	72,534,767
Interest accrued but not due	11,726,898	-
Deposits	295,498,974	276,969,287
Payments towards income tax (net of provisions)	322,619,102	288,075,727
Gratuity	-	891,978
	798,763,936	811,729,073

Schedules to Accounts

	Rs.	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 8		
Current Liabilities And Provisions		
A. Current Liabilities		
Sundry Creditors:		
Total outstanding dues to micro and small enterprises	-	-
Others	1,407,202,572	1,422,476,513
Amount received from ESOP trust	6,011,990	9,698,536
Unpaid Dividend	44,084	-
	1,413,258,646	1,432,175,049
B. Provisions		
Proposed dividend	336,919,088	336,919,088
Tax on proposed dividend	54,656,699	55,958,049
Compensated Absences	18,044,631	16,861,546
Gratuity	1,819,214	-
	411,439,632	409,738,683

Note:

There are no amounts due and outstanding to be credited to Investor education and protection fund as at March, 31 2011.

	Rs.	
	2010-11	2009-10
SCHEDULE 9		
Income from sale of Vacation Ownership and other services		
Income from sale of Vacation Ownership	3,354,193,530	3,485,652,979
Income from resorts		
- Room rentals	222,638,810	223,118,402
- Food and beverages	384,119,325	307,729,568
- Wine and liquor	15,670,065	18,281,277
- Others	140,992,293	108,411,506
	763,420,493	657,540,753
Annual subscription fee	720,786,540	517,430,708
Income from travel services & home stays	32,852,305	26,874,868
	4,871,252,868	4,687,499,308

Schedules to Accounts

	Rs.	
	2010-11	2009-10
SCHEDULE 10		
Other Income		
Interest		
On installment sales	334,965,516	186,553,498
On deposits with bank	14,632,003	3,253,780
(Tax deducted at source - Rs 1,505,038 Previous year Rs.557,893)		
On others	19,601,120	14,233,040
(Tax deducted at source - Rs 2,612,178 Previous year Rs 1,515,968)		
Dividend income from short term investment (non-trade)	73,202,446	43,749,057
Income from securitization (refer note 4)	11,684,966	222,864,404
Gain on fixed assets sold (net)	864,495	479,415
Gain on exchange fluctuation (net)	8,706,120	-
Miscellaneous income	6,668,289	5,038,254
	470,324,955	476,171,448

	Rs.	
	2010-11	2009-10
SCHEDULE 11		
Employee Cost		
Salaries, wages and bonus	748,262,828	684,744,443
Contribution to provident and other funds	33,589,641	22,452,221
Staff welfare expenses	40,001,765	28,443,275
	821,854,234	735,639,939

Schedules to Accounts

Rs.

	2010-11		2009-10	
SCHEDULE 12				
Other expenses				
Food, beverages and smokes consumed				
Opening stock	9,059,077		5,699,028	
Add: purchases	121,647,646		101,164,783	
	130,706,723		106,863,811	
Less: closing stock	7,709,674		9,059,077	
		122,997,049		97,804,734
Operating supplies		70,078,415		58,214,978
Advertisement		156,099,755		117,058,841
Sales promotion expenses		943,832,749		809,384,401
Sales commission		262,210,581		373,943,771
Discount		109,609,355		58,967,695
Power and fuel		149,103,577		117,498,973
Rent (including lease rent)		287,243,635		231,165,169
Rates and taxes		15,693,530		11,738,733
Director's fees		290,000		145,000
Commission to non whole time Directors		14,000,000		-
Repairs and maintenance				
Buildings		9,550,651		5,967,303
Resort renovations		25,170,061		28,674,557
Office equipment		398,307		132,835
Others		74,660,342		60,542,634
Travelling		121,899,129		82,810,945
Communication		57,836,969		50,424,550
Insurance		13,552,990		8,135,224
Consultancy charges		75,268,270		62,965,782
Miscellaneous		198,169,412		157,912,414
Service charges		91,308,817		85,296,513
Provision for doubtful debts		950,214		324,147
Loss on exchange fluctuation (net)		-		5,232,202
		2,799,923,808		2,424,341,401

SCHEDULE 13				
Interest and financial charges				
Interest		1,592,244		11,586,690
Bank charges		24,389,845		33,936,295
		25,982,089		45,522,985

Significant Accounting Policies and Notes to the Accounts

SCHEDULE 14

Notes on accounts for the year ended March 31, 2011.

1. Accounting Policies

(i) Basis for preparation of accounts:

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

Use of estimates:

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

(ii) Fixed assets:

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

- (a) Leasehold land and buildings are amortised over the period of lease.
- (b) Floating cottages grouped under building are depreciated over the useful life of 25 years.
- (c) Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months from the date of capitalisation.
- (d) Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months.
- (e) Intangible assets representing 'vacation ownership' is amortised over a period of ten years.
- (f) Expenditure incurred towards software is amortised over a period of 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3 / 4 years.
- (h) Non- compete fee is amortised over a period of 5 years.

(iii) Assets taken on Lease and Hire Purchase:

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

(iv) 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 stated at cost or net realisable value, whichever is lower. The cost is arrived at on first in first out method.

(vi) Investments:

Long term investments are stated at acquisition cost less provision, if any, for diminution in value other than temporary.

Current investments are carried at lower of cost and fair value.

(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

Significant Accounting Policies and Notes to the Accounts

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

(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 profit and loss account.

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

(ix) Employee benefits:

Short term employee benefit plans

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

Defined Contribution Plan

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

Defined Benefit Plan

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

(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.

Significant Accounting Policies and Notes to the Accounts

(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

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(xiv) Provision & contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Employees' stock option scheme

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

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

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

Significant Accounting Policies and Notes to the Accounts

2. Summary of Stock options (including bonus shares)

Particulars	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (1/11/2007)	Grant V ** (1/11/2008)	Total
Options outstanding as on 1.4.2010.	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

** Issued out of lapsed options.

In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not allotted to the employees have been reduced from the share capital by Rs. 6,240,940 and securities premium account reduced by Rs. 4,212,960. The said shares will be added to the issued share capital as and when the trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from the trust is disclosed under current liabilities.

The General Reserve has been reduced by Rs. 1,731,680 for bonus shares issued on exercise of stock options during the year.

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

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

Had the company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is Rs.10,383,964 and the impact on the financial statements would be :

	Year ended March 31, 2011	Year ended March 31, 2010
Increase in employee compensation cost	2,076,793	2,076,793
Decrease in profit after tax	2,076,793	2,076,793
Decrease in basic & diluted earnings per share	(0.02)	(0.03)

Rs.

Significant Accounting Policies and Notes to the Accounts

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

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

3. Secured loans

Loans and advances from a bank are secured by an exclusive charge on inventories, receivables and other moveable assets.

4. Securitisation

The company has been securitising amounts receivable including future interest receivable thereon. The excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

Rs.

	Year ended March 31, 2011	Year ended March 31, 2010
Value of Accounts receivable	364,664,149	2,135,393,146
Less: Future interest receivable	102,189,965	619,933,056
Principal amount of receivables	262,474,184	1,515,460,090
Consideration received	300,000,000	1,750,000,000
Profit on securitisation	37,525,816	234,539,910
Less: Reversals in respect of cancelled members	25,840,850	11,675,506
Income from securitisation	11,684,966	222,864,404

Significant Accounting Policies and Notes to the Accounts

5. Contingent Liabilities

		As at	As at
		March 31, 2011	March 31, 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.	2,036,782,120	2,657,820,819
(b)	Claims against the company not acknowledged as debts Claims not acknowledged as debts represent luxury tax claimed on 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.	6,420,314	9,668,526
(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 2002-03, in respect of issues relating to revenue recognition, was decided in favour of the Company by the Appellate Tribunal in May 2010. Amount involved was Rs. 116,013,707 (including interest of Rs 58,051,475). For the assessment years 2003-04 to 2008-09, the Company has gone on appeal to the CIT(A) 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, is Rs. 1925,645,407 (including interest of Rs. 382,089,632); As at 31st March, 2010, Rs. 1,315,373,266/- (including interest of Rs. 251,752,898).		
(ii)	Disallowance of expenditure during construction / Software expenses. Rs. 43,935,275/- (including interest of Rs. 7,384,579); As at 31st March, 2010 Rs. 35,484,928/- (including interest of Rs. 5,966,891) 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 (including interest of Rs. 22,633,591) (as at 31st March, 2010 Rs. 9,909,258)	166,844,896	78,537,507

(d) Other matters under appeal

- (i) The Government of Kerala issued an Order dated 3rd July 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property.

The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated 3rd July 2007 cancelling the assignment of land

Significant Accounting Policies and Notes to the Accounts

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

Rs.

		As at March 31, 2011	As At March 31, 2010
6.	Capital commitments		
	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	771,483,558	688,233,492
7.	Auditors' remuneration		
	Audit Fees	2,800,000	2,300,000
	Other Services	1,560,000	1,550,000
	Reimbursement of expenses/levies	36,927	30,926
8.	CIF Value of Imports		
	Capital Goods	10,020,062	85,155,656
9.	Expenditure in foreign currency		
	Salaries	38,797,844	40,358,029
	Travel	149,155	811,410
	Consultancy	10,810,176	37,921,434
	Marketing Expenses	16,416,578	12,139,449
	Others	28,388,005	33,407,007
10	Earnings in foreign currency		
	Room rentals and restaurant sales	49,923,429	33,627,819
	Sale of vacation ownership	96,678,760	93,334,456
	Interest	7,527,079	8,361,545

		2010-11		2009-10	
		% of total Value	Consumption Rs.	% of total Value	Consumption Rs.
11.	Particulars of consumption				
	Provisions, beverages (excluding wine, liquor and smokes)	94	116,184,509	94	91,464,391
	Wine, Liquor and Smokes	6	6,812,540	6	6,340,343
		100	122,997,049	100	97,804,734
	Indigenous	100	122,997,049	100	97,804,734
	Imported	-	-	-	-
		100	122,997,049	100	97,804,734

Significant Accounting Policies and Notes to the Accounts

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

S.No.	Class of goods	Unit of measurement	Opening stock		Purchases		Closing stock	
			Qty.	Value (Rs)	Qty.	Value (Rs)	Qty.	Value (Rs)
1	Beverages	Litres	20,564	514,314	333,883	4,751,450	21,454	421,420
			(13,389)	(277,975)	(290,998)	(4,197,977)	(20,564)	(514,314)
2	Wine and liquor	Litres	7,508	3,520,086	16,638	6,868,738	4,248	2,672,892
			(7,055)	(1,916,565)	(45,539)	(8,506,154)	(7,508)	(3,520,086)
3	Smokes	Packets.	674	57,054	3,263	275,659	270	24,784
			(563)	(48,598)	(3,978)	(318,276)	(674)	(57,054)

Figures in brackets are in respect of the previous year.

13. Employee Benefits

Rs.

		Gratuity	
		2010-11	2009-10
a.	Net Asset/ (Liability) recognized in the balance sheet		
	Present value of funded obligation	15,398,391	12,978,631
	Fair value of plan assets	13,579,177	13,870,609
	(Deficit) / surplus	(1,819,214)	891,978
	Net asset/ (Liability)	(1,819,214)	891,978
b.	Expense recognized in the Profit & Loss account		
	Current service cost	3,631,535	3,158,575
	Interest cost	1,038,290	798,077
	Expected return on plan assets	(1,256,627)	(891,978)
	Actuarial (gains) / losses	(702,006)	(316,399)
	Total expenses	2,711,192	2,748,275
c.	Change in present value of obligation		
	Present value of defined benefit obligation as at the beginning of the year	12,978,631	9,975,960
	Current service cost	3,631,535	3,158,575
	Interest cost	1,038,290	798,077
	Actuarial (gains) /losses	(702,006)	(316,399)
	Benefits paid	(1,548,059)	(637,582)
	Present value of defined benefit obligation as at the end of the year	15,398,391	12,978,631
d.	Change in fair value of plan assets		
	Plan assets at the beginning of the year	13,870,609	9,996,621
	Expected return on plan assets	1,256,627	891,978
	Actuarial gains /(losses)	NIL	NIL
	Contributions by employer	NIL	3,619,592
	Benefits paid	(1,548,059)	(637,582)
	Plan assets at the end of the year	13,579,177	13,870,609
e.	Principal actuarial assumptions		
1	Discount rate	8.0 %	8.0 %
2	Expected return on plan assets	9.0 %	8.0 %
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality

f. In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustment in respect of actuarial losses / gains.

g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market

Significant Accounting Policies and Notes to the Accounts

14. Segment Reporting:

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

Secondary segment information:

Rs.

	2010-11			2009-10		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales	4,790,115,333	81,137,535	4,871,252,868	4,609,663,199	77,836,109	4,687,499,308
Segment assets	15,287,927,896	72,286,381	15,360,214,277	12,355,872,535	91,077,175	12,446,949,710
Additions to fixed assets	1,015,254,898	250,611	1,015,505,509	1,160,786,056	Nil	1,160,786,056

15. Deferred Taxation:

Rs.

Particulars	As at 01.04.2010	Movement during the year	As at 31.03.2011
Deferred tax asset			
Provision for doubtful debts	183,705	304,011	487,716
Provision for Compensated Absences	5,601,406	238,871	5,840,277
Others	3,631,439	2,053,011	5,684,450
Total	9,416,550	2,595,893	12,012,443
Deferred tax liability			
Difference between book and tax depreciation	(342,505,177)	(37,284,336)	(379,789,513)
Net deferred tax (liability) / asset	(333,088,627)	(34,688,443)	(367,777,070)

16. a. Managerial Remuneration to the Managing Director

Rs.

	Year ended March 31, 2011	Year ended March 31, 2010
1. Remuneration paid to the Managing Director		
Salaries and allowances	9,189,220	10,300,720
Contribution to provident and superannuation funds	923,400	923,400
Perquisites	16,354,591	11,595,837
	26,467,211	22,819,957
2. Directors sitting fees	290,000	145,000
3. Commission to non-whole time directors	14,000,000	-
	40,757,211	22,964,957

Significant Accounting Policies and Notes to the Accounts

b. Computation of net profit in accordance with Section 309(5) of the companies Act, 1956

	Rs.	
	2010- 11	2009-10
Profit before tax as per Profit and Loss account	1,492,811,929	1,767,203,911
Add:		
Depreciation charged in the Accounts	201,005,763	190,962,520
Managerial Remuneration	40,757,211	22,964,957
Provision for doubtful debts and advances (Net)	950,214	324,147
Profit on sale of fixed assets (Net)	(864,495)	(479,415)
	241,848,693	213,772,209
	1,734,660,622	1,980,976,120
Less:		
Depreciation under Section 350 of the Companies Act, 1956	193,537,653	182,470,481
Profit on sale of fixed assets as per Section 349 of the Companies Act, 1956 (Net)	(864,495)	(479,415)
	192,673,158	181,991,066
Total	1,541,987,464	1,798,985,054
Commission payable to non -whole time directors	15,419,875	-
Restricted to	14,000,000*	-
*Subject to Shareholders' approval.		

17. Earnings per share:

	Rs.	
	Year ended March 31, 2011	Year ended March 31, 2010
Net profit after tax (in Rs.)	1,027,623,486	1,178,375,065
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,532,990	81,626,333
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos)	84,157,084	82,569,244
Earnings Per Share – Basic (in Rs.)	12.30	14.44
Earnings per share – Diluted (in Rs.)	12.21	14.27
Nominal value of shares (in Rs.)	10	10

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

Significant Accounting Policies and Notes to the Accounts

18. 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 & Resorts U.S.A Inc.
		Mahindra Hotels & Residences India Limited
		MHR Hotel Management GmbH
		Heritage Bird (M) Sdn Bhd.
		BAH Hotelanlagen AG
C.	Fellow Subsidiaries with whom the company has transactions	Mahindra Logisoft Business Solutions Limited
		Mahindra Intertrade Limited
		Mahindra United Football Company
		Mahindra Navistar Automotives Limited
		Mahindra Shubhlabh Services Limited
		Mahindra & Mahindra Financial Services Limited
		Mahindra Lifespace Developers Limited
		Mahindra World City (Jaipur) Limited
		Mahindra World City Developers Limited
		Mahindra First choice Wheels Limited
		Mahindra First Choice Services Limited
		Mahindra Ugine Steel Company Limited
		Mahindra Logistics Limited
		Mahindra Retail Private Limited
D.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited ESOP Trust
E.	Key Management Personnel	Ramesh Ramanathan (Managing Director)

Significant Accounting Policies and Notes to the Accounts

(ii) The related party transactions are as under:

Nature of transactions	Holding company		Subsidiary companies		Fellow Subsidiaries		Other entities under the control of the company		Key Management Personnel		Rs.
	Year Ended										
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	
Finance:											
Investment:											
BAH Hotelangen AG	-	-	311,379,054	311,379,054	-	-	-	-	-	-	-
Mahindra Hotels & Residences India Ltd	-	-	499,940	499,940	-	-	-	-	-	-	-
MHR Hotel Management GmbH	-	-	1,567,125	1,567,125	-	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd.	-	-	4,026,772	4,026,772	-	-	-	-	-	-	-
Mahindra Holidays and Resorts USA Inc.	-	-	45,503	45,503	-	-	-	-	-	-	-
Advances Given:											
Mahindra Hotels & Residences India Ltd	-	-	1,007,685	958,050	-	-	-	-	-	-	-
ICD Given:											
Mahindra & Mahindra Financial Services Limited	-	-	-	-	300,000,000	-	-	-	-	-	-
ICD Repaid:											
Mahindra & Mahindra Financial Services Limited	-	-	-	-	300,000,000	-	-	-	-	-	-
Loans Given:											
Heritage Bird (M) Sdn. Bhd.	-	-	64,359,750	59,365,950	-	-	-	-	-	-	-
Debtors Securitized:											
Mahindra & Mahindra Financial Services Limited	-	-	-	-	-	750,000,000	-	-	-	-	-
Sales:											
Fixed Asset											
Mahindra World City Developers Limited	-	-	-	-	25,500,000	-	-	-	-	-	-
Services	50,674,437	17,695,582	-	-	-	-	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	839,000	1,647,652	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	1,502,206	1,181,887	-	-	-	-	-
Mahindra Ugine Steel Company Limited	-	-	-	-	-	56,394	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	-	-	-	288,000	-	-	-	-	-
Mahindra First choice Wheels Limited	-	-	-	-	4,800,000	-	-	-	-	-	-
Mahindra First Choice Services Ltd	-	-	-	-	65,550	-	-	-	-	-	-
Mahindra World City (Jaipur) Limited	-	-	-	-	34,859	-	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	-	-	911,760	-	-	-	-	-	-
Mahindra Logistics Limited	-	-	-	-	1,693,982	-	-	-	-	-	-
Mahindra & Mahindra Financial Services Limited	-	-	-	-	66,347	-	-	-	-	-	-
Mahindra Retail Private Limited	-	-	-	-	135,570	-	-	-	-	-	-
Purchases:											
Services	22,689,017	20,632,000	-	-	-	-	-	-	-	-	-
Mahindra Logisoft Business Solution Ltd	-	-	-	-	23,012,304	19,983,252	-	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	189,000	226,800	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	-	-	250,000	-	-	-	-	-	-
Heritage Bird (M) Sdn. Bhd	-	-	9,867,000	9,101,400	-	-	-	-	-	-	-
Interest Income											
Mahindra Holidays and Resorts (USA) Inc	-	-	-	8,487,434	-	-	-	-	-	-	-
Heritage Bird (M) SDN BHD	-	-	5,993,243	5,637,737	-	-	-	-	-	-	-
Mahindra & Mahindra Financial Services Limited	-	-	-	-	13,607,877	-	-	-	-	-	-
Dividend paid	279,942,568	220,064,499	-	-	-	-	-	-	-	-	-
Other transactions:											
Reimbursements received	54,159,393	-	-	-	-	-	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	1,475,568	1,053,511	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	2,119,921	509,905	-	-	-	-	-
Mahindra Logistics Limited	-	-	-	-	1,633,492	-	-	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	25,590,000	-	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	-	-	911,760	-	-	-	-	-	-
Mahindra World City (Jaipur) Limited	-	-	-	-	34,859	-	-	-	-	-	-
Mahindra First choice Wheels Limited	-	-	-	-	4,800,000	-	-	-	-	-	-
Mahindra First Choice Services Ltd	-	-	-	-	65,550	-	-	-	-	-	-
Mahindra & Mahindra Financial Services Limited	-	-	-	-	13,674,224	-	-	-	-	-	-
Mahindra Retail Private Limited	-	-	-	-	135,570	-	-	-	-	-	-
Reimbursements made	-	21,841,110	-	-	-	-	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	-	-	210,000	-	-	-	-	-	-
Mahindra Logisoft Business Solutions Ltd	-	-	-	-	22,844,005	-	-	-	-	-	-
Outstanding:											
Payable											
Mahindra Logisoft Business Solutions Ltd	-	-	-	-	1,910,486	1,563,784	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	-	200,000	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	-	-	44,120	-	-	-	-	-	-
Mahindra Holidays & Resorts India Limited	-	-	-	-	-	-	6,011,990	9,698,536	-	-	-
Employees' Stock Option Trust	-	-	-	-	-	-	-	-	-	-	-
Receivable	9,291,434	35,465,407	-	-	-	-	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	-	-	486,819	486,819	-	-	-	-	-
Mahindra World City Developers Limited	-	-	-	-	-	279,000	-	-	-	-	-
Mahindra United Football Company	-	-	-	-	-	636,568	-	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	-	-	52,783	675,427	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	-	-	305,714	305,714	-	-	-	-	-
Mahindra Logistics Limited	-	-	-	-	55,324	-	-	-	-	-	-
Mahindra Holidays and Resorts (USA) Inc	-	-	-	6,571,002	-	-	-	-	-	-	-
Heritage Bird (M) SDN BHD	-	-	67,103,543	65,005,715	-	-	-	-	-	-	-
Mahindra Hotels and Residences India Ltd	-	-	1,007,685	958,050	-	-	-	-	-	-	-
Mahindra Holidays & Resorts India Limited	-	-	-	-	-	-	10,000	12,010,000	-	-	-
Employees' Stock Option Trust	-	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-	26,467,211	22,819,957	-
Loan to Key Managerial Personnel	-	-	-	-	-	-	-	-	2,259,273	2,496,870	-

Significant Accounting Policies and Notes to the Accounts

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

	Currency	As at March 31, 2011		As at March 31, 2010	
		Value in foreign currency	Value in Rupees	Value in foreign currency	Value in Rupees
Receivables	UAE - Dirham	244,373	3,013,124	1,513,405	18,554,349
Loan to US subsidiary	US Dollar	Nil	Nil	145,925	6,571,002
Loan to Malaysian Subsidiary	Malaysian Ringgit	4,488,531	67,103,543	4,713,975	65,005,715

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

Investment in mutual funds	Units purchased / transfer in (Nos.)	Cost of purchases (Rs.)	Units sold (Nos.)	Sale Value (Rs.)
ICICI Prudential Flexible Income Plan Premium	1,437,556	152,000,000	2,333,047	246,684,684
DWS Treasury Fund Cash- Inst Plan DDRE	19,602,575	197,000,000	3,482,691	35,000,000
Sundaram Ultra ST Fund Super Inst. DDRE	11,618,247	116,612,349	13,679,386	137,300,000
Kotak QIP Series 6	9,996,901	100,000,000	88,645	886,725
HDFC Cash Management Fund- Treasury Advantage Plan	3,489,010	35,000,000	5,278,871	52,954,999
Templeton India Ultra Short Bond Fund Super Ints plan	49,442,647	495,000,000	51,440,329	515,000,000
Kotak Flexi Debt - Institutional	13,436,178	135,000,000	11,943,269	120,000,000
ICICI Prudential flexible income plan	2,269,826	240,000,000	2,837,282	300,000,000
DWS Treasury Fund Cash-institutional Plan	14,925,819	150,000,000	32,891,932	330,554,053
LIC MF Income Plus Fund - Growth	5,000,000	50,000,000	5,011,308	50,113,077
Sundaram BNP Paribas Ultra Short Term - Super IP - Dly Div	9,963,136	100,000,000	10,008,906	100,459,389
Kotak Floater fund	7,936,665	80,000,000	8,003,524	80,673,922
Birla Sun Life Savings Fund - Inst - Daily Dividend - Reinvestment	25,482,672	255,000,000	20,684,986	206,990,517
DWS Ultra Short term Fund - IP - Growth DDRE	28,948,183	290,000,000	24,955,330	250,000,000
TFLD Tata Floater Fund	12,953,884	130,000,000	16,041,226	160,983,326
UTI-Floating rate fund -short term plan-inst DDRE	139,892	140,000,000	97,125	97,200,000
Sundaram Ultra ST Fund Super Inst. DDRE	8,467,436	84,987,651	4,982,331	50,007,653
Principal Ultra short term fund-MDRE	5,196,009	54,956,112	5,215,012	55,157,096
DWS Treasury Fund Cash-institutional Plan DDRE	9,453,018	95,000,000	10,945,600	110,000,000
TTMSHD TATA treasury Manager SHIP DDRE	222,702	225,000,000	118,775	120,000,000
UTI Treasury Advantage Fund- Ins Plan DDRE	189,959	190,000,000	189,959	190,000,000

Significant Accounting Policies and Notes to the Accounts

21. 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 17,688.25 lacs of which Rs 11,139.20 lacs have been spent towards the object of the issue (Rs 9,693.46 lacs were utilised for construction of resorts and Rs 1,445.74 lacs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.
22. 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.
23. Previous year's figures have been regrouped / recast, wherever necessary, to conform to this year's classification.

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Place: Mumbai
Date: April 25, 2011

Rajiv Balakrishnan
Company Secretary

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details

Registration no. State Code

Balance Sheet date

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

Public issue Right issue

Bonus issue Private placement

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves and surplus

Deferred Tax Liability Secured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets # Deferred Tax Asset (net)

(# Includes Advance towards members' facilities 9,569,796)

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

Turnover Total Expenditure

(including other income)

Profit/(Loss) Before Tax Profit/(Loss) After Tax

(Please tick Appropriate box
+ for Profit / - for Loss)

Earnings per share in Rs. Dividend rate %

(Basic)

Item Code No. (ITC Code)

Product Description

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Place: Mumbai
Date: April 25, 2011

Statement Pursuant to Section 212 of The Companies Act, 1956, Relating to Subsidiary Company

Particulars	Name of the Subsidiary Companies				
	Mahindra Holidays and Resorts USA Inc.	MHR Hotel Management GmbH	Mahindra Hotels and Residences India Ltd	Heritage Bird Sdn Bhd.	BAH Hotelangen AG
The Financial Year of the Subsidiary Company ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
Number of shares in the subsidiary company held by Mahindra Holidays & Resorts India Limited at the above date:					
Equity (Nos.)	100	-	49,994	300,002	1,385
Extent of holding (%)	100%	75%	100%	100%	99%
The net aggregate of profits of the Subsidiary Company for its financial year so far as they concern the members of Mahindra Holidays & Resorts India Limited:					
(a) Dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2011	-	-	-	-	-
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2011	(1,751,982)	490,960	(49,635)	(2,108,380)	(10,374,645)
The net aggregate of profits of the Subsidiary Company for its previous financial years so far as they concern the members of Mahindra Holidays and Resorts India Limited:					
(a) Dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2010	(8,487,434)	-	-	3,463,663	-
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2010	17,073,425	826,541	(42,514)	(4,823,014)	8,349,898

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Place: Mumbai

Date: April 25, 2011

Rajiv Balakrishnan
Company Secretary

Auditors' Report

TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Mahindra Holidays & Resorts India Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs.334,669,246 as at March 31, 2011, total revenues of Rs.148,492,468 and net cash outflows amounting to Rs.25,595,393 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Registration No.008072S)

B. Ramaratnam

Partner

(Membership No.21209)

Mumbai, April 25, 2011

Consolidated Balance Sheet as at March 31, 2011

		Rs.	Rs.
	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	836,056,780	832,868,610
Reserves and Surplus	2	4,165,003,564	3,552,518,466
Minority Interest		3,282,446	3,246,406
Deferred Income			
Advance Towards Members' Facilities (see note 1(vii)(a))		9,573,832,680	8,055,479,063
Loan Funds:			
Secured Loans	3	102,264,225	160,754,726
Deferred Tax Liability (net)		367,777,070	333,101,242
Total		15,048,216,765	12,937,968,513
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	5,871,267,304	5,294,868,798
Less : Depreciation		1,047,112,212	831,002,684
Net Block		4,824,155,092	4,463,866,114
Capital Work In Progress/Advances		1,301,529,785	888,171,748
Expenditure During Construction Pending Allocation	5	151,593,864	112,819,159
		6,277,278,741	5,464,857,021
Investments	6	1,133,328,292	1,954,033,112
Current Assets, Loans and advances			
Inventories	7	34,878,796	32,601,892
Sundry Debtors		8,103,373,798	6,337,174,659
Cash and Bank Balances		635,390,994	283,133,669
Loans and Advances		735,587,172	745,650,486
		9,509,230,760	7,398,560,706
Less: Current Liabilities and Provisions			
Current Liabilities	8	1,460,137,312	1,469,743,643
Provisions		411,483,716	409,738,683
		1,871,621,028	1,879,482,326
Net Current Assets		7,637,609,732	5,519,078,380
Total		15,048,216,765	12,937,968,513
Notes on Accounts	14		

The Schedules referred above forms an integral part of Balance Sheet
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place: Mumbai
Date: April 25, 2011

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

Rs.

	Schedule	2010-11	2009-10
INCOME			
Income From Sale of Vacation Ownership and Other Services	9	5,004,234,227	4,734,828,960
Other Income	10	460,214,526	478,005,906
Total		5,464,448,753	5,212,834,866
EXPENDITURE			
Employee Cost	11	874,429,229	748,892,356
Depreciation		221,270,597	195,637,570
Other Expenses	12	2,873,273,640	2,456,571,478
Interest and Financial Charges	13	27,211,937	45,845,491
Total		3,996,185,403	3,446,946,895
Profit Before Tax		1,468,263,350	1,765,887,971
Provision For Taxation			
Current Tax		430,500,000	550,500,000
Overseas tax		137,081	6,365,334
Deferred Tax		34,675,828	38,341,461
		465,312,909	595,206,795
Profit After Tax		1,002,950,441	1,170,681,176
Minority Share of (profit) / loss		493,925	(88,477)
Net Profit		1,003,444,366	1,170,592,699
Profit Brought Forward		1,696,844,731	1,036,969,169
Balance Available For Appropriation		2,700,289,097	2,207,561,868
Appropriations:			
General Reserve		102,770,000	117,840,000
Proposed Dividend		336,919,088	336,919,088
Tax on Proposed Dividend		54,656,699	55,958,049
		494,345,787	510,717,137
Balance Carried to Balance Sheet		2,205,943,310	1,696,844,731
Earnings Per Share			
Basic		12.01	14.34
Diluted		11.92	14.18
Notes on Accounts	14		

The Schedules referred above forms an integral part of Profit & Loss Account
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place: Mumbai
Date: April 25, 2011

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Rajiv Balakrishnan
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2011

Rs.

	March 31, 2011	March 31, 2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
Profit for the period before tax	1,468,263,350	1,765,887,971
Adjustments for :		
Depreciation	221,270,597	195,637,570
Interest and financial charges	27,211,937	45,845,492
Interest on deposits	(28,251,572)	(12,708,513)
Interest on instalment sales	(334,965,516)	(186,553,498)
Dividend income	(73,202,446)	(43,749,057)
Income from securitisation	(11,684,966)	(222,864,404)
Loss/(Gain) on fixed assets sold/scrapped (net)	5,495,996	(479,415)
Unrealised exchange loss/(gain)	2,466,664	14,336,744
Operating profit before working capital changes	1,276,604,044	1,555,352,890
Changes in :		
Deferred income - Advance towards members' facilities	1,519,695,221	1,681,788,311
Trade and other receivables	(1,226,477,510)	(902,859,444)
Inventories	(2,276,904)	20,012,164
Trade and other payables	(362,255,113)	356,337,924
	(71,314,306)	1,155,278,955
Income taxes paid	(466,096,051)	(848,239,655)
NET CASH FROM OPERATING ACTIVITIES	739,193,687	1,862,392,190
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets including capital work in progress/advances and expenditure pending allocation	(1,066,644,360)	(1,467,984,118)
Proceeds from sale of fixed assets	27,458,360	18,234,680
Purchase of investments (net of proceeds)	866,002,134	(1,995,566,273)
Interest received	19,485,701	8,422,912
Interest on instalment sales received	160,783,448	97,007,819
Dividend income	73,202,446	40,010,254
Income from securitisation received	11,684,966	222,864,404
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	91,972,695	(3,077,010,322)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) from borrowings	(58,490,501)	(146,780,170)
Dividends paid	(336,875,004)	(235,001,064)
Dividend distribution tax paid	(55,958,049)	(39,938,431)
Issue of equity shares	4,177,131	1,631,109,643
Interest and financial charges paid	(27,211,937)	(39,321,779)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(474,358,360)	1,170,068,199
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	356,808,022	(44,549,933)
CASH AND CASH EQUIVALENTS :		
Opening balance	278,582,972	327,683,602
Closing balance	635,390,994	283,133,669
	356,808,022	(44,549,933)

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Place: Mumbai
Date: April 25, 2011

Rajiv Balakrishnan
Company Secretary

Schedules to Accounts Forming Part of the Consolidated Accounts

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 1		
Share Capital		
Authorised :		
100,000,000 equity shares of Rs.10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued :		
84,229,772 equity shares of Rs.10 each	842,297,720	842,297,720
Subscribed and paid-up :		
84,229,772 equity shares of Rs. 10 each fully paid (of the above 69,985,642 equity shares are held by the holding company, Mahindra & Mahindra Limited)	842,297,720	842,297,720
Less: 624,094 (previous year 942,911) equity shares of Rs 10 each fully paid up issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees (refer note 2)	6,240,940	9,429,110
	836,056,780	832,868,610

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

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 2		
Reserves and Surplus		
Capital reserve	1,474,577	1,474,577
General Reserve		
As per last balance sheet	283,384,260	167,847,150
Less : Bonus shares issued on exercise of stock options	1,731,680	2,302,890
Add : Transfer from Profit and Loss Account	102,770,000	117,840,000
	384,422,580	283,384,260
Securities Premium Account		
As per last balance sheet	1,565,289,824	-
Premium on issue of shares	-	1,709,864,360
Less: Share issue expenses	-	144,574,536
	1,565,289,824	1,565,289,824
Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	12,071,220	12,071,220
Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust but not allotted to employees	4,212,960	6,443,016
	7,858,260	5,628,204
	1,573,148,084	1,570,918,028
Balance in Profit and Loss Account	2,205,943,310	1,696,844,731
Foreign Exchange Fluctuation Reserve	15,013	(103,130)
	4,165,003,564	3,552,518,466

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 3		
Loan Funds		
SECURED LOANS		
(refer note 3)		
Loans and advances from banks		
- Cash credit	102,264,225	160,754,726
	102,264,225	160,754,726

Schedules to Accounts Forming Part of the Consolidated Accounts

SCHEDULE - 4
Fixed Assets As At March 31, 2011

Description	Gross block (at cost)			Depreciation / Amortisation			Net block		
	As at April 1, 2010	Adjustments	Additions	Deductions	As at March 31, 2011	For the year	Deductions	As at March 31, 2011	As at March 31, 2010
(A) Tangible assets									
(i) Assets on lease / hire purchase									
Leasehold land	27,389,500	-	-	26,525,500	864,000	242,870	1,027,214	768,010	26,509,166
Leasehold buildings	15,608,588	-	-	15,608,588	4,539,388	1,888,348	-	9,180,852	11,069,200
Vehicles	3,639,262	(2,743,263)	-	895,999	-	102,416	895,999	-	1,041,366
	46,637,350	(2,743,263)	-	27,421,499	16,472,588	2,233,634	1,923,213	9,948,862	38,619,732
(ii) Owned assets									
Freehold land	910,738,992	-	11,246,180	-	921,985,172	-	-	921,985,172	910,738,992
Buildings	2,565,169,695	5,138,111	329,105,709	6,922,618	2,892,490,897	58,022,204	2,573,769	2,659,125,800	2,392,391,144
Ships	614,000	-	-	-	614,000	43,410	-	567,974	611,384
Plant and machinery	896,866,510	-	170,888,247	3,227,394	1,064,527,363	73,540,786	1,530,789	732,068,130	636,417,274
Furniture and fixtures	673,218,379	-	89,582,185	2,573,688	760,226,876	62,399,999	2,285,906	406,719,917	379,825,513
Vehicles	41,180,157	2,743,263	5,966,387	2,287,277	47,602,530	4,703,243	1,985,503	24,172,490	22,272,170
	5,087,787,733	7,881,374	606,788,708	15,010,977	5,687,446,838	6,942,424	8,375,967	4,744,639,483	4,342,256,477
(B) Intangible assets									
Goodwill on consolidation	45,521,974	-	-	-	45,521,974	-	-	45,521,974	45,521,974,000
Vacation Ownership weeks	6,226,938	-	-	-	6,226,938	622,694	-	622,692	1,245,386
Product design and development	38,540,065	-	-	-	38,540,065	11,252,942	-	6,141,701	17,394,643
Software	50,154,738	-	6,904,163	-	57,058,901	4,451,685	-	7,713,257	5,260,779
Non Compete Fee	20,000,000	-	-	-	20,000,000	4,000,000	-	9,567,123	13,567,123
	160,443,715	5,138,111	6,904,163	-	167,347,878	20,327,321	-	69,566,747	82,989,905
Total	5,294,868,798	5,138,111	613,692,871	42,432,476	5,871,267,304	5,138,111	10,299,180	4,824,155,092	-
Previous Year	4,292,907,154	-	1,025,546,680	23,585,036	5,294,868,798	-	5,829,771	-	4,463,866,114

Schedules to Accounts Forming Part of the Consolidated Accounts

Rs.

	As at 01.04.2010	Additions	Capitalised during the year	As at 31.03.2011
SCHEDULE - 5				
Expenditure During Construction pending Allocation				
Salaries,Wages & Bonus	46,704,880	46,396,041	7,089,169	86,011,752
Staff welfare Expenses	1,185,400	1,176,252	451,519	1,910,133
Power & Fuel	1,378,329	3,422,269	1,215,742	3,584,856
Rent	849,023	1,515,239	356,800	2,007,462
Rates & Taxes	2,986,258	743,751	1,806,660	1,923,349
Repairs-Others	125,572	2,175,482	169,782	2,131,272
Travelling	11,249,175	9,922,306	2,745,733	18,425,748
Communication	1,707,387	1,532,355	439,008	2,800,734
Printing & Stationery	519,365	518,733	196,301	841,797
Insurance	6,433	96,887	100,993	2,327
Consultancy Charges	13,567,352	7,397,673	2,237,647	18,727,378
Freight	1,400,315	2,429,643	763,228	3,066,730
Miscellaneous	3,854,974	5,437,171	1,294,987	7,997,158
Interest - Others	27,284,696	42,122	25,163,650	2,163,168
Total	112,819,159	82,805,924	44,031,219	151,593,864

	Units on 31-March-11 Nos.	Units on 31-March-10 Nos.	Value as on 31-March-11 Rs.	Value as on 31-March-10 Rs.
SCHEDULE - 6				
Investments				
Investment in mutual funds (unquoted, short term, non-trade)				
B864D BSL Interval Income Fund Instl Quarterly Series 1 DD	7,050,227	-	70,923,167	-
Birla Sun Life Savings Fund	4,085,160	15,687,609	40,879,375	156,982,762
Birla Sun Life Short term Fund	-	9,329,942	-	93,350,737
DWS Treasury Fund Cash-institutional Plan	17,499,760	19,905,687	175,867,336	200,046,178
DWS Ultra Short term Fund - IP - Growth DDRE	6,179,923	-	61,909,855	-
HDFC Cash Management	-	25,573,120	-	256,536,749
ICICI Prudential flexible income plan	1,614,361	96,350	170,694,439	10,187,569
ICICI Prudential Mutual Fund	-	2,400,316	-	253,797,360
ICICI Prudential Ultra Short term Plan	-	9,981,917	-	100,028,788
IDFC Money Manager	-	19,028,490	-	190,542,649
IDFC Mutual Fund-Money Manager Funds	-	12,597,150	-	125,990,398
IDFC Savings Advantage Fund - Plan A - Monthly Div	165,379	-	166,822,112	-
Kotak Flexi Debt - Institutional	-	17,723,021	-	178,072,053
Kotak Floater Long term Daily Dividend	-	1,491,631	-	15,035,340
Kotak QIP Series 6	10,015,090	-	100,181,943	-
Kotak Quarterly Interval Plan Series 7	3,026,702	-	30,275,802	-

Schedules to Accounts Forming Part of the Consolidated Accounts

	Units on 31-March-11 Nos.	Units on 31-March-10 Nos.	Value as on 31-March-11 Rs.	Value as on 31-March-10 Rs.
SCHEDULE - 6 (CONTD.)				
Investments				
Principal floating rate fund-Dividend Reinvestment	-	17,278,883	-	173,001,356
Sundaram Ultra ST Fund Super Inst. DDRE	5,052,093	-	50,707,862	-
Tata Fixed income portfolio fund scheme B2	10,047,908	-	100,664,962	-
Templeton Floating Rate Income Fund	-	17,992,919	-	180,109,116
Templeton India Ultra Short Bond Fund	474,174	2,007,876	4,747,241	20,102,047
TTMSHD Tata Treasury Manager SHIP DDRE	112,833	-	113,997,413	-
UTI Treasury Advantage Fund- Ins Plan DDRE	1,356	-	1,356,785	-
UTI-Floating rate fund -short term plan-inst DDRE	44,016	-	44,049,990	-
Investment in preference shares (unquoted, long term, non-trade, fully paidup)				
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of Rs. 10 each.)			250,000	250,000
Investment in equity shares (unquoted, long term, non-trade, fully paidup)				
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)			10	10
			1,133,328,292	1,954,033,112

Note :

- The preference shares of Guestline Hospitality Management and Development Services Limited will be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz 14.01.2003.
- The preference shares of Guestline Hospitality Management and Development Services Limited shall at the option of the holder be convertible into fully paid equity shares of the face value of Rs.10 each anytime after thirty six months from the date of allotment.

Schedules to Accounts Forming Part of the Consolidated Accounts

	As at March 31, 2011	Rs. As at March 31, 2010
SCHEDULE 7		
Current assets, loans and advances :		
Current assets :		
Inventories		
Food, beverages and smokes	7,709,674	10,918,102
Operating supplies	27,169,122	21,683,790
	34,878,796	32,601,892
Sundry debtors (Unsecured)		
Outstanding over six months		
: considered good	1,599,145,650	1,515,461,726
: considered doubtful	2,880,441	1,014,976
	1,602,026,091	1,516,476,702
Other debts, considered good	7,748,934,451	6,104,414,734
	9,350,960,542	7,620,891,436
Less : provision for doubtful debts	2,880,441	1,014,976
	9,348,080,101	7,619,876,460
Less : unmatured finance charges	1,244,706,303	1,282,701,801
	8,103,373,798	6,337,174,659
Cash and bank balances		
Cash on hand	323,716	379,572
Balances with scheduled banks :		
in current accounts	96,894,914	275,025,817
in deposit accounts	538,128,280	7,728,280
in unpaid dividend accounts	44,084	-
	635,390,994	283,133,669
Loans and advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	103,269,933	175,138,681
Interest accrued but not due	11,726,898	-
Deposits	296,852,837	278,235,306
Payments towards income tax (net of provisions)	323,737,504	291,384,521
Gratuity	-	891,978
	735,587,172	745,650,486

Schedules to Accounts Forming Part of the Consolidated Accounts

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 8		
Current Liabilities And Provisions		
A. Current Liabilities		
Sundry Creditors:		
Total outstanding dues to micro and small enterprises	-	-
Others	1,454,081,238	1,460,045,107
Amount received from ESOP trust	6,011,990	9,698,536
Unpaid Dividend	44,084	-
	1,460,137,312	1,469,743,643
B. Provisions		
Proposed dividend	336,919,088	336,919,088
Tax on proposed dividend	54,656,699	55,958,049
Compensated Absences	18,088,715	16,861,546
Gratuity	1,819,214	-
	411,483,716	409,738,683

Note:

There are no amounts due and outstanding to be credited to Investor education and protection fund as at March, 31 2011.

	2010-11	2009-10
SCHEDULE 9		
Income from sale of Vacation Ownership and other services		
Income from sale of Vacation Ownership	3,355,950,330	3,487,312,579
Income from resorts		
- Room rentals	297,292,478	246,392,067
- Food and beverages	397,831,832	312,564,603
- Wine and liquor	20,369,526	21,327,581
- Others	179,151,216	122,926,554
	894,645,052	703,210,805
Annual subscription fee	720,786,540	517,430,708
Income from travel services & home stays	32,852,305	26,874,868
	5,004,234,227	4,734,828,960

Schedules to Accounts Forming Part of the Consolidated Accounts

Rs.

	2010-11	2009-10
SCHEDULE 10		
Other Income		
Interest		
On installment sales	334,965,516	186,553,498
On deposits with bank	14,632,003	3,253,780
On others	13,632,441	9,476,135
Dividend income	73,202,446	43,749,057
Income from securitization (refer note 4)	11,684,966	222,864,404
Gain on fixed assets sold (net)	-	479,415
Miscellaneous income	12,097,154	11,629,617
	460,214,526	478,005,906

Rs.

	2010-11	2009-10
SCHEDULE 11		
Employee Cost		
Salaries, wages and bonus	788,083,936	695,446,741
Contribution to provident and other funds	46,343,528	25,002,340
Staff welfare expenses	40,001,765	28,443,275
	874,429,229	748,892,356

Schedules to Accounts Forming Part of the Consolidated Accounts

Rs.

	2010-11		2009-10	
SCHEDULE 12				
Other expenses				
Food, beverages and smokes consumed				
Opening stock	10,918,102		5,699,028	
Add: purchases	142,567,515		111,660,475	
	153,485,617		117,359,503	
Less: closing stock	7,709,674		10,918,102	
		145,775,943		106,441,401
Operating supplies		74,750,984		59,270,735
Advertisement		156,413,695		117,135,621
Sales promotion expenses		944,851,390		809,656,139
Sales commission		262,210,581		373,943,771
Discount		109,609,355		58,967,695
Power and fuel		160,936,558		121,108,501
Rent (including lease rent)		279,700,817		222,647,098
Rates and taxes		19,274,577		12,081,512
Director's fees		494,960		310,960
Commission to non whole time Directors		14,000,000		-
Repairs and maintenance				
Buildings		11,960,450		6,199,109
Resort renovations		25,170,061		28,674,557
Office equipment		398,307		132,835
Others		77,140,368		60,932,310
Travelling		123,834,336		83,137,425
Communication		58,156,518		50,615,009
Insurance		14,157,018		8,167,586
Consultancy charges		86,423,636		71,268,843
Miscellaneous		206,536,131		164,967,250
Service charges		92,468,512		85,790,189
Provision for doubtful debts		1,865,465		786,128
Loss on fixed assets sold/scrapped(net)		5,495,996		-
Loss on exchange fluctuation (net)		1,647,982		14,336,804
		2,873,273,640		2,456,571,478

Rs.

	2010-11		2009-10	
SCHEDULE 13				
Interest and financial charges				
Interest		3,113,992		11,887,742
Bank charges		24,097,945		33,957,749
		27,211,937		45,845,491

Schedules to Accounts Forming Part of the Consolidated Accounts

SCHEDULE 14

Notes on accounts

1. Significant Accounting Policies

1.1 Basis for preparation of Accounts

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

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

Name of the company	Country of incorporation	Extent of Holding as on March 31,		Subsidiary since
		2011	2010	
Mahindra Holidays & Resorts USA Inc	USA	100%	100%	04/11/2003
MHR Hotel Management GmbH	Austria	75%	75%	16/02/2007
Mahindra Hotels & Residences India Limited	India	100%	100%	26/04/2007
Heritage Bird (M) Sdn Bhd	Malaysia	100%	100%	03/03/2008
BAH Hotelanlagen AG	Austria	98.93%	98.93%	11/01/2010

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

1.2 Principles of Consolidation

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

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

The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

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

1.3 Accounting Policies

(i) Use of estimates

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

(ii) Fixed assets:

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/ acquisition of qualifying fixed assets up to the period the assets are ready for use. Depreciation is calculated on straight

Schedules to Accounts Forming Part of the Consolidated Accounts

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' acquired is amortised over a period of ten years.
- (f) Expenditure incurred towards software is amortised over a period 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3/4 years.
- (h) Non compete fee is amortised over a period of 5 years.

(iii) Assets taken on Lease and Hire Purchase:

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

(iv) 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 stated at cost or net realisable value, whichever is lower. The cost is arrived at on first in first out method.

(vi) Investments:

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

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

- b) Annual subscription fees due from members are recognised as income on an accrual basis.
- c) Interest on instalment sales is recognised as income on an accrual basis.
- d) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- e) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, the difference between book value of the securitised asset and consideration received is recognised as gain or loss arising on securitisation.
- f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.

Schedules to Accounts Forming Part of the Consolidated Accounts

g) Income from homestays is recognized when services are rendered.

(viii) Foreign exchange transactions:

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

Assets and liabilities of the non-integral subsidiary is translated at the closing exchange rate. Income and expenses are translated at average rate of the year and the resulting exchange difference is transferred to Foreign Exchange Fluctuation Reserve.

(ix) Employee benefits:

Short term employee benefit plans

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

Defined Contribution Plan

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

Defined Benefit Plan

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

(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 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

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Goodwill on consolidation is tested for impairment at every balance sheet date.

Schedules to Accounts Forming Part of the Consolidated Accounts

xiv) Provision & contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Employees' Stock Option Scheme:

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

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

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

2. Summary of Stock options (including bonus shares)

Particulars	Grant I (15/07/2006)	Grant II (30/03/2007)	Grant III (1/11/2007)	Grant V ** (1/11/2008)	Total
Options outstanding as on 1.4.2010.	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

** Issued out of lapsed options.

In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not allotted to the employees have been reduced from the share capital by Rs. 6,240,940 and securities premium account reduced by Rs. 4,212,960. 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.

Schedules to Accounts Forming Part of the Consolidated Accounts

The General Reserve has been reduced by Rs. 1,731,680 for bonus shares issued on exercise of stock options during the year.

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

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

Had the company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is Rs.10,383,964 and the impact on the financial statements would be:

	Year ended March 31, 2011	Year ended March 31, 2010
Increase in employee compensation cost	2,076,793	2,076,793
Decrease in profit after tax	2,076,793	2,076,793
Decrease in basic & diluted earnings per share	(0.02)	(0.03)

Rs.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

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

3. Secured loans

Loans and advances from a bank are secured by an exclusive charge on inventories, receivables and other moveable assets. Loan taken by BAH Hotelanlagen AG from a bank is secured by way of mortgage of buildings.

4. Securitisation

The company has been securitising amounts receivable including future interest receivable thereon. The excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

	Year ended March 31, 2011	Year ended March 31, 2010
Value of Accounts receivable	364,664,149	2,135,393,146
Less: Future interest receivable	102,189,965	619,933,056
Principal amount of receivables	262,474,184	1,515,460,090
Consideration received	300,000,000	1,750,000,000
Profit on securitisation	37,525,816	234,539,910
Less: Reversals in respect of cancelled members	25,840,850	11,675,506
Income from securitisation	11,684,966	222,864,404

Rs.

Schedules to Accounts Forming Part of the Consolidated Accounts

5. Contingent Liabilities

		As at Mar 31, 2011	As at Mar 31, 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.	2,036,782,120	2,657,820,819
(b)	Claims against the company not acknowledged as debts Claims not acknowledged as debts represent luxury tax claimed on 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.	6,420,314	9,668,526
(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 2002-03, in respect of issues relating to revenue recognition, was decided in favour of the Company by the Appellate Tribunal in May 2010. Amount involved was Rs 116,013,707 (including interest of Rs 58,051,475). For the assessment years 2003-04 to 2008-09, the Company has gone on appeal to the CIT(A) 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, is Rs. 1925,645,407 (including interest of Rs. 382,089,632); As at 31st March, 2010, Rs. 1,315,373,266/- (including interest of Rs. 251,752,898).		
	(ii) Disallowance of expenditure during construction / Software expenses. Rs. 43,935,275/- (including interest of Rs 7,384,579); As at 31st March, 2010 Rs. 35,484,928/- (including interest of Rs 5,966,891)		
	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 (including interest of Rs 22,633,591) (as at 31st March, 2010 Rs 9,909,258)	166,844,896	78,537,507

(d) Other matters under appeal

- (i) The Government of Kerala issued an Order dated 3rd July 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property.

The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated 3rd July 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.

Schedules to Accounts Forming Part of the Consolidated Accounts

- (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.

6. Capital commitments

Rs.

	As at March 31, 2011	As At March 31, 2010
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	771,483,558	688,233,492

7. Employee Benefits

Rs.

		Gratuity	
		2010-11	2009-10
a.	Net Asset/ (Liability) recognized in the balance sheet		
	Present value of funded obligation	15,398,391	12,978,631
	Fair value of plan assets	13,579,177	13,870,609
	(Deficit) / surplus	(1,819,214)	891,978
	Net asset/ (Liability)	(1,819,214)	891,978
b.	Expense recognized in the Profit & Loss account		
	Current service cost	3,631,535	3,158,575
	Interest cost	1,038,290	798,077
	Expected return on plan assets	(1,256,627)	(891,978)
	Actuarial (gains) / losses	(702,006)	(316,399)
	Total expenses	2,711,192	2,748,275
c.	Change in present value of obligation		
	Present value of defined benefit obligation as at the beginning of the year	12,978,631	9,975,960
	Current service cost	3,631,535	3,158,575
	Interest cost	1,038,290	798,077
	Actuarial (gains) /losses	(702,006)	(316,399)
	Benefits paid	(1,548,059)	(637,582)
	Present value of defined benefit obligation as at the end of the year	15,398,391	12,978,631
d.	Change in fair value of plan assets		
	Plan assets at the beginning of the year	13,870,609	9,996,621
	Expected return on plan assets	1,256,627	891,978
	Actuarial gains /(losses)	NIL	NIL
	Contributions by employer	NIL	3,619,592
	Benefits paid	(1,548,059)	(637,582)
	Plan assets at the end of the year	13,579,177	13,870,609
e.	Principal actuarial assumptions		
1	Discount rate	8.0 %	8.0 %
2	Expected return on plan assets	9.0 %	8.0 %
3	Mortality table	LIC (94-96) Ultimate Mortality	LIC (94-96) Ultimate Mortality

f In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustment in respect of actuarial losses / gains.

g Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

Schedules to Accounts Forming Part of the Consolidated Accounts

8. Segment Reporting:

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

Secondary segment information:

Rs.

	As at March 31, 2011			As at March 31, 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Sales	4,923,096,692	81,137,535	5,004,234,227	4,609,663,199	125,165,761	4,734,828,960
Segment assets	15,781,326,663	5,182,838	15,786,509,501	12,798,395,295	19,500,458	12,817,895,753
Additions to fixed assets	1,066,393,749	250,611	1,066,644,360	1,467,959,076	Nil	1,467,959,076

9. Deferred Taxation:

Rs.

Particulars	As at 01.04.2010	Movement during the year	As at 31.03.2011
Deferred tax asset			
Provision for doubtful debts	183,705	304,011	487,716
Provision for Compensated Absences	5,601,406	238,871	5,840,277
Others	3,631,439	2,053,011	5,684,450
Total	9,416,550	2,595,893	12,012,443
Deferred tax liability			
Difference between book and tax depreciation	(342,517,792)	(37,271,721)	(379,789,513)
Net deferred tax (liability) / asset	(333,101,242)	(34,675,828)	(367,777,070)

10. Earnings per share:

Rs.

	2010-11	2009-10
Net profit after tax and minority interest (in Rs.)	1,003,444,366	1,170,592,699
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,532,990	81,626,333
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos)	84,157,084	82,569,244
Earnings Per Share – Basic (in Rs.)	12.01	14.34
Earnings per share – Diluted (in Rs.)	11.92	14.18
Nominal value of shares (in Rs.)	10	10

Schedules to Accounts Forming Part of the Consolidated Accounts

18. Related Party Transactions:

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

A.	Holding Company	Mahindra & Mahindra Limited
B.	Fellow Subsidiaries with whom the Company has transactions during the year	Mahindra Logisoft Business Solutions Limited
		Mahindra Intertrade Limited
		Mahindra Consulting Engineers Limited
		Mahindra United Football Company
		Mahindra Navistar Automotives Limited
		Mahindra Shubhlabh Services Limited
		Mahindra & Mahindra Financial Services Limited
		Mahindra Lifespace Developers Limited
		Mahindra World City (Jaipur) Limited
		Mahindra World City Developers Limited
		Mahindra First choice Wheels Limited
		Mahindra First Choice Services Limited
		Mahindra UGINE Steel Company Limited
		Mahindra Logistics Limited
		Mahindra Retail Private Limited
C.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited ESOP Trust
D.	Key Management Personnel	Ramesh Ramanathan (Managing Director)

Schedules to Accounts Forming Part of the Consolidated Accounts

(ii) The related party transactions are as under:

Nature of transactions	Controlling company		Fellow Subsidiaries		Other entities under the control of the company		Key Management Personnel	
	Year Ended							
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
ICD Given:								
Mahindra & Mahindra Financial Services Limited	-	-	300,000,000	-	-	-	-	-
ICD Repaid:								
Mahindra & Mahindra Financial Services Limited	-	-	300,000,000	-	-	-	-	-
Debtors Securitised:								
Mahindra & Mahindra Financial Services Limited	-	-	-	750,000,000	-	-	-	-
Sales								
Fixed Asset								
Mahindra World City Developers Limited	-	-	25,500,000	-	-	-	-	-
Services	50,674,437	17,695,582						
Mahindra United Football Company	-	-	839,000	1,647,652	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	1,502,206	1,181,887	-	-	-	-
Mahindra Ugine Steel Company Limited	-	-	-	56,394	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	-	288,000	-	-	-	-
Mahindra First choice Wheels Limited	-	-	4,800,000	-	-	-	-	-
Mahindra First Choice Services Ltd	-	-	65,550	-	-	-	-	-
Mahindra World City (Jaipur) Limited	-	-	34,859	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	911,760	-	-	-	-	-
Mahindra Logistics Limited	-	-	1,693,982	-	-	-	-	-
Mahindra & Mahindra Financial Services Limited	-	-	66,347	-	-	-	-	-
Mahindra Retail Private Limited	-	-	135,570	-	-	-	-	-
Purchases								
Services	22,689,017	20,632,000	-	-	-	-	-	-
Mahindra Logisoft Business Solution Ltd	-	-	23,012,304	19,983,252	-	-	-	-
Mahindra World City Developers Limited	-	-	189,000	226,800	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	250,000	-	-	-	-	-
Interest Income								
Mahindra & Mahindra Financial Services Limited	-	-	13,607,877	-	-	-	-	-
Dividend paid	279,942,568	220,064,499	-	-	-	-	-	-
Reimbursements received	54,159,393	-	-	-	-	-	-	-
Mahindra United Football Company	-	-	1,475,568	1,053,511	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	2,119,921	509,905	-	-	-	-
Mahindra Logistics Limited	-	-	1,633,492	-	-	-	-	-
Mahindra World City Developers Limited	-	-	25,590,000	-	-	-	-	-
Mahindra Intertrade Ltd	-	-	911,760	-	-	-	-	-
Mahindra World City (Jaipur) Limited	-	-	34,859	-	-	-	-	-
Mahindra First choice Wheels Limited	-	-	4,800,000	-	-	-	-	-
Mahindra First Choice Services Ltd	-	-	65,550	-	-	-	-	-
Mahindra & Mahindra Financial Services Limited	-	-	13,674,224	-	-	-	-	-
Mahindra Retail Private Limited	-	-	135,570	-	-	-	-	-
Reimbursements made	-	21,841,110	-	-	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	210,000	-	-	-	-	-
Mahindra Logisoft Business Solutions Ltd	-	-	22,844,005	-	-	-	-	-
Outstanding:								
Payable								
Mahindra Logisoft Business Solutions Ltd	-	-	1,910,486	1,563,784	-	-	-	-
Mahindra United Football Company	-	-	-	200,000	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	44,120	-	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	6,011,990	9,698,536	-	-
Receivable	9,291,434	35,465,407	-	-	-	-	-	-
Mahindra Lifespace Developers Ltd	-	-	486,819	486,819	-	-	-	-
Mahindra World City Developers Limited	-	-	-	279,000	-	-	-	-
Mahindra United Football Company	-	-	-	636,568	-	-	-	-
Mahindra Navistar Automotives Limited.	-	-	52,783	675,427	-	-	-	-
Mahindra Consulting Engineers Limited	-	-	305,714	305,714	-	-	-	-
Mahindra Logistics Limited	-	-	55,324	-	-	-	-	-
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	-	-	-	-	10,000	12,010,000	-	-
Managerial remuneration	-	-	-	-	-	-	26,467,211	22,819,957
Loan to Key Managerial Personnel	-	-	-	-	-	-	2,259,273	2,496,870

Schedules to Accounts Forming Part of the Consolidated Accounts

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

Investment in mutual funds	Units purchased / transfer in (Nos.)	Cost of purchases (Rs.)	Units sold (Nos.)	Sale Value (Rs.)
ICICI Prudential Flexible Income Plan Premium	1,437,556	152,000,000	2,333,047	246,684,684
DWS Treasury Fund Cash- Inst Plan DDRE	19,602,575	197,000,000	3,482,691	35,000,000
Sundaram Ultra ST Fund Super Inst. DDRE	11,618,247	116,612,349	13,679,386	137,300,000
Kotak QIP Series 6	9,996,901	100,000,000	88,645	886,725
HDFC Cash Management Fund- Treasury Advantage Plan	3,489,010	35,000,000	5,278,871	52,954,999
Templeton India Ultra Short Bond Fund Super Ints plan	49,442,647	495,000,000	51,440,329	515,000,000
Kotak Flexi Debt - Institutional	13,436,178	135,000,000	11,943,269	120,000,000
ICICI Prudential flexible income plan	2,269,826	240,000,000	2,837,282	300,000,000
DWS Treasury Fund Cash-institutional Plan	14,925,819	150,000,000	32,891,932	330,554,053
LIC MF Income Plus Fund - Growth	5,000,000	50,000,000	5,011,308	50,113,077
Sundaram BNP Paribas Ultra Short Term - Super IP - Dly Div	9,963,136	100,000,000	10,008,906	100,459,389
Kotak Floater fund	7,936,665	80,000,000	8,003,524	80,673,922
Birla Sun Life Savings Fund - Inst - Daily Dividend - Reinvestment	25,482,672	255,000,000	20,684,986	206,990,517
DWS Ultra Short term Fund - IP - Growth DDRE	28,948,183	290,000,000	24,955,330	250,000,000
TFLD Tata Floater Fund	12,953,884	130,000,000	16,041,226	160,983,326
UTI-Floating rate fund -short term plan-inst DDRE	139,892	140,000,000	97,125	97,200,000
Sundaram Ultra ST Fund Super Inst. DDRE	8,467,436	84,987,651	4,982,331	50,007,653
Principal Ultra short term fund-MDRE	5,196,009	54,956,112	5,215,012	55,157,096
DWS Treasury Fund Cash-institutional Plan DDRE	9,453,018	95,000,000	10,945,600	110,000,000
TTMSHD TATA treasury Manager SHIP DDRE	222,702	225,000,000	118,775	120,000,000
UTI Treasury Advantage Fund- Ins Plan DDRE	189,959	190,000,000	189,959	190,000,000

13. 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 17,688.25 lacs of which Rs 11,139.20 lacs have been spent towards the object of the issue (Rs 9,693.46 lacs were utilised for construction of resorts and Rs 1,445.74 lacs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.

14. The Government of India, Ministry of Corporate Affairs, in exercise of the powers conferred under Section 212(8) of the Companies Act 1956, has vide its Order No. 47/191/2010-CL-III dated 25th March, 2010 directed that the provisions contained in Section 212(1) of the Companies Act, 1956, pursuant to which the balance sheet etc. of the subsidiaries are required to be attached to the Company's accounts shall not apply for the financial year ended 31st March 2011.

Schedules to Accounts Forming Part of the Consolidated Accounts

Information disclosed in accordance with the above order:

Particulars	Names of the Subsidiaries								
	Mahindra Holidays and Resorts USA Inc		MHR Hotel Management GmbH		Heritage Bird (M) Sdn Bhd		BAH Hotelanlagen AG		Mohindra Hotels & Residences India Limited
	INR	USD	INR	EURO	INR	MYR	INR	EURO	INR
Capital	44,690	1,000	2,211,300	35,000	4,470,030	300,002	4,422,600	70,000	500,000
Reserves	7,617,545	170,453	766,835	12,137	(4,732,315)	(317,605)	239,429,701	3,789,644	(220,528)
Total Assets	7,819,856	174,980	3,136,085	49,637	71,488,665	4,797,897	361,902,228	5,728,114	1,320,247
Total Liabilities	7,819,856	174,980	3,136,085	49,637	71,488,665	4,797,897	361,902,228	5,728,114	1,320,247
Investments	-	-	-	-	-	-	-	-	-
Turnover (incl other income)	8,402	188	5,657,194	89,541	12,024,300	807,000	137,068,202	2,169,487	-
Profit/(Loss) before tax	(2,020,122)	(45,203)	747,930	11,838	(2,075,883)	(139,321)	(10,265,725)	(162,484)	(49,635)
Provision for taxation	(268,140)	(6,000)	93,317	1,477	32,497	2,181	221,130	3,500	-
Profit after tax	(1,751,982)	(39,203)	654,613	10,361	(2,108,380)	(141,502)	(10,486,855)	(165,984)	(49,635)
Proposed dividend	-	-	-	-	-	-	-	-	-

Translated at exchange rate prevailing as on 31.03.2011

1 USD=INR 44.69, 1 EURO=INR 63.18, 1 MYR = INR 14.90

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

For and on behalf of the Board of Directors

A K Nanda
Chairman

Ramesh Ramanathan
Managing Director

Place: Mumbai
Date: April 25, 2011

Rajiv Balakrishnan
Company Secretary

Corporate Information

BOARD OF DIRECTORS

A K Nanda, Chairman

Rajiv Sawhney, Managing Director

Uday Y Phadke

Cyrus J Guzder

Vineet Nayyar

Rohit Khattar

Rama Bijapurkar

Sridar A Iyengar

AUDITORS

Deloitte Haskins & Sells

Chartered Accountants

BANKERS

YES Bank Limited

HDFC Bank Limited

REGISTERED & CORPORATE OFFICE

Mahindra Towers, 2nd Floor,

No. 17 / 18, Patullos Road,

Chennai – 600 002

Tamil Nadu, India





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