



# Jiyo life


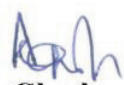

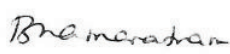
FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	<b>Mahindra Holidays &amp; Resorts India Limited.</b>
2.	Annual <b>stand-alone</b> financial statements for the year ended	31st March 2013 (Separate financial statements)
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not applicable
5.	<b>Signed by-</b>	
	• Managing Director & CEO	 <b>Rajiv Sawhney</b>
	• Chief Financial Officer	 <b>Alok Ghosh</b>
	• Audit Committee Chairman	 <b>Cyrus J Guzder</b>
<p><b>- Auditors of the Company</b></p> <p>Refer our Audit Report dated April 24, 2013 on the standalone financial statements of the Company, attached</p> <p><b>For DELOITTE HASKINS &amp; SELLS</b>  <b>CHARTERED ACCOUNTANTS</b>  (Registration No. 008072S)</p> <p>  <b>B. RAMARATNAM</b>  <b>PARTNER</b>  <b>MEMBERSHIP No. 21209</b></p> <p><b>Mumbai, April 24, 2013</b></p>		

## Mahindra Holidays & Resorts India Limited





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FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	<b>Mahindra Holidays &amp; Resorts India Limited.</b>
2.	Annual <b>Consolidated</b> financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not applicable
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	• Managing Director & CEO	 <b>Rajiv Sawhney</b>
	• Chief Financial Officer	 <b>Alok Ghosh</b>
	• Audit Committee Chairman	 <b>Cyrus J Guzder</b>
<b>- Auditors of the Company</b>  Refer our Audit Report dated April 24, 2013 on the consolidated financial statements of the Company, attached  <b>For DELOITTE HASKINS &amp; SELLS</b> <b>CHARTERED ACCOUNTANTS</b> <b>(Registration No. 008072S)</b>   <b>B. RAMARATNAM</b> <b>PARTNER</b> <b>MEMBERSHIP No. 21209</b>  <b>Mumbai, April 24, 2013</b>		

Mahindra Holidays & Resorts India Limited



## NOTICE

The SEVENTEENTH ANNUAL GENERAL MEETING OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED will be held at Tapovan Hall, Chinmaya Heritage Centre, No.2, 13<sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031, on Monday, the 29<sup>th</sup> day of July, 2013, at 3.00 pm to transact the following businesses:

1. To receive and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Uday Y Phadke who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Vineet Nayyar who retires by rotation and, being eligible, offers himself for re-election.
5. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

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

### SPECIAL BUSINESS

6. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** Mr. Sanjeev Aga, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18<sup>th</sup> April, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation.”

By order of the Board

### Registered Office:

Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18,  
Patullos Road, Chennai – 600 002.  
email: investors@mahindraholidays.com  
24<sup>th</sup> April, 2013

**DINESH SHETTY**  
Company Secretary

### Notes:

- A. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
- C. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited having their office premises at Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.

- D. The Register of Members and Transfer Books of the Company will be closed from 13<sup>th</sup> July, 2013 to 29<sup>th</sup> July, 2013 (both days inclusive).
- E. The dividend, if declared at the Annual General Meeting, will be paid between 30<sup>th</sup> July, 2013 and 6<sup>th</sup> August, 2013 to those persons or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 12<sup>th</sup> July, 2013 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 12<sup>th</sup> July, 2013.
- F. Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government.

Due date of transferring unclaimed and unpaid dividend declared by the Company for the Financial Years 2009-10, 2010-11 & 2011-12 to IEPF.

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid / unclaimed dividend
31 <sup>st</sup> March, 2010	26 <sup>th</sup> July, 2010	25 <sup>th</sup> August, 2017
31 <sup>st</sup> March, 2011	25 <sup>th</sup> July, 2011	24 <sup>th</sup> August, 2018
31 <sup>st</sup> March, 2012	25 <sup>th</sup> July, 2012	24 <sup>th</sup> August, 2019

Members who have not encashed the dividend warrant so far in respect of the aforesaid period are requested to make their claim to Karvy Computershare Private Limited well in advance of the above date. It may be noted that once the amount in the unpaid dividend account are transferred to IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

- G. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail this facility may send their nomination in the prescribed Form No. 2B duly filled in to Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
- H. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change in the bank particular or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- I. The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by the companies and has issued Circulars allowing companies to send official documents to their Shareholders electronically.  
In support of the Green Initiative, your Company has sent an e-mail to the Members at their e-mail addresses available in the records of the Company / its Registrar and Share Transfer Agents / Depository Participants informing them about the Company's proposal to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss, Directors' Report etc. for the year ended 31<sup>st</sup> March, 2013 and other communication, in electronic form.

## MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

These Members have also been given an option to receive the documents in Physical Form. Accordingly, the Annual Report for the year 2012-13, Notice for the Annual General Meeting, etc. would be sent in electronic mode to such of the Members of the Company who do not opt to receive the same in physical form.

Members are requested to support this Green Initiative by registering/ updating their e-mail addresses, with the Depository Participants (in case of shares held in dematerialised form) or with Karvy Computershare Private Limited (in case of Shares held in physical form).

J. Members are requested to:

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

K. Re-appointment of Directors:

Mr. Uday Y Phadke holds 17,362 Equity Shares in the Company and Mr. Vineet Nayyar holds 26,700 Equity Shares in the Company.

None of the Directors of the Company are inter-se related to each other.

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

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

M. Members are requested to bring their Attendance slip alongwith their copy of the Annual Report to the Meeting.

The Company has received a notice from a member signifying his intention to propose Mr. Aga as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Mr. Aga is an Honours graduate in Physics from St. Stephen's College, Delhi (1971) and a post graduate from the Indian Institute of Management, Kolkata (1973). A Business leader, organization builder, adviser and mentor, Sanjeev Aga's career has traversed 40 years, and sectors from consumer and services, entertainment and light engineering, to telecommunications.

In a business career commencing 1973, Mr. Aga held senior positions in Asian Paints, Chellarams (Nigeria), and Jenson & Nicholson. In 1987, he joined Blow Plast to head the Furniture business, was made Chief Executive of Mattel Toys in 1990, and in January 1993 was appointed Managing Director of Blow Plast with multi-business responsibility including the flagship VIP Luggage business.

In November 1998, he was appointed CEO of the telecom JV, Birla AT&T. He led the company through expansions, mergers and acquisitions to be CEO of Birla Tata AT&T, which was renamed Idea Cellular. In July 2002, Mr. Aga left Idea to be with the Aditya Birla Group, where from May 2005 until October 2006, he was Managing Director of Aditya Birla Nuvo, a conglomerate with interests spanning diverse group businesses. With Idea's shareholding changing to become an Aditya Birla group entity, Mr. Aga held the position of Managing Director of Idea Cellular Limited from November 2006 to March 2011.

In 2012, Mr. Aga was awarded 'Telecom Person of the Year' by V&D. For 2009, Idea Cellular was named the 'ET Emerging Company of the Year', and for 2010, Forbes India magazine shortlisted him as a 'Person of the Year'

Mr. Aga holds 3,350 Equity Shares in the Company.

Mr. Aga is currently on the Board of Idea Cellular Limited, Subex Limited, Pidlite Industries Limited and ING Vysya Bank Limited. Mr. Aga is a Member of Finance Committee, Shareholder Grievance Committee and Securities Allotment Committee of Idea Cellular Limited, Member of Customer Service Committee, Corporate Governance Committee, IT Strategy Committee, Audit Committee and Remuneration Committee of ING Vysya Bank Limited and Member of Audit Committee and Chairman of Investor Grievance Committee of Subex Limited.

The Board is of the view that Mr. Aga's experience and knowledge will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

Apart from Mr. Aga, none of the Directors is concerned or interested in the Resolution.

By order of the Board

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 6

The Board of Directors by way of circular resolution passed on 18<sup>th</sup> April, 2013, appointed Mr. Sanjeev Aga as an Additional Director on the Board. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Aga holds office upto the date of the forthcoming Annual General Meeting of the Company.

### Registered Office:

Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18,  
Patullos Road, Chennai – 600 002.  
email: investors@mahindraholidays.com  
24<sup>th</sup> April, 2013

**DINESH SHETTY**  
Company Secretary





## Mahindra Holidays & Resorts India Limited

**Registered Office:** Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600 002.

**Website:** www.clubmahindra.com • **Email:** investors@mahindraholidays.com

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders desiring to attend the Meeting may obtain additional Attendance Slips on request. Provided such request is received by the Company/Registrar and Transfer Agents, Karvy Computershare Private Limited at Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 before 12<sup>th</sup> July, 2013.

<b>Folio No.:</b>	<b>DP ID:</b>	<b>Client ID:</b>
<b>No. of Shares:</b>		
<b>Name &amp; Address of the Shareholder:</b>		

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company being held at Tapovan Hall, Chinmaya Heritage Centre, No. 2, 13<sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031 on Monday, the 29<sup>th</sup> day of July, 2013, at 3.00 p.m.

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

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

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



## Mahindra Holidays & Resorts India Limited

**Registered Office:** Mahindra Towers, 2<sup>nd</sup> Floor, No. 17/18, Patullos Road, Chennai – 600 002.

**Website:** www.clubmahindra.com • **Email:** investors@mahindraholidays.com

### PROXY FORM

<b>Folio No.:</b>	<b>DP ID:</b>	<b>Client ID:</b>
<b>No. of Shares:</b>		

I/We .....  
of .....being a member/ members  
of MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED hereby appoint.....  
of .....or failing him .....of .....  
as my/our Proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on  
Monday, the 29<sup>th</sup> July, 2013 at 3.00 p.m. and any adjournment thereof.

As witness my/our hand(s) this .....day of .....2013.

Signed by the said .....

Affix  
Re.1  
Revenue  
Stamp

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

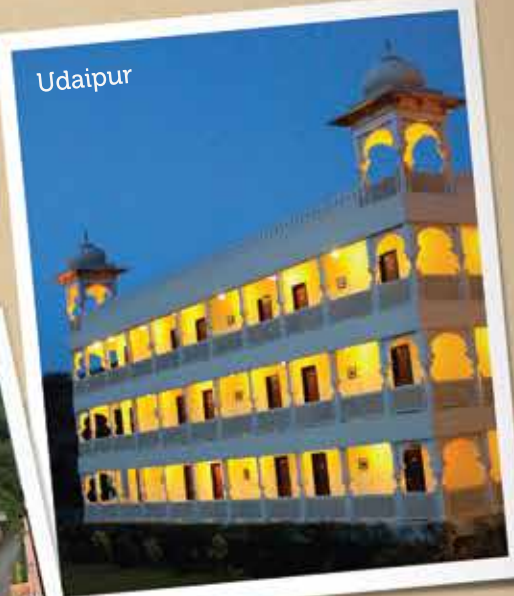
Creating memories for over  
1,60,000 happy families.



Jiyo life



8 new resorts. 560 more rooms.



## Corporate Information

### Board of Directors

A K Nanda Chairman

Rajiv Sawhney Managing Director & CEO

Uday Y Phadke

Cyrus J Guzder

Vineet Nayyar

Rohit Khattar

Sridar A Iyengar

Sanjeev Aga (w.e.f. 18<sup>th</sup> April, 2013)

### Chief Financial Officer

Aloke Ghosh

### Company Secretary

Dinesh Shetty

### Auditors

Deloitte Haskins & Sells

Chartered Accountants

### Bankers

YES Bank Limited

HDFC Bank Limited

### Registered Office

Mahindra Towers, 2nd Floor,

No. 17 / 18, Patullos Road,

Chennai – 600 002.

Tamil Nadu, India

### Corporate Office

Mahindra Towers, 1st Floor,

"A" Wing, Dr. G M Bhosle Marg,

P.K. Kurne Chowk, Worli,

Mumbai - 400 018.

Maharashtra, India



# Contents

## Statutory Reports

Directors' Report	3
Management Discussion and Analysis	9
Corporate Governance report	18

## Financial Section

Standalone Accounts	31
Statement pursuant to Section 212	62
Consolidated Accounts	63

## Directors' Report

### Directors' Report to the Shareholders

Your Directors are pleased to present their Seventeenth Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March, 2013.

#### Financial Highlights

(Rs. Lakh)

	2013	2012
<b>Income:</b>		
Income from sale of Vacation Ownership and other services	65,854	57,383
Other Income	5,740	6,275
Total Income	71,594	63,658
<b>Expenditure :</b>		
Less: Employee Cost & other expenses	(53,430)	(47,037)
Profit before Depreciation, Interest and Taxation	18,164	16,621
Less: Depreciation	(2,119)	(2,034)
Interest	(160)	(35)
<b>Profit for the year before tax</b>	15,885	14,552
Less: Provision for Tax – Current Tax	(4,731)	(4,102)
– Deferred tax (net)	(456)	14
<b>Net Profit for the year after tax</b>	10,698	10,464
Balance brought forward from earlier years	27,861	22,378
Balance carried forward	38,559	32,842
<b>Appropriations:</b>		
General Reserve	(1,070)	(1,046)
Proposed Final Dividend on Equity Shares	(3,551)	(3,386)
Income Tax on Proposed Final Dividend	(604)	(549)
Surplus carried to Balance Sheet	33,334	27,861

#### 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 2012-13. 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 the Book Closure Date. This will comprise allotment of 4,141,084 Equity Shares made on 12<sup>th</sup> April, 2013 by the Company through an Institutional Placement Programme (IPP) under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The equity dividend outgo for the financial year 2012-13, inclusive of tax on distributed profits would absorb a sum of Rs. 4,155 lakh (as against Rs.3,935 lakh comprising the dividend of Rs.4 per Equity Share paid for the previous year).

#### Operations and Financial Overview

During the year, the Company continued to move ahead with its strategy to achieve its growth objectives. The key elements of this strategy are following a 'Member First' philosophy, achieving a significant increase in choice of destinations and inventory, and complete upgrading of the holiday experience.

Your Company added another 560 units to its inventory during 2012-13 across 13 resorts – two of which are at international locations. After accounting for inventory retired, the net addition during the year was 431 units – representing a 21 per cent increase in inventory over the previous year. This was achieved

by a combination of greenfield developments and expansion of existing properties, acquisitions and leases. In addition, the Company is currently undertaking five projects: Assanora (Goa), Kanha (Madhya Pradesh), Naldhera (Shimla), second phase at Virajpet (Coorg) and Tungi (Lonavala). These projects will add over 500 units to the Company's inventory in the next few years.

There has been a significant increase in member satisfaction as a result of the initiatives carried out in line with the 'Member First' philosophy. These are reflected in improved post holiday feedback scores, higher occupancy, substantial increase in unique member holidays and sharp decline in reservation related complaints. Club Mahindra, the Company's flagship brand in the vacation ownership business, continued to drive the Company's business during the year. The Company added 17,489 new members to its vacation ownership business, taking the total membership to 160,747 at the end of the year.

In spite of tough macroeconomic situation, the Company performed creditably during the year. Your Company's total income (including other income) grew at 12 per cent from Rs. 63,658 lakh in 2011-12 to Rs. 71,594 lakh in 2012-13. Profit After Taxes (PAT) increased from Rs.10,464 lakh in 2011-12 to Rs. 10,698 lakh in 2012-13. As a result, diluted Earning Per Share of the Company was Rs. 12.75 in 2012-13, up from Rs.12.46 in the previous year.

## 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 is committed to preserve the ecological integrity of environment by following sustainable practices in its operations. 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 9,265,275 Equity Shares which was oversubscribed by more than nine times. The issue comprised a fresh issue of 5,896,084 Equity Shares of Rs.10 each and offer for sale of 3,369,191 Equity Shares by the Promoters of the Company. The net proceeds to the Company from the issue was Rs.17,688 lakh and the shares were listed on the National Stock Exchange of India Limited and the BSE Limited on 16<sup>th</sup> July, 2009.

As on 31<sup>st</sup> March, 2013, the Company has utilised Rs. 16,206 lakh from the IPO proceeds.

### Institutional Placement Programme (IPP)

During the year under review, your Company had sought and received approval of the Board and the Members to issue Equity Shares to Qualified Institutional Buyers ("QIBs") through an Institutional Placement Programme ("IPP") under Chapter VIII-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, to increase the public shareholding to 25 per cent in order to comply with the minimum public shareholding requirements.

On 7<sup>th</sup> March, 2013, Mahindra & Mahindra Limited, Promoter of the Company ("Promoter"), had carried out an Offer for Sale (OFS) of 4.02 per cent of share capital by selling 3,400,000 Equity Shares, consequent to which the promoter shareholding had come down to 78.67 per cent from 82.69 per cent.

Subsequent to the end of the year and after considering the OFS made by the Promoter, your Company issued and allotted 4,141,084 Equity Shares of Rs. 10 each at a premium of Rs. 245 per share aggregating to Rs. 10,559 lakh on 12<sup>th</sup> April, 2013 to QIBs under IPP. Shares issued and allotted were listed on the National Stock Exchange of India Limited and BSE Limited on 17<sup>th</sup> April, 2013. Accordingly, shareholding of the Promoter has come down from 78.67 per cent to 75 per cent, by which your Company is in compliance with the provisions of the Listing Agreement and Rules specified under Securities Contract (Regulations) Rules, 1957 on minimum public shareholding of 25 per cent.

## 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 as well as the 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 (the "Trust") in accordance with the directions of the Remuneration Committee and in terms of the Deed of Trust. On the recommendation of the Remuneration Committee, 130,000 new Options were granted out of lapsed option available with the Trust under the MHRIL ESOS during the year under review. 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

Ms. Rama Bijapurkar, resigned from the Board of Directors of the Company with effect from the closure of business hour on 19<sup>th</sup> October, 2012. The Board has placed on record its appreciation for the valuable contribution made by Ms. Bijapurkar to the Company during her tenure as a Director. Since the close of the year, Mr. Sanjeev Aga has been appointed as an Additional Director with effect from 18<sup>th</sup> April, 2013 and will hold office upto the date of ensuing Annual General Meeting of the Company.

The Company has received a Notice from a Member signifying his intention to propose Mr. Aga for the office of Director of the Company at the forthcoming Annual General Meeting.

Mr. Uday Y Phadke and Mr. Vineet Nayyar, 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. Phadke and Mr. Nayyar, are provided in the Report on Corporate Governance, which forms part of this Annual Report.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the



Operating Management, and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the 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 31<sup>st</sup> March, 2013 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

During the year under review, Divine Heritage Hotels Private Limited, Gables Promoters Private Limited, Holiday on Hills Resorts Private Limited, MH Boutique Hospitality Limited, Thailand and Infinity Hospitality Group Company Limited, Thailand became subsidiaries of the Company. Accordingly, your Company has eleven subsidiary companies as on 31<sup>st</sup> March, 2013.

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

In accordance with the General Circular issued by Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to any Shareholder of the 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 up to the date of the Annual General Meeting.

During the year under review, your Company has subscribed 49 per cent of the share capital of Arabian Dreams Hotel Apartments LLC, UAE, joint venture company.

### Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard AS21 form part of this Annual Report.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and a joint venture company.

### 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 re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

### Public Deposits, Loans and Advances

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

### 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 section 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 9 employees who were in receipt of remuneration of not less than Rs.60,00,000 during the year ended 31<sup>st</sup> March, 2013 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

**A K NANDA**  
Chairman

Place: Mumbai

Date: 24<sup>th</sup> April, 2013

## Annexure I to the Directors' Report for the year ended 31<sup>st</sup> March, 2013

### 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	1,916,350							
b)	The pricing formula	Grant I - Granted on 15 <sup>th</sup> July, 2006	Grant II - Granted on 30 <sup>th</sup> March, 2007	Grant III - Granted on 1 <sup>st</sup> November, 2007	Grant V - Granted on 1 <sup>st</sup> November, 2008	Grant VI - Granted on 21 <sup>st</sup> February, 2012	Grant VII - Granted on 21 <sup>st</sup> February, 2012	Grant VIII - Granted on 21 <sup>st</sup> February, 2013	
		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				Average price preceding the specified date - 25 <sup>th</sup> July, 2011	Average price preceding the specified date - 29 <sup>th</sup> October, 2011	Average price preceding the specified date - 31 <sup>st</sup> January, 2013	
		Average price - average of the daily high and low of the prices of the Company's Equity Shares quoted on National Stock Exchange of India Limited during the 15 days preceding the specified date.							
		The specified date - Date on which the Remuneration Committee decided to recommend to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust to grant the Options.							
c)	Options vested	1,051,556 Options stand vested on 31 <sup>st</sup> March, 2013.							
d)	Options exercised	902,134							
e)	The total number of shares arising as a result of exercise of options	902,134 Equity Shares of Rs.10/- each. These were transferred from the Trust to the Eligible Employees.							
f)	Options lapsed	278,924							
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 16 <sup>th</sup> December, 2009 by seeking the consent of shareholders through Postal Ballot.							
h)	Money realised by exercise of options	Rs. 24,182,180.00							
i)	Total number of options in force	743,766							
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 ***	Number of options granted in February, 2012 #	Number of options granted in February, 2012 #	Number of options granted in February, 2013 ##
		Mr. A K Nanda	200,000	-	9,510	10,500	-	-	-
		Mr. Rajiv Sawhney	-	-	-	-	400,000	-	-
		Mr.U Y Phadke	10,000	-	3,170	3,500	-	-	-
		Mr.Cyrus J Guzder	10,000	-	-	-	-	-	-
		Mr.Rohit Khattar	10,000	-	-	-	-	-	-
		Mr.Vineet Nayyar	-	-	10,000	-	-	-	-
		Mr. Sridar Iyengar	-	-	-	-	-	27,500	-
		Mr. Ravindra Khanna	12,000	3,570	-	2,830	-	-	-
		Ms. Vimla Dorairaju	12,200	3,910	-	3,090	-	-	-
		Mr. Indranil Chakraborty	-	-	-	-	-	65,000	-
		Mr. Alope Ghosh	-	-	-	-	-	40,000	-
		Mr. Mohit Bhatia	-	-	-	-	-	54,000	-
		Mr. Rohit Malik	-	-	-	-	-	-	60,000
		Mr. Dinesh Shetty	-	-	-	-	-	-	40,000
		Mr. Sujit Paul	-	-	-	-	-	-	30,000
		Ms.Rama Bijapurkar (Resigned w.e.f 19 <sup>th</sup> October, 2012)	-	-	15,000	-	-	-	-

\* All the above Options have been exercised.

\*\* 56,700 options have been vested till 31<sup>st</sup> March, 2013, of which 55,114 options have been exercised by the eligible employees.

\*\*\* 160,600 options have been vested till 31<sup>st</sup> March, 2013, of which 137,479 options have been exercised by the eligible employees.

# Options vested during the year but not exercised

## fresh Grant of Options made during the year.

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	Names	Number of options granted in February, 2012		Names		Number of options granted in February, 2013	
		Mr. Rajiv Sawhney	400,000		Mr. Rohit Malik	60,000		
		Mr. Indranil Chakraborty	65,000		Mr. Dinesh Shetty	40,000		
		Mr. Alope Ghosh	40,000		Mr. Sujit Paul	30,000		
	Mr. Mohit Bhatia	54,000						
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. 12.75						
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.		The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs. 20.76 lakhs, Profit after tax lower by Rs. 20.76 lakhs and the basic and diluted earnings per share would have been lower by Rs.0.02.						
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.)		
			15 <sup>th</sup> July, 2006		16.00		4.28		
			30 <sup>th</sup> March, 2007		52.00		16.36		
			1 <sup>st</sup> November, 2007		52.00		16.55		
			1 <sup>st</sup> November, 2008		52.00		16.04		
			21 <sup>st</sup> February, 2012		370.00		113.81		
			21 <sup>st</sup> February, 2012		323.00		129.93		
			21 <sup>st</sup> February, 2013		323.00		94.43		
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information		The fair value of the stock options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:						
			Grant dated 15 <sup>th</sup> July, 2006	Grant dated 30 <sup>th</sup> March, 2007	Grant dated 1 <sup>st</sup> November, 2007	Grant dated 1 <sup>st</sup> November, 2008	Grant dated 21 <sup>st</sup> February, 2012	Grant dated 21 <sup>st</sup> February, 2012	Grant dated 21 <sup>st</sup> February, 2013
(i)	risk-free interest rate,		7.82%	7.92%	7.72%	7.34%	8.00%	8.00%	7.78%
(ii)	expected life,		4.50	5.00	5.00	5.00	6.00	6.00	3.50
(iii)	expected volatility,		Nil	Nil	Nil	Nil	0.33	0.33	0.31
(iv)	expected dividends, and		Nil	Nil	Nil	Nil	Rs.4.00	Rs.4.00	1.38%
(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.				329.80	329.80	256.75

Note: (i) The entire options granted under Grant - IV on 4<sup>th</sup> 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.  
(iii) During the year under review, the entire unexercised options pertaining to Grant I have lapsed.



## Annexure II to the Directors' Report for the year ended 31<sup>st</sup> March, 2013

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 31<sup>st</sup> March, 2013

### 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:
  1. Installation and retrofitting of energy efficient CFL/LED lights.
  2. Solar hot water system in large resorts.
  3. Installation of motion and time control for lighting systems.
  4. Energy audits were being conducted for identification and reductions.
- 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 R&D 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

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

For and on behalf of the Board

Place: Mumbai  
Date: 24<sup>th</sup> April, 2013

**A K NANDA**  
Chairman

Particulars of loans and advances, and investments in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company and its holding company, Mahindra & Mahindra Limited.

### Loans and advances in the nature of loans to subsidiaries:

(Rs. in lakh)

Name of the Company	Balance as on 31 <sup>st</sup> March, 2013	Maximum outstanding during the year
Heritage Bird (M) Sdn Bhd.	838.63	838.63
Bell Tower Resorts Private Limited	6486.83	6486.83
Holiday on Hills Resorts Private Limited	2860.71	2860.71
Divine Heritage Hotels Private Limited	650.00	650.00
Infinity Hospitality Group Company Limited, Thailand	2551.90	2551.90
MH Boutique Hospitality Limited, Thailand	521.56	521.56

## MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is a leading player in the leisure hospitality industry. It has established vacation ownership in India, and is the market leader in the business. It offers complete holiday solutions to its customers that are designed for the discerning and differentiated needs of families.

This chapter presents an overview of the markets and opportunities as well as the operational and financial performance of the Company during 2012-13. It also highlights Mahindra Holidays' strategy, and discusses important initiatives taken by the Company during the year to achieve its growth and performance objectives.

### Introduction and Key Achievements

Mahindra Holidays' focus during 2012-13 was to continue to build upon the strategic priorities it had set for itself during the previous year—to ensure that the Company's growing membership consistently gets the best holiday experience and the widest choice of destinations that the leisure hospitality industry in India offers — through unrelenting execution of its 'Member First' philosophy.

The Company's performance during the year has shown that this shift in focus along with the changes it had initiated in the previous years — significant investments in technology, improvements in operation processes and increase in managerial bandwidth — have begun to achieve their business objectives.

### Here are the key highlights :

- **Mahindra Holidays added 560 units to its room inventory— taking total room inventory to 2,480 units. This is the second consecutive year when the Company registered such a significant jump in inventory. This also includes two international properties in Bangkok and Dubai. As a result, by the end of 2012-13, Mahindra Holidays offered members a choice of 44 resorts — something that no other company in India currently offers to its customers. The pace of inventory growth and development of new destinations will continue in the future. Key developments have been covered in greater detail in the section on 'Properties and New Projects'.**
- **Mahindra Holidays added 17,489 members to its vacation ownership business in 2012-13 — taking the total membership base to 160,747 at the close of 2012-13. This is creditable for two reasons. First, even though the current penetration of vacation ownership is very low, the deterioration in macroeconomic environment coupled with high inflation and poor consumer sentiment did deter consumers from making discretionary purchase decisions. Second, the Company discontinued fresh sales of its shorter duration product 'Zest', which had an immediate impact on membership growth. Further details on opportunities for future growth and performance of**

the Company's key products can be found in the section on 'Markets and Opportunities' and 'Business Performance' respectively.

- **There has been a significant increase in member satisfaction as a result of the initiatives carried out across all customer facing processes. These are reflected in improved post holiday feedback scores, higher occupancy, substantial increase in unique member holidays and sharp decline in reservation related complaints.** Apart from these internal measures, there has been an unequivocal improvement in "online sentiment" with respect to the overall holiday experience. Here, it is important to note that a large majority of 'Club Mahindra' members are active online — around 50 per cent of the current bookings happen online. A more exhaustive discussion on these initiatives and their impact can be found in the sections on 'Member Relations' and 'Operations'.
- **The significantly upgraded information technology (IT) infrastructure continued to actively contribute to the Company's growth and performance objectives.** First, the online holiday booking process and member services became more interactive and functional during the year. Second, resorts operations and inventory management received a considerable boost with the implementation of SAP across most of the Company's resorts. Third, the Company is making a successful transition to an environment where more and more decisions are being made on the basis of hard information and data. More on other important technology initiatives can be found in the section on 'Information Technology'.

Even as the Company continues to invest significantly in adding inventory as well as building systems and processes, these operational achievements have started to contribute to the financial performance. The key financial results for 2012-13 were:

- **Total income of the Company (including other income) grew at 12 per cent from Rs. 636.6 crore in 2011-12 to Rs. 715.9 crore in 2012-13.**
- **Profit After Tax (PAT) increased from Rs.104.6 crore in 2011-12 to Rs. 106.9 crore in 2012-13. Net margin (PAT / Total Income) stood at 15 per cent during 2012-13.**
- **Diluted EPS was Rs. 12.75 in 2012-13, up from Rs. 12.46 in the previous year.**

The Company believes that it is moving in the right direction. The tough decisions it has taken, foregoing short-term gains, have created a strong foundation for future growth of the business. The strategy that it has implemented — with 'Member First', choice of destination and holiday experience as its key elements — is yielding results. Going forward, Mahindra Holidays will continue to execute this strategy with greater vigour, with an

unwavering focus towards improving the end-to-end experience of 'Club Mahindra' members.

In the rest of this chapter, we will discuss in greater detail 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). We shall end the chapter with a discussion on risks and concerns, and the outlook of the Company for the future.

## Markets and Opportunities

Mahindra Holidays is a leading player in the leisure hospitality industry in India. Built on the timeshare model, the Company's principal business is to offer vacation ownership products that provide holiday entitlements to its members over the life of the product. The addressable market for its products is urban families with a capability to incur discretionary expenditure. The key factors that define this opportunity are:

- **There has been a rapid rise in the size of the addressable market for the Company's products and services.** First, income levels have grown significantly over the last 10 to 15 years, increasing the number of people who can afford a vacation ownership product. Second, and perhaps more important is that aspirations have increased at an even greater pace — changing the socio-economic character and lifestyles of a large sections of the society — and, therefore, the willingness to take quality holidays.
- So, it is hardly a surprise that the **market for travel and tourism in India is growing at a swift pace. And, the expectations for the future are equally promising.** According to World Travel and Tourism Council, the total contribution of the travel and tourism sector to India's GDP is expected to grow by 7.9 per cent per annum between 2013 and 2023. Interestingly, over 72 per cent of this market is from leisure travel spending whereas over 80 per cent come from Indian tourists. Both these trends augur well for the Company.
- Besides, timeshare industry in India is at a very nascent stage. According to industry estimates, the market has grown at 18 per cent in the last five years. Even so, India has only 350,000 vacation ownership households. If one were to look at the 11.5 million households who own a car as a proxy for the addressable market, only one in thirty-three car owners has a timeshare membership. This means that **the current market penetration of vacation ownership products is very low and that there is considerable headroom for future growth of the business in India.**

## Business Performance

As highlighted above, Mahindra Holidays believes that there is a significant potential for growth of vacation ownership business in India. To benefit from this opportunity, the Company undertook a conscious decision to realign its product portfolio

during the year. This will allow the Company to focus on building the right combination of infrastructure and services around 'Club Mahindra' — its core product in the vacation ownership business — and deliver better value to its existing as well as prospective members.

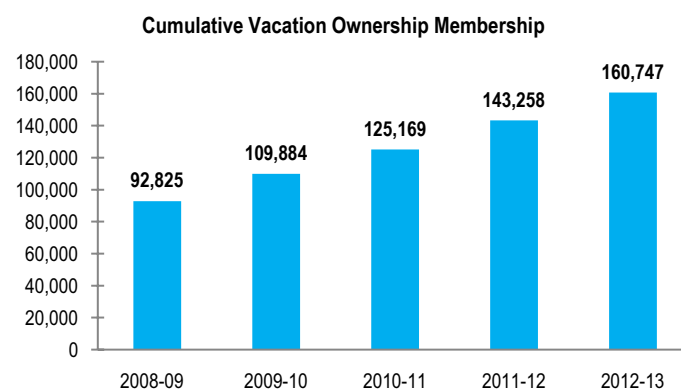
First, the Company discontinued fresh sales of membership for its shorter duration product 'Zest'. Even as this will have an immediate impact on the Company, the objective was to focus on building the infrastructure and services around 'Club Mahindra' which continues to be the key driver for the business. At the same time, existing 'Zest' members will have the option to upgrade to 'Club Mahindra' and benefit from the growing choice of destination and services. Second, the Company also discontinued fresh bookings for its product 'Mahindra Homestays', which facilitated accommodation in Indian homes— primarily for foreign tourists travelling to India. The objective, in this case, was to release managerial bandwidth from non-core services aimed at non-members and concentrate on the enhancing the scope of services that contribute to greater satisfaction of a growing membership base.

With these changes, the Company is now focussed solely on building its core vacation ownership product — 'Club Mahindra' — and augment its travel services business to offer complete holiday solutions.

## Vacation Ownership

'Club Mahindra' is the Company's flagship product in the business, which entitles a week's holiday every year for a period of 25 years. As mentioned earlier, the Company discontinued sale of new memberships of 'Zest'. In spite of the immediate adverse impact of the move on sales, the Company has reported a healthy increase in membership for 2012-13.

As shown in the chart, Mahindra Holidays has recorded significant growth in the membership of its vacation ownership business over the last five years. During 2012-13, the Company added 17,489 members, taking the total membership to 160,747 as on 31<sup>st</sup> March, 2013.





For its future growth, the Company is actively looking at moving sales and marketing beyond the top metropolitan and Tier I cities by strengthening its sales and distribution network, which comprises own sales network, on-site office at resort locations and third party distribution agents. During the year, the distribution network for the business was expanded from around 80 locations to over 100 locations. Most of this expansion was in Tier II cities through third party distribution agents. While this will continue, the Company is also looking at innovative ways to reach out to smaller towns and cities.

The Company also markets a corporate product called 'Club Mahindra Fundays', which allows enrolled organisations to offer holiday entitlements to its employees or group vacations either as a part of their reward and recognition programme or as an employment perquisite or compensation. The performance of the product during the year was satisfactory.

### Travel Business

'Club Mahindra Travel' is the travel integration service for 'Club Mahindra' members to take care of their entire range of travel needs. The business also provides a complete range of travel services including Meetings, Incentives, Conferences, and Exhibitions (MICE) for corporate clients. It operates through a separate website [www.clubmahindra.travel](http://www.clubmahindra.travel) as well as through a network of four offices – Chennai, Mumbai, Delhi and Bangalore.

In our last year's communication, we had reported about the ERP integration of the travel services business with the core business. This enabled the Company to more effectively provide a complete range of services to its holidaying members. Going forward, this integration will be extended to the 'Club Mahindra' website, which will allow members to book for travel services at the time of booking their holidays.

To increase its presence in smaller cities and towns, the business is partnering with local travel agencies and appointing franchisees. During the year, the Company expanded its franchisee network to four cities. Overall, business volume grew creditably during the year.

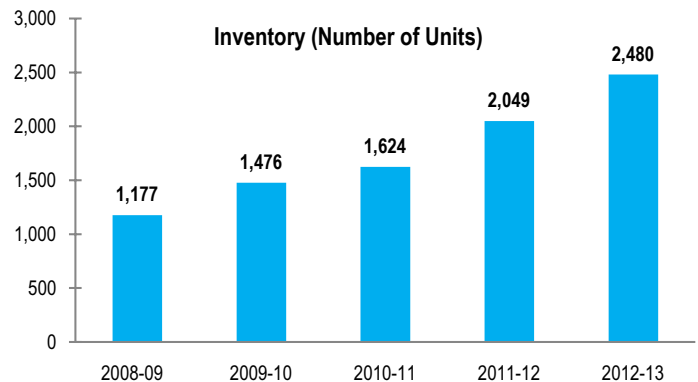
### Properties and New Projects

Mahindra Holidays currently has a pan-India presence through its extensive network of resorts across a cross-section of destinations including hill stations, beach, backwater, wildlife, fort and heritage. It is also present in international destinations such as Bangkok, Pattaya, Kuala Lumpur, Innsbruck and Dubai.

As mentioned earlier, building inventory and adding new destinations has been a key strategic objective for the Company. An important part of this strategy is to have resorts that are either owned or managed under a long lease – where it manages the entire resort and has complete control of the service delivery. Apart from this, the Company is now also looking to build its presence in international destinations preferred by Indians.

The key developments during 2012-13 are given below:

The Company added substantial room inventory for the second consecutive year in line with its strategy for future growth. **Mahindra Holidays added another 560 units to its inventory during 2012-13 across 13 resorts – two of which are at international locations. After accounting for inventory retired, the net addition during the year was 431 units – representing a 21 per cent increase in inventory over the previous year.**



This was achieved by a combination of greenfield developments, expansion of existing properties, acquisitions and leases. As far as owned resorts are concerned, the first phase of the greenfield project in Virajpet (Coorg) was completed during the year. A smaller expansion also came into effect in our existing property in Varca, Goa.

During the year, the Company acquired properties in Kandaghat (Shimla), Jaisalmer (Rajasthan), Bangkok (Thailand) and Dubai (UAE). It also added inventory by way of long leases in different parts of the country. These include resorts in Cherai Kochi (Kerala), Poovar (Kerala), Udaipur (Rajasthan) and additional rooms in Yeracud (Tamil Nadu).

As a result, by the end of 2012-13, Mahindra Holidays offered its members a choice of 44 resorts – something that no other company in India currently offers to its customers. In line with the Company's strategy, around two-thirds of the total inventory is owned by it. Besides, most of the leased properties are under long-term agreements where Mahindra Holidays manages the resort.

For future growth, increasing this inventory will continue to be an important area of focus. Mahindra Holidays has a strong pipeline of greenfield projects, acquisition and leases, as well as expansion at its existing properties that will become operational during the next few years. Significant expansion of its existing properties in Munnar is under implementation. **The Company's currently undertaking five projects: Assanora (Goa), Kanha (Madhya Pradesh), Naldhera (Shimla), second phase at Virajpet (Coorg) and Tungi (Lonavala). These will add over 500 units to the inventory in the next few years.**

Apart from this, the Company also has land bank at ten destinations. Efforts are also on to expand this further. Other than this, some of our existing resorts also have additional land that can be utilised for further expansion of these properties. This will provide the flexibility to build destinations and add customised inventory on an ongoing basis.

## Resort Operations

Efficient resort operations are central to delivering a holiday experience that meets the expectations of our members. This encompasses three key areas: infrastructure and facilities, holiday activities, and food and beverage (F&B).

In an important change in strategic approach to holiday experience at resorts, Mahindra Holidays brought “post holiday feedback” to the forefront for all its initiatives. These now form the basis for all activities undertaken to solve customer concerns. During the year, the Company put in place processes to address both systemic concerns as well as immediate resolutions of one-off occurrences of dissatisfaction. It has also institutionalised and increased the frequency of mechanisms to monitor, review and address feedback.

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. During the year, it made significant investments to upgrade around 250 rooms. Several engineering initiatives were also taken to promote sustainable practices at resort locations. Some of these have been discussed in further details in the section on ‘Sustainability’. Given that the Company has been adding significant inventory, another key development during the year was strengthening the processes involving launching new properties.

**The Company has a unique distinction of having 12 RCI Gold Crown resorts and 1 Silver Crown resort in India, which bears testimony to the high standards of resort facilities, amenities and services that our resorts offer.**

Considerable effort was also made in the area of holiday activities, where the complete approach is now to move towards delivering a unique holiday experience for each member of the family across different age-groups. Depending on the terrain and type of holiday a destination offers, these activities are built around the themes of learning, adventure, relaxation and local experience. The resorts are being continuously upgraded with infrastructure as well as activities and experts who help members get the most out of the holiday.

In the area of food and beverage (F&B), significant changes were made during the year to upgrade the overall experience. The entire buffet dining was revamped to increase the variety on offer during the course of a vacation. In another initiative, concept and theme based food is being introduced across resorts. For instance, over 30 festivals have been identified where

there will be special festival buffets. Besides, new restaurants are being planned for larger resorts. Other major activities going forward will include focus on local cuisine. The Company has institutionalised internal training programmes to build the capabilities necessary to implement these changes. These have been discussed in the section on ‘Human Resources’.

**Mahindra Holidays’ resorts in Thekkady, Ashtamudi and Puducherry are Branch Hygiene Code certified. This certification is awarded upon meeting prescribed standards of hygiene in all activities related to F&B — from procurement of raw materials to preparation and serving it to the customers.**

## Member Relations

Responsive and effective member relations lie at the core of implementing the “Member First” philosophy adopted by the Company. In our last year’s report, we had discussed how deployment of technology and change in processes was expected to upgrade the experience of members to a completely new level. We are happy to report that the Company has made significant progress in this regard during 2012-13.

- Online Services:** In December 2011, Mahindra Holidays had implemented an online booking solution for its members. **By the end of 2012-13, the percentage of online bookings has increased to around 50 per cent, up from 13 per cent a year ago. The Company’s new website launched in April 2012, powered with the significant upgraded IT backbone, now encompasses several innovative and intelligent features.** These have not only increased the transparency, but also increased the efficiency of booking process — contributing to a superior member experience. Some of these include proactive suggestions and holiday options, automation of waiting list and their confirmation, proactive notifications to minimise booking discrepancies and errors, and contact opportunity with a newly created web support helpdesk.
- Getting Members to Holiday:** This has been an important focus area for the Company, and was achieved through proactive campaigns and follow-up using voice calls, targeted email and SMS contact. **During 2012-13, there was a 17 per cent increase in the number of unique members availing a holiday over the previous year. Further, approximately 45 per cent of the eligible but the non-holidayed member base booked and availed of their holidays due to these efforts.** As a result, while the eligible membership base went up by 13 per cent, the total number of rooms occupied by members went up by 25 per cent. For the year as a whole, occupancy rate increased by 4 per cent and around 90 per cent of the occupancy came from members.
- Choice of Holiday:** Another measure of success is the conversion rate of holidays once a member displays intent

at any of the Company's contact points. **During the year, 85 per cent of members who demanded a holiday ended up holidaying with us at least once. Besides, regular sample checks reveal that over 70 per cent of members got their first choice of holiday.** This is significant given the wide choice of resorts and dates that is available to the members. Moreover, in cases where it was not possible to provide the first choice of holiday, proactive follow-up attempts were made to offer compelling alternatives. By the end of the year, 21 per cent of these follow-up cases were availing the suggested holiday alternatives. This is a considerable increase over our earlier experience and augurs well for the long-term satisfaction of our members.

- **New member on-boarding:** Another area where the Company achieved significant success was new member on-boarding. **Currently, over 90 per cent of membership kits are dispatched within 10 days of registration as compared to 30 days earlier. Also, the Company reaches out proactively to help new members book their first holidays. With these efforts, the average number of days taken to go for the first holiday has come down by around 17 per cent.** Besides, in yet another customer centric measure in line with the philosophy of 'Member First', the cap on holiday start date has been removed for members who pay in excess of 30 per cent up front as down payment amount. At an on-boarding stage, further efforts are on to enrich member information on records and correct membership related discrepancies before generation of the kit so as to ensure a smoother management of relationship.

As mentioned earlier, an increased focus of the Company to listen and understand member feedback and their concerns has been instrumental in realising these improvements. It is successfully implementing 35 continuous improvement projects in the area of Member Relations to address these. The results have been encouraging. During 2012-13, there has been a sizeable increase in loyalty scores based on feedback received through the Company's internal feedback generation mechanisms. Overall member complaints, especially those related to reservations, have come down sharply over the year.

## Human Resources (HR)

Mahindra Holidays is a pioneer in the timeshare industry in India. Given the highly specialised nature of the business and the large number of locations where we operate, attracting and nurturing the right people is at the core of the Company's strategy for success and growth. Accordingly, the HR function at Mahindra Holidays is structured along generalist and specialist responsibilities across its offices and resort locations. The key developments during the year are discussed below.

The Company continued with its intensive capability development efforts during the year. These initiatives have now

been structured into three key areas: organisation development, resort and non-resort functions.

In the area of organisation development, the Company has witnessed significant restructuring including shifting of the corporate office to Mumbai. This process was completed during the year, with putting in place of all functional teams and leadership roles in line with the capabilities required to meet the Company's growth objectives. Specific activities and programmes are regularly undertaken to align the employees with the culture and business goals of the organisation.

Standardising the customer acquisition process was the first area of focus for the Company. This was achieved during the year, with the establishment of the **"Club Mahindra One Sales Process" which requires all sales personnel to go through an intensive 2 week training and certification programme. Over 700 executives went through the training during 2012-13.** Similar training programmes have been implemented for processes such as referral sales, collection and retention, member relations, travel services and telemarketing. The coverage of these training programmes is 100 per cent of eligible executives.

For resort operations, the Company has institutionalised a set of talent development programmes to attract, recruit and groom young talent. This includes Club Mahindra Executive Trainee (CMET) programme for resort operations and Sous Chef Live for executive training in F&B. Both programmes have been extremely successful. **During 2012-13, a total of 52 CMET executives graduated from the programme to take-up entry level management positions at the resorts, whereas 27 new trainees were inducted into the programme. Seven applicants were selected out of 100 for the second batch of the Sous Chef Live programme taking the total number of people undergoing the training to 17.**

As far as executive training at resorts is concerned, there is a mandatory certification programme for front line executives. During the year, training and development programmes were put in place to streamline and improve process such as basic customer interaction, safety & hygiene, supervisory skills and first time managers.

Overall, each employee received an average of 6 man days of training during the year. Going forward, focus will be on all increasing the coverage of executive training to cover all consumer facing roles within the Company. As on 31<sup>st</sup> March, 2013, there were 2,680 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

## Quality

Mahindra Holiday had adopted the principles of Total Quality Management (TQM) under the banner of 'The Mahindra Way' — the Mahindra Group's integrated approach to promote excellence



in all spheres of its operations. In a significant achievement for the Company, it moved up a level to 'Stage 3' in its TQM journey during the year — institutionalising systems and processes that will enable it to meet its performance objectives. Some of the key developments during the year are discussed below.

During 2012-13, considerable progress was made in the implementation of 'Kaizen' and 'Daily Workflow Management' (DWM). **Kaizen has now become part of the culture in the Company with over 1500 employees across all key functions being trained during 2012-13. Similarly, DWM was institutionalized across all customer facing processes in customer acquisition, member relations, and more importantly, resort operations. During the year, 150 managers across these functions were trained in DWM.** To move further, the Company is now building internal expertise in Kaizen and DWM through "train the trainer" concept, where selected employees are being trained to become instructors.

During the year, the Company continued with its efforts to improve the business processes. Over 80 'Standard Operating Procedure' (SOP) improvement projects across resort operations, IT and marketing were successfully completed in 2012-13. In an important initiative, performance and benefits of all completed improvement projects are being tracked in terms of their return on investment based on a "Project Evaluation Sheet" methodology. Several employees, including members of the leadership team were trained on TQM principles and many others completed certification programmes. During the year, two employees completed the "Post Graduate Diploma in Quality Management Certification" and 2 Managers from Member Relations completed 6 Sigma Black belt projects.

Significant investments that the Company has made to institutionalize quality across the organization are now bearing fruit. Going forward, focus will be on continuously reviewing and updating these processes developed during the last few years, especially those that deal with customer facing roles in the areas of customer acquisition, member relations and resort operations. Key activities for 2013-14 will be further expansion of Kaizen and DWM, training in quality control and establishing regular reviews for the top management.

### Information Technology (IT)

Mahindra Holidays' approach towards technology is much more than that of an enabler of its business processes. It strongly believes that technology can play a very vital role in making things possible, something that provides the Company with a competitive edge in the market and contributes directly to meeting its business goals.

With this belief, Mahindra Holidays had initiated a large-scale upgrading of its IT architecture in 2010-11 that encompasses all functions and businesses of the Company. We are happy to report that this upgradation process is in advance stage of completion, and the Company has already started to benefit from the investments it has made.

In August 2011, the Company had successfully deployed a new core reservation engine which enabled an online booking solution. This process was completed during 2012-13 by adding several new features which utilise the capabilities offered by the system. As a result, most of the membership related transactions such as bookings, payments, amendments, and utilisation of vouchers can now be carried out and viewed online.

As far as member services are concerned, **one of the most significant features added during the year was implementation of an "intelligent" recommendation engine, which offers holiday alternatives.** Other important functionalities include ability to put bookings on automated waitlist in the event of non-availability, offering opportunities to save on holiday entitlements by making small changes to the holiday schedule as well as integration of travel services, social networks and independent reviews. The impact of these changes on member satisfaction has been presented in the section on 'Member Relations'.

Last year, the Company had piloted the move from physical paper based lead generation and delivery of holiday vouchers to prospects to use of tablet computers that are integrated with the Customer Relationship Management (CRM). The coverage of this initiative was expanded considerably during the year. In another development in this area, the Company now records consent of prospects during generation of leads, which has increased the effectiveness of the process.

In the area of resort operations, **the Company completed the process of upgrading to a SAP based property management system and the finance module for most of its existing resorts. Only a few resorts which do not have adequate real-time connectivity owing to their location currently operate offline.** This has brought in significant efficiencies in managing the inventory and better utilisation of assets. This integration has also allowed the Company to initiate a move towards centralised procurement which is currently in progress.

Today, all operating locations and offices of the Company are connected to its ERP exchanging real-time information and benefitting from the integrated IT infrastructure. During the year, the Company has piloted implementation of business intelligence tools in the areas of occupancy and member satisfaction.

During 2013-14, focus will be on utilising this infrastructure to build a comprehensive MIS and decision support system across all areas of the Company's operations. Efforts are also on to offer online booking of residual inventory and promotions for prospective customers and non-members. Next year will also see implementation of a more robust CRM called SIEBEL which will add significant efficiencies to customer acquisition and member relations processes.

## Corporate Social Responsibility (CSR)

The Mahindra Group has been at the forefront of taking affirmative action as a responsible organisation that seeks to 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, 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, employees volunteered over 16,901 man hours on CSR initiatives.** Some of these were:

- **Education:** The Company sponsored the education of 1,119 girls through the "Nanhi Kali" project. At several resort locations, the Company supplied educational material and amenities to underprivileged students. Training and development programmes were carried out at several locations for self-help groups and underprivileged youth. In a novel initiatives, the company carried out training on human rights at 18 resorts location, to sensitise and enhance the knowledge of local communities in this regards. Besides these, information sessions were carried out at several locations in the areas of career awareness and opportunities, personal grooming, hygiene, cleanliness and safety.
- **Environment:** Around 40,000 trees were planted during the year as a part of 'Mahindra Hariyali' – a major tree plantation drive across 29 resort locations. In a related project, 15,000 saplings were planted in and around the Big Beach, Puducherry, to replace the trees uprooted during the cyclone. Awareness programmes are regularly carried out to sensitise the local communities on environmental issues and promoting green practices. Other regular initiatives included installation of solar and other energy efficient lights in villages and areas around our resorts, cleanliness drives on beaches and other ecologically sensitive areas, and 'Say No To Plastic' campaign – all of which were carried out at several locations.
- **Health:** The Company regularly carries out blood donation and medical check-up camps, awareness sessions in the areas of health, natural remedies, and HIV/AIDS to benefit the local communities in which it operates. Several such activities were carried out across most of the Company's resorts. Apart from this, the Company also contributes to build and maintain medical facilities and upgrade equipment in local hospitals and clinics.

## 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.

During the year, Mahindra Holidays updated its five-year 'Sustainability Roadmap', laying out a plan for initiatives to be carried out until 2015-16. This roadmap identifies the key areas of focus and parameters that will be tracked to measure the progress of the Company in its sustainability journey. Some of the key areas that have been identified for implementing sustainable practices include conservation of biodiversity, environment, energy and water as well as sourcing and community development. The roadmap defines the activities under each area for the year, which are then broken down and allocated to resorts and offices for implementation. **During 2012-13, the Company published sustainability reports for its resorts in Ashtamudi, Kumbalgarh and Thekkady, which outline the initiatives taken by these resorts.**

The Company continued with various initiatives to reduce its carbon footprint and meet the sustainability objectives. These include use of solar power; environment-friendly, energy and water saving equipment; timers and motion sensors for lighting of pathways and common areas; eco-friendly bio-block sewage treatment plants and organic waste pulveriser for wet garbage disposal. The Company also participates in the HP Planet Partner Rewards Programme which involves recycling used HP ink and toner cartridges.

**During 2012-13, the Company's resorts in Kumbalgarh and Munnar received the Green Globe certification for sustainable tourism. Green Globe certification is awarded for members who save energy and water resources, reduce operational costs, positively contribute to local communities and their environment.**

Mahindra Holidays actively participates in the Mahindra 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). This framework sets out the principles and indicators that should be used to measure and report economic, environmental, and social performance. During 2012-13, seven large resorts of the Company participated in sustainability reporting of the Group.

## Financials

Table 1: Abridged Profit and Loss Statement

(Rs. Crore)

	2012-13	2011-12
Operating Income	658.54	621.56
Other Income	57.40	15.02
<b>Total Income</b>	<b>715.94</b>	<b>636.58</b>
Operating & Other Expenses	534.30	470.37
Financial Expenses	1.60	0.35
Depreciation	21.19	20.34
<b>Total Expenditure</b>	<b>557.09</b>	<b>491.06</b>
Profit before Depreciation, Interest and Tax (PBDIT)	181.64	166.21
Profit before Depreciation and Tax (PBDT)	180.04	165.86
Profit before Interest and Tax (PBIT)	160.45	145.87
Profit before Tax (PBT)	158.85	145.52
Tax	51.87	40.88
Profit after Tax (PAT)	106.98	104.64
<b>Diluted EPS (Rs.)</b>	<b>12.75</b>	<b>12.46</b>

Table 1 presents the abridged profit and loss statement of the Company as a standalone entity. Here are the key highlights of the financial performance:

- Total income which includes both operating and other income, grew at 13% from Rs. 636.58 crore in 2011-12 to Rs. 715.94 crore in 2012-13. This increase is primarily contributed by increase in Vacation ownership income and ASF income.
- Operating and other expenses grew at 14% from Rs. 470.37 crore in 2011-12 to Rs. 534.30 crore in 2012-13. The key elements of this increase are: resorts operation cost, cost of inventory added during the year and employee benefit expenses.
- Even as these affected current profitability (see table below), the Company was able to report an increase in profits for the year. Profit after tax (PAT) increased from Rs. 104.60 crore in 2011-12 to Rs. 106.98 crore in 2012-13. Diluted EPS was Rs. 12.75 in 2012-13, up from Rs. 12.46 in the previous year.

Table 2: Profitability Ratios

	2012-13	2011-12
PBDIT/Total Income	25.37%	26.11%
PBDT/Total Income	25.15%	26.05%
PBT/Total Income	22.19%	22.86%
PAT/Total Income	14.94%	16.44%

Mahindra Holidays continues to be a zero long-term debt company. The liquidity situation of the Company remained comfortable during the year.

## 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.

The Company has an internal audit function. However, given the size the Company's operations in terms of number of resort locations and nature of its business, it also uses independent audit firms to conduct periodic internal audits in line with an audit plan that is drawn at the beginning of the year. This audit plan is approved by the Audit Committee and the Board of Directors. 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.

## 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 current economic and policy environment in India continues to be subdued. This coupled with tight monetary policy followed by the RBI has kept interest rates high and affected India's GDP growth performance during the year. Besides, inflation continues to be high. Apart from increasing costs, this can impact the Company by creating a negative consumer sentiment regarding discretionary spend.

The Company recognises these risks and has initiated measures to minimise their impact. This includes focusing on customer acquisition and experience and expanding the addressable market base. Other initiatives include renewed focus on travel services and vacation ownership product for corporate clients.

### 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.

The Company has invested significant resources in systems and processes to ensure quality of service and overall experience of the customers to mitigate these risks. As mentioned earlier, the Company has reported significant success in these areas. Regarding room inventory, the Company has been judicious in the use of different options — fresh developments, expansions and leases — 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 enhance employee engagement and satisfaction to 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.

### Regulatory and Legal Risks

Mahindra Holidays is exposed to regulatory and legal risks. 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. There are also 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 deteriorated during the year. India also suffered a sharp deceleration in growth, with the GDP growing at 5 per cent in 2012-13, down from 6.2 per cent during 2011-12. High inflation and interest rates continue to be a cause for worry.

Even so, 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. The success achieved by the Company in improving member satisfaction and engagement gives us confidence that we are moving in the right direction. And the focus going forward will be to execute our strategy bigger and better.

Mahindra Holidays believes that there is significant potential for growth of its business. And the Company is ready to leverage its capabilities and presence to capitalise on it. During 2013-14, focus of the Company will be to move forward on this growth agenda. Therefore, the outlook for 2013-14 is optimistic.

### Cautionary Statement

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



# Corporate Governance Report

## Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is committed to sound corporate governance practices. This has been integral to the way the Company conducts its business since its inception. Mahindra Holidays' corporate governance philosophy is built around the values of transparency, professionalism and accountability. Accordingly, the Company has put in place appropriate systems and procedures for reporting, monitoring and control, which ensure a balance of accountability between the Directors and the Management.

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 Company remains fully compliant with it as on 31<sup>st</sup> March, 2013. 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

Ms. Rama Bijapurkar, resigned from the Board with effect from the closure of business hour on 19<sup>th</sup> October, 2012. In view of the resignation, your Company was required to appoint an Independent Director within the period specified under the Listing Agreement to ensure that atleast half of Board should comprise of Independent Directors. Accordingly, on 18<sup>th</sup> April, 2013, the Board by passing a circular resolution appointed Mr. Sanjeev Aga as an Additional Director on the Board of the Company. He will be Non-Executive Independent Director.

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 & CEO 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. Mr. Uday Y Phadke, Non-Executive Director of the Company was in the whole-time employment of the holding company, Mahindra & Mahindra Limited and is currently Principal Advisor (Finance) of the holding company and draws remuneration from it. Mr. Vineet Nayyar, Non-Executive Director of the Company is in the whole-time employment of an Associate company 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 and Managing Director & CEO 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 associate 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

Ms. Rama Bijapurkar, Independent Director, resigned from the Directorship of the Company with effect from the closure of business hours on 19<sup>th</sup> October, 2012. As on 31<sup>st</sup> March, 2013, the Board comprised of seven Directors. Subsequently, Mr. Sanjeev Aga was appointed as an Additional Director with effect from 18<sup>th</sup> April, 2013. The names and categories of Directors, the number of Directorships and Committee positions held by them in companies as, at the end of the year under review, are given below. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors.

Directors	Category	As on 31 <sup>st</sup> March, 2013*		
		Committee Memberships <sup>^</sup>	Committee Chairmanships <sup>^</sup>	Directorships#
Mr. A K Nanda	Non-Executive Chairman	6	4	12
Mr. Rajiv Sawhney	Managing Director & CEO	1	Nil	2
Mr. Uday Y Phadke	Non-Executive Director	8	Nil	7
Mr. Vineet Nayyar	Non-Executive Director	1	Nil	10
Mr. Cyrus J Guzder	Independent Director	2	1	4
Mr. Rohit Khattar	Independent Director	1	Nil	4
Mr. Sridar Iyengar	Independent Director	5	3	7

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

<sup>^</sup> 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

Six Board Meetings were held during the financial year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 on: 25<sup>th</sup> April, 2012, 25<sup>th</sup> July, 2012, 19<sup>th</sup> October, 2012, 21<sup>st</sup> January, 2013, 31<sup>st</sup> January, 2013 and 28<sup>th</sup> March, 2013. The gap between two Meetings did not exceed four months. These Meetings were well attended. The Sixteenth Annual General Meeting (AGM) of the Company was held on 25<sup>th</sup> July, 2012. The Chairman of the Audit Committee was present at the AGM.

Directors	Number of Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. A K Nanda	6	6	Yes
Mr. Rajiv Sawhney	6	6	Yes
Mr. Uday Y Phadke	6	5	No
Mr. Vineet Nayyar	6	Nil*	No
Mr. Cyrus J Guzder	6	4	Yes
Mr. Rohit Khattar	6	3	No
Ms. Rama Bijapurkar**	3	3	Yes
Mr. Sridar Iyengar	6	4 <sup>#</sup>	Yes

\* Mr. Vineet Nayyar participated in four Board Meetings through teleconference.

\*\* Resigned from the Board with effect from closure of Business Hours on 19<sup>th</sup> October, 2012.

# In addition to attending four Board Meetings, Mr. Sridar Iyengar participated in one Board Meeting through teleconference.

## Board Procedure

A detailed agenda is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director & CEO 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 unlisted

subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring, Minutes of Meetings of the Audit and other Committees of the Board, and information on recruitment of officers just below the Board level, including the Company Secretary and the Compliance Officer.

## Directors seeking Re-Appointment

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

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

#### Mr. Uday Y Phadke

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

Mr. Phadke is a member of the SEBI Committee on Disclosures and Accounting Standards. He is also an invitee to the National Advisory Committee of Accounting Standards constituted under the Companies Act. He has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce and Industry and was on the Accounting Standards Board of the ICAI. Mr. Phadke is also a Director on the board of certain companies in the Mahindra Group namely Mahindra & Mahindra Financial Services Limited, Mahindra Lifespace Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Rural Housing Finance Limited, Mahindra Insurance Brokers Limited and Mahindra World City Developers Limited.

Mr. Uday Y Phadke is a Member of the following Board Committees:

Sr. No:	Name of the Company	Names of the Committee	Position held
1	Mahindra & Mahindra Financial Services Limited	Share Transfer & Shareholders/Investors Grievance Committee	Member
		Remuneration/Compensation Committee	Member
		Audit Committee	Member
		Corporate Social Responsibilites Committee	Member
		ALCO Committee	Member
2	Mahindra Holidays & Resorts India Limited	Audit Committee	Member
		Share Allotment/Transfer – cum – Investors Grievance Committee	Member
		IPP Issue Committee	Member
3	Mahindra Lifespace Developers Limited	Audit Committee	Member
		Loans & Investment Committee	Member
		Committee of Directors for Investment in a Subsidiary Company : Knowledge Township Limited	Member
		Share Allotment Committee	Member
4	Mahindra World City (Jaipur) Limited	Remuneration Committee	Member
		Audit Committee	Member
		Capital Issue Committee	Member
		Loans & Investment Committee	Member
5	Mahindra Rural Housing Finance Limited	Audit Committee	Member
		ALCO Committee (resigned w.e.f 15 <sup>th</sup> April, 2013)	Member
6	Mahindra Insurance Brokers Limited	Remuneration Committee	Member
7	Mahindra World City Developers Limited	Audit Committee	Member

Mr. Uday Y Phadke holds 17,362 Equity Shares in the Company.

#### Mr. Vineet Nayyar

Mr. Vineet Nayyar is a Non-Executive Director of your Company. He graduated with a Master's degree in Development Economics from Williams College, Massachusetts and started his career with the Indian Administrative Service. While in the Government, he held numerous positions, including that of a District Magistrate, Secretary Agriculture & Rural Development for the Government of Haryana and Director, Department of Economic Affairs, Government of India. Mr. Nayyar worked with the World Bank

for over 10 years and was the Chief for energy, infrastructure and finance divisions for East Asia and Pacific. Mr. Nayyar was also the founding Chairman and Managing Director of the Gas Authority of India Limited, the Managing Director of HCL Corporation, the Vice Chairman of HCL Technologies and a co-founder and CEO of HCL Perot Systems. Mr. Nayyar is also serving as a director on the boards of Mahindra Logisoft Business Solutions

Limited, Kotak Mahindra Old Mutual Life Insurance Limited, The Great Eastern Shipping Company Limited, Vidya Investment Private Limited, Vidya Education Investments Private Limited, Maurya Education Company Private Limited, Greatship (India) Limited, Comviva Technologies Limited and Power Exchange India Limited. Mr. Nayyar is also the Chairman of Supervisory

Board of Tech Mahindra GmbH & Chairman of Tech Mahindra (Americas) Inc., Tech Mahindra (Thailand) Limited and CanvasM Technologies Limited. He is currently Executive Vice Chairman of Tech Mahindra Limited and Chairman & Whole time Director of Satyam Computer Services Limited.

Mr. Vineet Nayyar is a Member of the following Board Committees:

Sr. No:	Name of the Company	Names of the Committee	Position held
1	Tech Mahindra Limited	Investor grievance – cum – share transfer Committee	Member
		Securities Allotment Committee	Chairman
		Executive Committee	Chairman
2	Mahindra Holidays & Resorts India Limited	Remuneration Committee	Member
3	Greatship (India) Limited	Remuneration Committee	Member

Mr. Vineet Nayyar holds 26,700 Equity 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. A commission of Rs. 90 lakh has been provided as payable to the eligible Non-Executive Directors in the accounts of the year under review.

The remuneration paid to Managing Director & CEO is fixed by the Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

During the year under review, the Non-Executive Directors were paid a commission of Rs. 140 lakh (provided in the accounts of the year ended 31<sup>st</sup> March 2012), distributed amongst themselves as shown in the table below.

Detailed information of Directors' remuneration paid during the year 2012-13:

(Rs. in lakh)

Name of Directors	Category	Sitting Fees (Note 1)	Commission	Salary, Performance pay and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. A K Nanda	Non-Executive Chairman	1.60	100.00	Nil	Nil	101.60
Mr. Rajiv Sawhney (Note 3)	Managing Director & CEO	Nil	Nil	225.80	1740	243.20
Mr. Uday Y Phadke	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Vineet Nayyar	Non-Executive	Nil	Nil	Nil	Nil	Nil
Mr. Cyrus J Guzder	Independent	1.85	10.00	Nil	Nil	11.85
Mr. Rohit Khattar	Independent	0.60	10.00	Nil	Nil	10.60
Ms. Rama Bijapurkar (resigned with effect from the closure of business hour on 19 <sup>th</sup> October, 2012)	Independent	1.30	10.00	Nil	Nil	11.30
Mr. Sridar Iyengar	Independent	1.65	10.00	Nil	Nil	11.65



**Notes:**

1. Non-Executive Chairman and Independent Directors are paid sitting fees of Rs. 20,000 per meeting for attending meetings of Board/Audit Committee and for attending all other Committee Meetings is Rs.5,000.
2. Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
3. Salary to Mr. Rajiv Sawhney
  - a. Salary and Allowances of Rs.181.56 lakh
  - b. Perquisites of Rs. 6.64 lakh
  - c. Performance Pay of Rs. 55 lakh
4. The Company has not advanced loans to any Director during the year.
5. The nature of employment of the Managing Director & CEO 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 31 <sup>st</sup> March, 2013	No. of Options granted in July, 2006* (Note 1)	No. of Options granted in March, 2007* (Note 2)	No. of Options granted in November, 2007* (Note 3)	No. of Options granted in November, 2008* (Note 4)	No. of Options granted in February, 2012 (Note 5)	No. of Options granted in February, 2012 (Note 6)
Mr. A K Nanda	Non-Executive Chairman	502,694	200,000	Nil	9,510	10,500	Nil	Nil
Mr. Rajiv Sawhney	Managing Director & CEO	Nil	Nil	Nil	Nil	Nil	400,000	Nil
Mr. Uday Y Phadke	Non-Executive	17,362	10,000	Nil	3,170	3,500	Nil	Nil
Mr. Vineet Nayyar	Non-Executive	26,700	Nil	Nil	10,000	Nil	Nil	Nil
Mr. Cyrus J Guzder	Independent	26,700	10,000	Nil	Nil	Nil	Nil	Nil
Mr. Rohit Khattar	Independent	26,700	10,000	Nil	Nil	Nil	Nil	Nil
Mr. Sridar Iyengar	Independent	Nil	Nil	Nil	Nil	Nil	Nil	27,500

\*All Options vested have been exercised

**Notes:**

	Date of Grant	Vesting Period	Exercise Period	Exercise Price
1	15 <sup>th</sup> July, 2006	Five equal installments in July 2007, 2008, 2009, 2010 and 2011	Within six years from date of grant	Rs.16/-
2	30 <sup>th</sup> March, 2007	Four equal installments 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/-
3	1 <sup>st</sup> November, 2007	Four equal installments 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/-
4	1 <sup>st</sup> November, 2008	Four equal installments 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/-
5	21 <sup>st</sup> February, 2012	Four equal installments in February 2013, 2014, 2015 and 2016	On the date of vesting or at the end of each year for a period of five years from the date of vesting	Rs.370/-
6	21 <sup>st</sup> February, 2012	Four equal installments in February 2013, 2014, 2015 and 2016	On the date of vesting or at the end of each year for a period of five years from the date of vesting	Rs.323/-

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

Ms. Rama Bijapurkar ceased to be a member of the Audit Committee after her resignation from the Directorship of the Company from the closure of business hour on 19<sup>th</sup> October, 2012. As on 31<sup>st</sup> March, 2013, the Committee comprised of 3 Directors: Mr. Cyrus J Guzder, Mr. Uday Y Phadke and Mr. Sridar Iyengar. Subsequently, Mr. Rohit Khattar was inducted to the Audit Committee with effect from 18<sup>th</sup> April, 2013. Mr. Cyrus J Guzder, Chairman of the Committee, Mr. Sridar Iyengar and Mr. Rohit Khattar 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 49II(C) of the Listing Agreement. Generally, all items listed in Clause 49II(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 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, the Committee met on: 25<sup>th</sup> April, 2012, 25<sup>th</sup> July, 2012, 19<sup>th</sup> October, 2012 and 30<sup>th</sup> January, 2013. 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	3
Mr. Sridar Iyengar	4	4
Ms. Rama Bijapurkar*	3	3

\*Resigned from Directorship of the Company from the closure of business hours on 19<sup>th</sup> October, 2012 and consequently ceased to be a Member of the Audit Committee.

Invitees to the Meetings of the Audit Committee include Chairman of the Board, Managing Director & CEO, 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.

### 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. Rajiv Sawhney are the other members of the Committee. Mr. Dinesh Shetty, Company Secretary, is the Compliance Officer of the Company.

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

The Committee met two times during the year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 on : 19<sup>th</sup> October, 2012 and 31<sup>st</sup> January, 2013.

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	2	2
Mr. Uday Y Phadke	2	Nil
Mr. Rajiv Sawhney	2	2

During the year, 8 complaints were received from the Shareholders, all of which have been attended to/resolved. As of 31<sup>st</sup> March, 2013, there are no pending share transfers or complaints from the shareholders.

### Remuneration Committee

The role of the Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director of the Company. 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.

Consequent, to the cessation of Ms. Rama Bijapurkar as a member of the Committee in view of her resignation from Directorship of the Company, Mr. Sridar Iyengar was appointed as a Member of the Committee with effect from 31<sup>st</sup> January, 2013. The Remuneration Committee comprised of 5 Directors: Mr. A K Nanda, Mr. Cyrus J Guzder, Mr. Vineet Nayyar, Mr. Rohit Khattar and Mr. Sridar Iyengar.

The Committee met thrice during the year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 on: 25<sup>th</sup> April, 2012, 25<sup>th</sup> July, 2012 and 31<sup>st</sup> January, 2013. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Ms. Rama Bijapurkar*	2	2
Mr. A K Nanda	3	3
Mr. Vineet Nayyar	3	Nil**
Mr. Cyrus J Guzder	3	3
Mr. Rohit Khattar	3	Nil
Mr. Sridar Iyengar#	1	1

\* Resigned from Directorship of the Company from the closure of business hours on 19<sup>th</sup> October, 2012 and consequently ceased to be a Member of the Remuneration Committee.

\*\* Mr. Vineet Nayyar participated in two Remuneration Committee Meetings through teleconference.

# One Meeting of the Remuneration Committee was held since election of Mr. Sridar Iyengar as Member of the Committee.

### 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. Rajiv Sawhney, Managing Director & CEO as the members. There were no meetings of the Committee during 2012-13.

### IPO Committee

The IPO Committee was formed by the Board to oversee all activities and matters pertaining to Public Issue of the Company. Since the purpose of forming the IPO Committee was completed, the Board dissolved the IPO Committee with effect from 19<sup>th</sup> October, 2012. Mr. A K Nanda was the Chairman of the Committee. Mr. Uday Y Phadke and Mr. Cyrus J Guzder were other members of the Committee.

### IPP Issue Committee

During the year under review, the Board of Directors, at their meeting held on 21<sup>st</sup> January, 2013 formed IPP Issue Committee to oversee all activities and matters pertaining to Issue of Equity Shares by the Company through an Institutional Placement Programme (IPP) under SEBI Regulations. Mr. A K Nanda is the Chairman of the Committee. Mr. Rajiv Sawhney, Mr. Uday Y Phadke and Mr. Cyrus J Guzder are other Members of the Committee. Subsequent to the formation of the Committee, it met once on 23<sup>rd</sup> February 2013. The attendance of the Meeting is as under:

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	1	1
Mr. Rajiv Sawhney	1	1
Mr. Uday Y Phadke	1	Nil
Mr. Cyrus J Guzder	1	Nil

### Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition by way of outright purchase as well as long term lease proposals of the Company. Mr. A K Nanda, Chairman, Mr. Cyrus J Guzder and Mr. Rajiv Sawhney are members of the Committee. The Committee met thrice during the year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 on: 30<sup>th</sup> August, 2012, 12<sup>th</sup> February, 2013 and 28<sup>th</sup> March, 2013. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	3	3
Mr. Rajiv Sawhney	3	2
Mr. Cyrus J Guzder	3	2

### 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](http://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 & CEO to this effect is enclosed at the end of this Report.

#### CEO /CFO Certification

As required under Clause 49V of the Listing Agreement with the Stock Exchanges, the Managing Director & CEO 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 31<sup>st</sup> March, 2013.

#### 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 2012-13, 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 and disclosures to be made, while dealing with shares of the Company, and cautions them of the consequences of violations.

### Proceeds from Public 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, etc., 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, as amended.

### 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, 2013. 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. 1 <sup>st</sup> April, 2012	9	370
Number of shareholders who approached Issuer/Registrar and Share Transfer Agent for transfer of shares from suspense account during the year 2012-13	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31 <sup>st</sup> March, 2013	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 1D 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 (the "Guidelines"). 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

### Seventeenth Annual General Meeting

Date	: 29 <sup>th</sup> July, 2013 (Monday)
Time	: 3.00 PM
Venue	: Tapovan Hall Chinmaya Heritage Centre No.2, 13 <sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031.

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

Year	Date	Time	Venue	Special Resolutions Passed
2010	26 <sup>th</sup> July, 2010	3.00 PM	Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.	No Special Resolution was passed at the AGM.
2011	25 <sup>th</sup> July, 2011	3.00 PM	Tapovan Hall, Chinmaya Heritage Centre, No.2, 13 <sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031.	1. Remuneration to Managing Director & CEO. 2. Remuneration by way of Commission to Non-Executive Directors.
2012	25 <sup>th</sup> July, 2012	3.00 PM	Tapovan Hall, Chinmaya Heritage Centre, No.2, 13 <sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031.	1. Amendment of Articles of Association of the Company.

### Details of Extraordinary General Meeting (EGM) held during past three years and special resolution passed

Year	Date	Time	Venue	Special Resolutions Passed
2013	23 <sup>rd</sup> February, 2013	3.00 PM	Mahindra Towers, 4 <sup>th</sup> Floor, 17/18, Patullos Road, Chennai – 600 002.	Approval for further Issue of Shares under Institutional Placement Programme (IPP).

No Extraordinary General Meeting was held during 2010-11 and 2011-12.

No Special Resolution was passed through Postal Ballot during 2010-11, 2011-12 and 2012-13.

### Dates of Book Closure/Record Date

Dates of book closure for dividend will be from 13<sup>th</sup> July, 2013 to 29<sup>th</sup> July, 2013 both days inclusive.

### Dividend Payment Date

Dividend, if declared at the Annual General Meeting will be paid on or after 30<sup>th</sup> July, 2013 but before 6<sup>th</sup> August, 2013.

### Financial Year

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Financial Reporting for 2013 – 14

The First Quarter Results - 30 <sup>th</sup> June, 2013	By end of July, 2013
The Half Yearly Results - 30 <sup>th</sup> September, 2013	By end of October, 2013
Third Quarter Results - 31 <sup>st</sup> December, 2013	By end of January, 2014
Approval of Annual Accounts – 31 <sup>st</sup> March, 2014	By end of April, 2014

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](http://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 BSE 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

### Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares

ISIN: INE998I01010

## Stock Performance

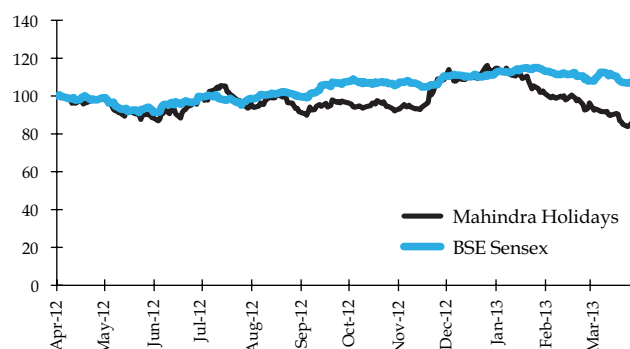
### BSE and NSE – Monthly High/Low and Volumes

	National Stock Exchange			Bombay Stock Exchange		
	High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
April, 2012	307.90	283.00	129,165	317.95	281.00	38,076
May, 2012	297.00	258.85	94,972	299.00	260.00	39,508
June, 2012	308.00	254.00	122,179	303.00	255.00	35,298
July, 2012	324.00	275.50	106,189	316.30	274.80	35,360
August, 2012	307.45	269.25	91,259	305.40	271.05	30,705
September, 2012	294.45	264.00	120,844	298.00	266.15	77,546
October, 2012	297.90	273.00	277,013	298.75	272.80	162,933
November, 2012	336.60	253.15	1,410,827	337.00	275.05	648,046
December, 2012	359.00	316.50	1,543,257	358.00	307.00	750,312
January, 2013	349.85	300.10	475,447	349.70	299.50	114,295
February, 2013	308.85	274.30	305,558	309.50	275.00	244,442
March, 2013	292.90	242.05	1,721,751	290.00	244.80	206,348

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

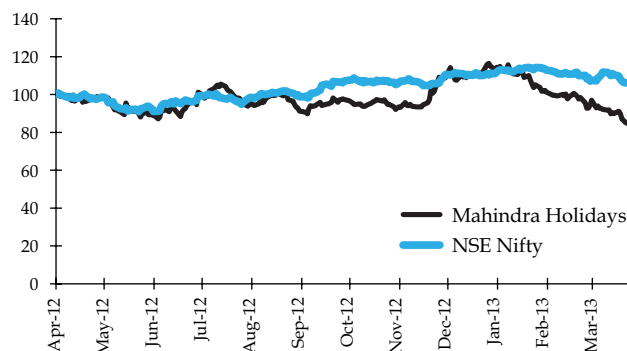
Month	MHRIL's Closing Price on NSE on the last trading day of month (Rs.)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2012	291.10	17,318.81	5,248.15	6,698.51
May, 2012	265.30	16,218.53	4,924.25	6,280.04
June, 2012	301.05	17,429.98	5,278.90	6,682.47
July, 2012	283.15	17,236.18	5,229.00	6,605.70
August, 2012	271.60	17,429.56	5,258.50	6,632.34
September, 2012	289.40	18,762.74	5,703.30	7,206.51
October, 2012	276.25	18,505.38	5,619.70	7,118.77
November, 2012	323.90	19,339.90	5,879.85	7,472.45
December, 2012	336.55	19,426.71	5,905.10	7,581.57
January, 2013	304.00	19,894.98	6,034.75	7,665.74
February, 2013	280.55	18,861.54	5,693.05	7,163.69
March, 2013	256.95	18,835.77	5,682.55	7,084.96

### Mahindra Holidays' Share Performance versus BSE Sensex



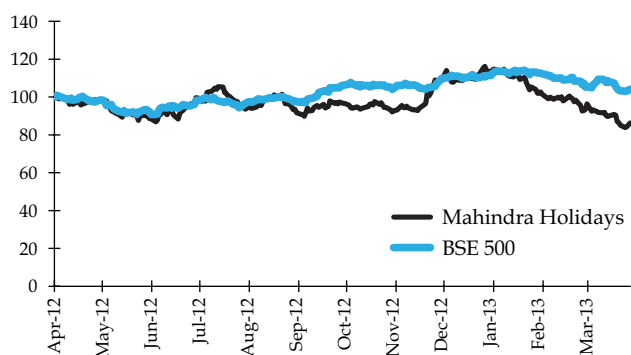
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on 2<sup>nd</sup> April, 2012

### Mahindra Holidays' Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on 2<sup>nd</sup> April, 2012

### Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on 2<sup>nd</sup> April, 2012

### 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 31<sup>st</sup> March, 2013, there are no pending share transfers pertaining to the year under review.

### Distribution of Shareholding as on 31<sup>st</sup> March, 2013

Number of Shares	Number of Shareholders	Percentage of Shareholders	Total Number of Shares	Percentage of Shareholding
1 to 100	10,718	76.58	415,082	0.49
101 to 500	2,250	16.08	527,064	0.62
501 to 1,000	407	2.91	327,433	0.39
1,001 to 5,000	418	2.99	977,731	1.16
5,001 to 10,000	69	0.49	508,193	0.60
10,001 to 50,000	88	0.63	2,276,280	2.69
50,001 to 100,000	20	0.14	1,591,672	1.88
100,001 & above	25	0.18	78,016,317	92.17
<b>Total</b>	<b>13,995</b>	<b>100.00</b>	<b>84,639,772</b>	<b>100.00</b>

Shareholding Pattern as on 31<sup>st</sup> March, 2013

Category of Shareholders	Total Holdings	Holdings in %
Promoters holdings	66,585,642	78.67
Mutual Funds	1,706,922	2.01
Banks, Financial Institutions & others	5,932	0.01
Foreign Institutional Investors	3,951,030	4.67
Bodies Corporate	4,385,450	5.18
NRIs/OCBs/Foreign Nationals	1,268,774	1.50
Indian Public	6,736,022	7.96
<b>Total</b>	<b>84,639,772</b>	<b>100.00</b>

## Dematerialisation of Shares

As on 31<sup>st</sup> March, 2013, 99.98 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 21.33 per cent.

## Outstanding ADRs/GDRs/ Warrants or any Convertible Instruments, conversion date and likely impact on Equity

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

## Offices of the Company

## Registered Office:

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

## Corporate Office:

Mahindra Towers, 1<sup>st</sup> Floor,  
'A' Wing, Dr. G.M. Bhosle Marg,  
P.K. Kurne Chowk,  
Worli, Mumbai – 400 018.  
Tel: 022 - 3368 4722  
Fax: 022 - 3368 4721

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](http://www.clubmahindra.com)

## Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited  
Unit: Mahindra Holidays & Resorts India Limited  
Plot No.17-24,  
Vittalrao Nagar, Madhapur,  
Hyderabad – 500 081,  
Andhra Pradesh, India.  
Tel: 040 - 44655000  
Fax: 040 - 23431551  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## Address for Correspondence

Shareholders may correspond with the Company at its Corporate 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 &amp; Compliance Officer

Mr. Dinesh Shetty  
Mahindra Towers, 1<sup>st</sup> Floor,  
'A' Wing, Dr. G.M. Bhosle Marg,  
P.K. Kurne Chowk,  
Worli, Mumbai – 400 018.  
Tel: 022 - 3368 4722  
Fax: 022 - 3368 4721

## Company's Investor E-mail ID

The Company has also designated [investors@mahindaholidays.com](mailto: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

[www.clubmahindra.com](http://www.clubmahindra.com)

## Declaration on Codes of Conduct

To

The Members of Mahindra Holidays & Resorts India Limited

I, Rajiv Sawhney, Managing Director & CEO 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 31<sup>st</sup> March, 2013.

Mumbai, 24<sup>th</sup> April, 2013

Rajiv Sawhney  
Managing Director & CEO



## 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, 2013, 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)

B. Ramaratnam  
Partner  
Membership No.21209

Mumbai, April 24, 2013

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - (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 Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

B. Ramaratnam  
Partner  
(Membership No.21209)

Mumbai, April 24, 2013

**ANNEXURE REFERRED TO IN PARAGRAPH 7 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013**

- (i) Having regard to the nature of Company's business / activities / result during the year, Clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii) and (xix) of paragraph 4 of the Order are not applicable to the Company.
- (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) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered 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 for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct

major weaknesses in such internal control system.

- (vi) According to the information and explanations given to us and to the best of our knowledge and belief there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) In our opinion and according to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act 1956 in respect of the Company's services.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory 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, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	2005- 06 to 2007- 08	1,312,279,665
		Commissioner of Income Tax – Appeals	2008-09 & 2009-10	1,578,753,710
Finance Act	Service Tax	Central Excise & Service Tax Appellate Tribunal	2003 to 2011	589,846,508

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to the banks. The Company has

neither borrowed funds from the Financial Institution nor issued any debentures.

- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xii) The Management has disclosed the end use of money raised by public issues in the notes to the financial statements and we have verified the same.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam  
Partner  
(Membership No.21209)

Mumbai, April 24, 2013



## Balance Sheet as at March 31, 2013

In ₹

Particulars	Note	As At March 31, 2013	As At March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
Share Capital	3	838,808,840	838,456,040
Reserves and Surplus	4	5,504,348,616	4,849,955,905
		<u>6,343,157,456</u>	<u>5,688,411,945</u>
<b>Non- Current liabilities</b>			
Deferred tax liabilities (net)	5	411,977,286	366,332,586
Deferred Income - Advance towards members facilities (See note 2 (vi) (a))		12,531,050,078	10,679,165,528
Other long term liabilities	6	54,022,941	59,053,318
Long term provisions	7	40,700,289	14,651,206
		<u>13,037,750,594</u>	<u>11,119,202,638</u>
<b>Current liabilities</b>			
Short term Borrowings	8	19,499,418	7,921,190
Trade payables	9	774,218,674	760,612,055
Deferred Income - Advance towards members facilities (See note 2 (vi) (a))		600,741,180	551,183,416
Other current liabilities	10	1,248,682,708	1,201,733,990
Short term provisions	11	419,213,009	402,087,356
		<u>3,062,354,989</u>	<u>2,923,538,007</u>
		<u>22,443,263,039</u>	<u>19,731,152,590</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>	12		
Tangible assets		4,488,378,043	4,394,560,663
Intangible assets		33,240,771	15,664,985
Capital work in progress		2,314,208,454	1,836,382,470
Intangible assets under development		212,034,682	118,028,392
		<u>7,047,861,950</u>	<u>6,364,636,510</u>
Non-current investments	13	1,756,886,093	823,220,828
Long term loans and advances	14	1,512,398,986	1,290,460,004
Other Non-Current Assets	15	3,296,266,068	3,633,623,913
		<u>6,565,551,147</u>	<u>5,747,304,745</u>
<b>Current assets</b>			
Current investments	16	102,240,551	1,261,699,089
Inventories	17	63,795,957	36,704,110
Trade receivables	18	6,259,833,216	5,180,511,527
Cash and cash equivalents	19	338,439,896	83,947,468
Short term loans and advances	20	1,974,968,792	1,041,665,808
Other current assets	21	90,571,530	14,683,333
		<u>8,829,849,942</u>	<u>7,619,211,335</u>
		<u>22,443,263,039</u>	<u>19,731,152,590</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants**B. RAMARATNAM**  
PartnerPlace: Mumbai  
Date: April 24, 2013

For and on behalf of the Board of Directors

**A.K. NANDA**  
Chairman**ALOKE GHOSH**  
Chief Financial Officer**RAJIV SAWHNEY**  
Managing Director & CEO**DINESH SHETTY**  
Company Secretary

## Statement of Profit and Loss for the Year ended March 31, 2013

In Rs.

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
<b>REVENUE :</b>			
Revenue from operations	22	6,585,371,424	5,738,298,030
Other Income	23	574,023,397	627,457,675
<b>Total Revenue</b>		<b>7,159,394,821</b>	<b>6,365,755,705</b>
<b>EXPENDITURE :</b>			
Employee benefits expense	24	1,495,243,973	1,264,215,512
Finance Costs	25	16,000,114	3,507,919
Depreciation and amortisation expense	12	211,907,063	203,414,133
Other expenses	26	3,847,722,020	3,439,457,218
<b>Total Expenditure</b>		<b>5,570,873,170</b>	<b>4,910,594,782</b>
<b>Profit before tax</b>		<b>1,588,521,651</b>	<b>1,455,160,923</b>
Less : Tax expense			
- Current tax		473,100,000	410,200,000
- Deferred tax		45,644,700	(1,444,484)
<b>Profit for the year</b>		<b>1,069,776,951</b>	<b>1,046,405,407</b>
<b>Earnings per share:</b>			
Basic		12.76	12.49
Diluted		12.75	12.46

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants**B. RAMARATNAM**  
PartnerPlace: Mumbai  
Date: April 24, 2013

For and on behalf of the Board of Directors

**A.K. NANDA**  
Chairman**ALOKE GHOSH**  
Chief Financial Officer**RAJIV SAWHNEY**  
Managing Director & CEO**DINESH SHETTY**  
Company Secretary

## Cash flow statement for the year ended March 31,2013

In ₹

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	1,588,521,651	1,455,160,923
Adjustments :		
Depreciation	211,907,063	203,414,133
Finance costs	16,000,114	3,507,919
Interest income	(91,954,180)	(30,644,819)
Dividend income	(51,955,889)	(110,527,178)
Loss/(Gain) on fixed assets sold/scrapped (net)	3,924,498	(321,285)
Provision for doubtful debts	385,452	10,380
	<u>88,307,058</u>	<u>65,439,150</u>
Operating profit before working capital changes	1,676,828,709	1,520,600,073
Changes in :		
Deferred income - Advance towards members' facilities	1,901,442,314	948,530,685
Trade and other receivables	(999,062,608)	(389,620,640)
Inventories	(27,091,847)	(5,302,620)
Trade and other payables	72,650,371	696,695,835
	<u>947,938,230</u>	<u>1,250,303,260</u>
Income taxes paid	(495,920,679)	(872,033,266)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>2,128,846,260</u>	<u>1,898,870,067</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(1,030,671,198)	(892,237,902)
Proceeds from sale of fixed assets	2,255,883	1,458,851
Purchase of investments	(933,665,265)	(505,452,424)
Advances to subsidiaries	(737,654,884)	(648,682,785)
Interest received	7,800,623	7,741,517
Dividend income	51,955,889	110,527,178
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<u>(2,639,978,952)</u>	<u>(1,926,645,565)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayments of borrowings	11,578,228	(7,900,828)
Dividends paid	(338,559,088)	(336,919,088)
Dividend distribution tax paid	(54,922,748)	(54,656,699)
Loan to ESOP Trust	-	(132,000,000)
Proceeds from issue of equity shares to ESOP Trust	-	147,000,000
Loan recovered from ESOP Trust	4,000,000	-
Finance costs	(16,000,114)	(3,507,919)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<u>(393,903,722)</u>	<u>(387,984,534)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>(905,036,414)</u>	<u>(415,760,032)</u>
<b>CASH AND CASH EQUIVALENTS :</b>		
Opening balance	1,342,474,193	1,758,234,225
Closing balance	437,437,779	1,342,474,193
	<u>(905,036,414)</u>	<u>(415,760,032)</u>

Particulars		Year ended March 31, 2013	Year ended March 31, 2012
	<b>Reconciliation between Cash and Cash equivalents with the Balance Sheet</b>		
	Cash and cash equivalents as per Balance Sheet	338,439,896	83,947,468
	Less: Bank balances not considered as Cash and cash equivalents	3,242,668	3,172,364
	Net Cash and cash equivalents	335,197,228	80,775,104
	Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	102,240,551	1,261,699,089
	<b>Cash and cash equivalents at the end of the period</b>	<b>437,437,779</b>	<b>1,342,474,193</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of the Board of Directors

**B. RAMARATNAM**  
Partner

Place: Mumbai  
Date: April 24, 2013

**A.K. NANDA**  
Chairman

**ALOK GHOSH**  
Chief Financial Officer

**RAJIV SAWHNEY**  
Managing Director & CEO

**DINESH SHETTY**  
Company Secretary



## Notes to the financial statements for the year ended March 31, 2013

### 1 Corporate Information

The company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

### 2 Significant Accounting Policies

#### (i) Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

#### (ii) Fixed assets:

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/ acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation is calculated on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following:

- (a) Leasehold land and buildings are amortised over the period of lease.
- (b) Floating cottages grouped under building are depreciated over the useful life of 25 years.

- (c) Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months from the date of capitalisation.
- (d) Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months.
- (e) Intangible assets representing 'vacation ownership' is amortised over a period of 10 years.
- (f) Expenditure incurred towards software is amortised over a period of 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3 / 4 years.
- (h) Non- compete fee is amortised over a period of 5 years.

#### (iii) 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.

#### (iv) Inventories:

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

#### (v) Investments:

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

#### (vi) Revenue recognition:

- (a) The company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full up front, or on a deferred payment basis. Admission fee, which is non-refundable, is recognized as income on admission of a member. Entitlement fee (disclosed under Advance towards Members facilities), which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period. Requests for

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

- (b) Annual subscription fee dues from members are recognised as income on an accrual basis.
- (c) Interest on instalment sales is recognised as income on an accrual basis.
- (d) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- (e) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, the excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.
- (f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.
- (g) Income from home stays is recognized when services are rendered.
- (h) Interest income from loans is accounted on time proportion basis and dividend income from mutual funds is accounted as and when right to receive is established.

**(vii) Foreign exchange transactions:**

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

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

**(viii) Employee benefits:**

- (a) Short term employee benefit plans  
All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.
- (b) Long term employee benefit plans  
The Company has defined contribution and

defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans employees also contribute to the plan.

**Defined Contribution Plan**

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

**Defined Benefit Plan**

The company has an arrangement with the Life Insurance Corporation of India (LIC) to administer its gratuity fund. The contribution paid/payable to the fund based on liability towards gratuity determined on the basis of an independent actuarial valuation as at balance sheet date using the Projected Unit Credit method is debited to the statement of profit and loss. Actuarial gains and losses arising during the year are recognized in the statement of profit and loss. Long term compensated absences similarly determined on an actuarial basis is provided for and is not funded.

**(ix) Taxes on income:**

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961."

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. The carrying amount of deferred tax assets and liabilities are reviewed at each Balance Sheet date.

**(x) Share issue expenses:**

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

**(xi) Borrowing Cost:**

Borrowing cost that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

**(xii) Impairment of assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists the recoverable amount of such asset is estimated and impairment is recognised, if the carrying amount of these assets exceed their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present values based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in the case of re-valued asset.

**(xiii) Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(xiv) Cash flow statements:**

Cash flows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company are segregated based on the available information.

**(xv) Provision & contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed in the notes.

**(xvi) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and

other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**(xvii) Leases:**

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**(xviii) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**(xix) Service tax input credit:**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

## Notes forming part of the financial statements

## Note 3 : Share Capital

In ₹

	As At March 31, 2013	As At March 31, 2012
<b>Authorised :</b>		
100,000,000 equity shares of ₹ 10 each	1,000,000,000	1,000,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued Subscribed &amp; Paid up :</b>		
<b>Equity : (Net of shares issued to ESOP Trust but not allotted to employees)</b>		
84,639,772 (previous year 84,639,772) equity shares of ₹ 10 each fully paid (of the above 66,585,642 (previous year 69,985,642) equity shares are held by the holding company, Mahindra & Mahindra Limited)	846,397,720	846,397,720
Less: 758,888 (previous year 794,168) equity shares of ₹ 10 each fully paid up issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not exercised by employees.	7,588,880	7,941,680
	<u>838,808,840</u>	<u>838,456,040</u>

## Notes:

- 3 a) The above includes 48,995,228 equity shares allotted as fully paid-up by way of Bonus shares by capitalisation of balance in Statement of Profit & Loss and General Reserve on November 24, 2007 in the ratio of 5 equity shares for every 3 shares held.
- 3 b) Terms / rights attached to equity shares:
- The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.
  - The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.
  - For the year ended March 31, 2013, the amount of dividend proposed to be distributed to equity shareholders is Rs. 355,123,424 at ₹ 4 per share (Previous year ₹ 338,559,088 at ₹ 4 per share) including on 4,141,084 equity shares allotted on April 12, 2013 pursuant to an Institutional Placement Programme (IPP). (Refer note number 41).
  - Repayment of capital will be in proportion to the number of equity shares held.
- 3 c) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of share holder	No of shares	% held as at March 31, 2013	No of shares	% held as at March 31, 2012
Mahindra & Mahindra Limited (Holding Company)	66,585,642	78.67%	69,985,642	82.69%

During March 2013, Mahindra & Mahindra Limited, the Holding company, made an Offer for Sale of 3,400,000 equity shares, thereby reducing its shareholding in the Company from 82.69% to 78.67%.

- 3 d) The reconciliation of the number of shares outstanding as at March 31, 2013 and March 31, 2012 is set out below:-

Particulars	As at 31-Mar-13 (Shares)	(In ₹)	As at 31-Mar-12 (Shares)	(In ₹)
No of Shares at the beginning	83,845,604	838,456,040	83,605,678	836,056,780
Add: Shares issued on exercise of employee stock options	35,280	352,800	239,926	2,399,260
Number of shares at the end	<u>83,880,884</u>	<u>838,808,840</u>	<u>83,845,604</u>	<u>838,456,040</u>

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



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

Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust.						
Method of Settlement	By issue of shares at Exercise Price.						
Grant	Grant I	Grant II	Grant III	Grant V **	Grant VI #	Grant VII ##	Grant VIII **
Date of Grant	15/07/2006	30/03/2007	1/11/2007	1/11/2008	21/02/2012	21/02/2012	21/02/2013
Exercise Price (In ₹ )	16.00	52.00	52.00	52.00	370.00	323.00	323.00
Average Exercise Price(after bonus issue) (In ₹ )	6.00	19.50	19.50	52.00	-	-	-
Vesting Period in Years	5	4	4	4	4	4	4
Number of Options Granted	759,325	122,235	56,700	261,590	400,000	186,500	130,000
Contractual life	6 years from the date of grant.	5 years from the date of each vesting.					
Vesting Conditions	Refer note (a) below	25% each on expiry of 12, 24, 36 and 48 months from the date of grant.					
No. of options exercisable in each tranche	Minimum of 25 and a maximum of all options vested till that date.						

Note (a) 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

ii) 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)	Grant VI # (21/02/2012)	Grant VII ## (21/02/2012)	Grant VIII ** (21/02/2013)	Total
Options outstanding as on 14.2012	141,638	14,671	14,265	49,066	400,000	186,500	130,000	936,140
Options granted	-	-	-	-	-	-	-	-
Options vested during the period	-	-	-	-	100,000	46,625	-	146,625
Options exercised during the period	2,670	867	10,012	21,731	-	-	-	35,280
Options lapsed during the period	138,968	8,539	-	3,584	-	-	-	151,091
Options outstanding as on 31.03.2013	-	5,265	4,253	23,751	400,000	186,500	130,000	749,769
Options vested but not exercised	-	13,685	4,234	23,296	100,000	46,625	-	187,840

\*\* Issued out of lapsed options.

# Out of the above 90,000 shares has been issued out of lapsed options.

## Out of the above 86,500 shares has been issued out of lapsed options.

- iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not exercised by the employees have been reduced from the share capital by ₹ 7,588,880 and securities premium account reduced by ₹ 145,499,758. 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 ₹ 84,740 for bonus shares issued on exercise of stock options during the period

- iv) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for grant I to V. For grant VI, VII and VIII fair value method adopted. The intrinsic value of the shares granted under grant I to V based on the valuations obtained from an independent valuer is ₹ 16 per equity share as on 31st March, 2006, ₹ 52 per equity share as on 1st January, 2007, 31st August, 2008 and 1st November, 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under grant VI, VII & VIII is based on the fair value market price is ₹ 370, ₹ 323 and ₹ 323 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is ₹ Nil, no employee compensation cost has been charged.
- v) The fair value of options based on the valuation of the independent valuer for grants I to V as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is ₹ 4.28, ₹ 16.36, ₹ 16.55 and ₹ 16.04 respectively.

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 21st February 2012 is ₹ 113.81 for grant VI and ₹ 129.93 for grant VII, 21st February 2013 is ₹ 94.43 for grant VIII.

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

(In ₹)

	Years ended	
	Mar 31, 2013	Mar 31, 2012
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)	(0.02)

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

Particulars	Grant dated	Grant dated	Grant dated	Grant dated	Grants dated	Grants dated
	15th July, 2006	30th March, 2007	1st November, 2007	1st November, 2008	21st February, 2012	21st February, 2013
Risk free interest rate	7.82%	7.92%	7.72%	7.34%	8.00%	7.78%
Expected life	4.5	5	5	5	6	3.5
Expected volatility	Nil	Nil	Nil	Nil	0.33	0.31
Expected dividend yield	Nil	Nil	Nil	Nil	Rs. 4.00	1.38%

## Note 4 : Reserves &amp; Surplus

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>	1,474,577	1,474,577
<b>General Reserve</b>		
As per last balance sheet	487,749,290	384,422,580
Add : Transfer from Profit and Loss Account	106,977,695	104,641,000
Less : Bonus shares issued on exercise of stock options	84,740	1,314,290
	<u>594,642,245</u>	<u>487,749,290</u>
<b>Securities Premium Account</b>		
As per last balance sheet	1,577,361,044	1,577,361,044
Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	142,900,000	142,900,000
	<u>1,720,261,044</u>	<u>1,720,261,044</u>
Less: Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not allotted to employees	145,499,758	145,676,908
	<u>1,574,761,286</u>	<u>1,574,584,136</u>
<b>Surplus in Statement of Profit &amp; Loss</b>		
As per last balance sheet	2,786,147,902	2,237,865,331
Profit for the Current Year	1,069,776,951	1,046,405,407
	<u>3,855,924,853</u>	<u>3,284,270,738</u>
<b>Appropriations :</b>		
Transfer to General Reserve	106,977,695	104,641,000
Proposed Dividend	355,123,424	338,559,088
Tax on Proposed Dividend	60,353,226	54,922,748
	<u>522,454,345</u>	<u>498,122,836</u>
	<u>3,333,470,508</u>	<u>2,786,147,902</u>
	<u>5,504,348,616</u>	<u>4,849,955,905</u>

## Note 5 : Deferred Tax Liability (net)

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax asset</b>		
Provision for doubtful receivables	645,484	491,084
Provision for compensated absences	12,564,040	7,545,644
Others	11,993,047	8,236,502
	<u>25,202,571</u>	<u>16,273,230</u>
<b>Deferred tax liability</b>		
Difference between book and tax depreciation	437,179,857	382,605,816
Deferred tax liability (net)	<u>411,977,286</u>	<u>366,332,586</u>

## Note 6 : Other Long Term Liabilities

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Others:</b>		
Payables on purchase of fixed assets	54,022,941	59,053,318
	<u>54,022,941</u>	<u>59,053,318</u>

## Note 7 : Long Term Provisions

In ₹

	As at March 31, 2013	As at March 31, 2012
Compensated absences	40,700,289	14,651,206
	<u>40,700,289</u>	<u>14,651,206</u>

## Note 8 : Short Term Borrowings

In ₹

	As at March 31, 2013	As at March 31, 2012
Secured : From Banks		
Loans repayable on demand	19,499,418	7,921,190
	<u>19,499,418</u>	<u>7,921,190</u>

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

## Note 9 : Trade Payables

In ₹

	As at March 31, 2013	As at March 31, 2012
Trade Payables :		
Total outstanding dues to micro and small enterprises	-	-
Others	774,218,674	760,612,055
	<u>774,218,674</u>	<u>760,612,055</u>

## Note 10 : Other Current Liabilities

In ₹

	As at March 31, 2013	As at March 31, 2012
Unpaid dividend	114,388	44,084
Amounts received from ESOP Trust	150,045,758	150,490,968
Dues to Statutory Authorities (PF,ESI & other taxes)	56,594,643	45,653,637
Unearned Revenue	553,703,963	420,381,301
Other payables	394,348,480	499,501,356
Gratuity	10,249,690	6,496,652
Commission payable to non - whole time Directors	9,000,000	14,000,000
Payables on purchase of fixed assets	74,625,786	65,165,992
	<u>1,248,682,708</u>	<u>1,201,733,990</u>

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31,2013.

## Note 11 : Short Term Provisions

In ₹

	As at March 31, 2013	As at March 31, 2012
Compensated absences	3,736,359	8,605,520
Proposed Dividend	355,123,424	338,559,088
Tax on Proposed Dividend	60,353,226	54,922,748
	<u>419,213,009</u>	<u>402,087,356</u>



Note 12 : Fixed Assets

Description of Assets	Gross block (at cost)			Depreciation/Amortisation			Net block	
	As at April 1, 2012	Additions	Deductions	As at April 1, 2012	For the year	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2012
<b>A : Tangible Assets</b>								
Land	938,691,999 (851,985,919)	82,800,000 (86,706,080)	-	-	-	-	1,021,491,999 (938,691,999)	938,691,999 (851,985,919)
Land - Leasehold	864,000 (864,000)	-	-	104,716 (95,990)	8,726 (8,726)	-	750,558 (759,284)	759,284 (768,010)
Buildings	2,598,956,423 (2,612,793,509)	36,495,671 (44,597,914)	-	256,110,391 (211,541,680)	48,375,987 (47,907,557)	-	2,330,965,716 (2,342,846,032)	2,342,846,032 (2,401,251,829)
Buildings - Leasehold	15,608,588 (15,608,588)	-	-	8,316,084 (6,427,736)	1,888,103 (1,888,348)	-	5,404,401 (7,292,504)	7,292,504 (9,180,852)
Plant and Equipments	929,739,840 (865,219,266)	77,917,863 (82,815,530)	16,564,381 (18,294,956)	991,093,322 (929,739,840)	65,655,462 (59,688,618)	12,643,469 (5,752,536)	655,751,508 (647,410,019)	647,410,019 (636,825,527)
Furniture and Fittings	760,168,427 (737,659,534)	74,857,518 (41,337,602)	5,858,909 (18,828,710)	829,167,036 (760,168,426)	61,816,272 (62,426,462)	3,923,594 (12,938,401)	368,594,850 (357,488,918)	357,488,919 (384,468,087)
Vehicles	58,140,280 (47,602,530)	10,935,242 (13,640,598)	1,010,479 (3,102,847)	68,065,043 (58,140,281)	5,781,463 (4,763,291)	705,481 (2,451,752)	37,247,482 (32,398,702)	32,398,701 (24,172,490)
Office Equipments	176,978,388 (166,728,277)	10,524,748 (10,616,711)	123,601 (366,600)	187,379,535 (176,978,388)	10,007,268 (12,194,581)	104,445 (169,909)	68,171,529 (67,673,205)	67,673,205 (69,447,766)
<b>Sub Total A Previous Year</b>	<b>5,479,147,945 (5,298,461,623)</b>	<b>293,531,042 (279,714,435)</b>	<b>23,557,370 (99,028,113)</b>	<b>1,084,587,282 (920,361,143)</b>	<b>193,533,281 (188,877,563)</b>	<b>17,376,989 (24,651,424)</b>	<b>4,488,378,043 (4,394,560,663)</b>	<b>4,394,560,663 (4,378,100,480)</b>
<b>B : Intangible Assets</b>								
Software	63,205,080 (57,048,297)	35,949,568 (6,156,783)	-	53,742,970 (49,335,041)	13,738,030 (4,407,929)	-	31,673,648 (9,462,110)	9,462,110 (7713,256)
Development Ex- penditure	38,540,065 (38,540,065)	-	-	37,904,313 (32,398,364)	635,752 (5,505,949)	-	-	635,752 (6,141,701)
Non-Compete Fees	20,000,000 (20,000,000)	-	-	14,432,877 (10,432,877)	4,000,000 (4,000,000)	-	1,567,123 (5,567,123)	5,567,123 (9,567,123)
Vacation ownership weeks	6,226,938 (6,226,938)	-	-	6,226,938 (5,604,246)	-	-	-	-
<b>Sub Total B Previous Year</b>	<b>127,972,083 (121,815,300)</b>	<b>35,949,568 (6,156,783)</b>	<b>-</b>	<b>112,307,098 (97,770,528)</b>	<b>18,373,782 (14,536,570)</b>	<b>-</b>	<b>33,240,771 (15,664,985)</b>	<b>15,664,985 (24,044,772)</b>
<b>TOTAL (A+B)</b>	<b>5,607,120,028 (5,420,276,923)</b>	<b>329,480,610 (285,871,218)</b>	<b>23,557,370 (99,028,113)</b>	<b>1,196,894,380 (1,018,131,671)</b>	<b>211,907,063 (203,414,133)</b>	<b>17,376,989 (24,651,424)</b>	<b>4,521,618,814 (4,410,225,648)</b>	<b>4,410,225,648 (4,402,145,252)</b>

## Note 13 : Non current investment

	As At March 31, 2013	As At March 31, 2012
<b>Long term Investments (At Cost, Un-Quoted) :</b>		
<b>Investment in Equity Shares (non trade, fully paid up)</b>		
Mahindra World City Developers Ltd. (1 equity share of Rs.10 each.)	10	10
<b>Investment in Equity Shares of Subsidiaries (trade, fully paid up)</b>		
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 ₹ 10 each.)	499,940	499,940
BAH Hotelanlagen AG (1385 shares of Euro 50 each.)	311,379,054	311,379,054
Bell Tower Resorts Private Limited (199,38,674 Shares of ₹ 10/- each.)	505,452,424	505,452,424
Divine Heritage Hotels Private Limited (700,000 Shares of ₹ 10/- each.)	92,497,545	-
Gables Promoters Private Limited (132,00,000 Shares of ₹ 10/- each.)	136,378,036	-
Holiday on Hill Resort Private Limited (10,00,000 Shares of ₹ 10/- each.)	438,739,417	-
MH Boutique Hospitality Limited (49,000 shares of THB 100 each.)	9,538,138	-
Infinity Hospitality Group Company Limited (734,850 shares of THB 100 each.)	256,512,129	-

	As At March 31, 2013	As At March 31, 2012
<b>Investment in Preference Shares (non trade, fully paid up)</b>		
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10 each.)	250,000	250,000
	<b>1,756,886,093</b>	823,220,828
Aggregate value of unquoted investments	<b>1,756,886,093</b>	823,220,828

**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 or 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.
- On August 9, 2012, the Company has acquired the entire share capital of Divine Heritage Hotels Private Limited (DHHPL) from the existing shareholders and consequent to that DHHPL has become a wholly owned Subsidiary of the Company. DHHPL has 74 rooms resort in Jaisalmar, Rajasthan.
- On August 24, 2012, the Company has acquired the entire share capital of Gables Promoters Private Limited (GABLE) from the existing shareholders and consequent to that GABLE has become a wholly owned Subsidiary of the Company. GABLE has land parcels near Shimla, Himachal Pradesh.
- On October 25, 2012, the Company has acquired the entire share capital of Holiday On Hills Resorts Private Limited (HHRPL) from the existing shareholders and consequently HHRPL has become a wholly owned Subsidiary of the Company. HHRPL has a 75 room resort in Kandaghat, Shimla.
- On November 5, 2012, the Company has acquired 49% equity share capital of Infinity Hospitality Group Company Limited (IHGCL) from the existing shareholders. IHGCL has a 74 room Hotel in Bangkok. The Company has also acquired 49% equity share capital of MH Boutique Hospitality Limited (MHBHL) from the existing shareholders, which is the holding company of Infinity Hospitality Group Company Limited (IHGCL).
- On March 26, 2013, the Company has subscribed for 49% of the share capital of Arabian Dreams Hotels Apartments LLC, Dubai, which operates a 75 room hotel. The remittance was made in April 2013.

**Note 14 : Long Term Loans & Advances (Unsecured, considered good)**

	As at March 31, 2013	As at March 31, 2012
Capital advances	278,108,333	144,320,602
Security deposits	342,525,543	278,532,609
Loans and advances to related parties	84,492,063	83,154,425
Payments towards Income Tax (net of provisions)	807,273,047	784,452,368
	<b>1,512,398,986</b>	1,290,460,004

**Note 15 : Other Non-Current Assets (Unsecured, considered good)**

	As at March 31, 2013	As at March 31, 2012
Long Term Trade receivables due for payment after one year	3,296,266,068	3,633,623,913
	<b>3,296,266,068</b>	3,633,623,913

## Note 16 : Current investments

In ₹

	As At March 31, 2013 Units	As At March 31, 2013 Value	As At March 31, 2012 Units	As At March 31, 2012 Value
<b>Investment in Mutual Funds (unquoted) Units:</b>				
Birla Sunlife Cash Plus - Instl Prim - DDRE	-	-	200,330	20,072,017
Birla Sunlife Cash Manager-IP-DDRE	-	-	999,934	100,023,400
Birla Sun Life Savings Fund	40,307	4,034,502	278,879	27,906,826
DWS Treasury Fund Cash-institutional Plan	-	-	995,484	100,043,138
Tata Treasury Manager Fund Plan A-DDRE	1,542	1,556,202	-	-
ICICI Prudential flexible income plan	-	-	1,482,470	156,748,923
IDFC Money Manager	-	-	11,174,159	111,758,347
ICICI Prudential Flexible Income PlanPremium	242,083	25,596,646	-	-
JM Money Manager Fund Super Plus Plan - Daily Dividend	2,163,849	21,651,475	13,017,914	130,248,133
Kotak Flexi Debt - Institutional	-	-	14,717,687	147,875,959
JP Morgan India Liquid Fund Super Inst DDRE	-	-	4,316,215	43,196,248
Kotak Flexi Debt Scheme Inst DDRE	2,548,297	25,604,019	-	-
Sundaram Ultra ST Fund Super Inst. DDRE	-	-	1,021,798	10,255,787
Templeton India Ultra Short Bond Fund	-	-	15,317,855	153,356,239
TTMSHD Tata Treasury Manager SHIP DDRE	23,555	23,797,707	113,977	115,153,382
TFLD TATA Floater Fund DDRE	-	-	14,454,611	145,060,690
		102,240,551		1,261,699,089
Aggregate value of unquoted investments		102,240,551		1,261,699,089

## Note 17 : Inventories (At lower of cost &amp; net realisable value)

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Stores</b>		
Food, beverages and smokes	10,780,650	9,784,841
Operating supplies	53,015,307	26,919,269
	63,795,957	36,704,110

## Note 18 : Trade Receivable (Unsecured)

	As at March 31, 2013	As at March 31, 2012
Trade Receivables outstanding for less than six months from the date they are due for payment		
Considered good	3,339,499,396	3,471,541,686
	<u>3,339,499,396</u>	<u>3,471,541,686</u>
Trade Receivables outstanding for more than six months from the date they are due for payment		
Considered good	2,920,333,820	1,708,969,841
Considered doubtful	1,899,041	1,513,589
Less: Allowance for trade receivables	1,899,041	1,513,589
	<u>2,920,333,820</u>	<u>1,708,969,841</u>
	<u>6,259,833,216</u>	<u>5,180,511,527</u>

## Note 19 : Cash &amp; Cash equivalents

	As at March 31, 2013	As at March 31, 2012
Cash on hand	1,465,141	2,159,664
	<u>1,465,141</u>	<u>2,159,664</u>
Balances with Banks		
Current accounts	333,732,087	78,615,440
Deposit account - others	2,503,902	2,503,902
Earmarked accounts		
Margin money deposits	624,378	624,378
Unpaid dividend accounts	114,388	44,084
	<u>336,974,755</u>	<u>81,787,804</u>
	<u>338,439,896</u>	<u>83,947,468</u>

## Note 20 : Short Term Loans &amp; Advances (Unsecured, considered good)

	As at March 31, 2013	As at March 31, 2012
Inter corporate deposits, loan & advances to subsidiaries	1,398,542,597	647,717,213
Claims Receivable	101,075,975	84,785,625
Loan to ESOP Trust	128,000,000	132,000,000
Balances with Statutory Authorities - Service Tax	86,099,994	9,868,564
Advances to Suppliers	152,554,163	108,207,373
Loans and advances to Employees	18,736,149	5,553,508
Prepaid Expenses	88,542,181	53,533,525
Other advances	1,417,733	-
	<u>1,974,968,792</u>	<u>1,041,665,808</u>



## Note 21 : Other Current Assets

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Interest accrued on Inter corporate deposits, loans and advances :</b>		
Subsidiaries	90,571,530	14,683,333
Others	-	-
	<u>90,571,530</u>	<u>14,683,333</u>

## Note 22 : Revenue from Operations

In ₹

	Year ended Mar-13	Year ended Mar-12
<b>Sales of Services</b>		
Income from sale of vacation Ownership	4,458,558,633	3,971,958,432
Income from Resorts :		
- Room rentals	107,604,190	147,679,260
- Food and beverages	568,398,353	432,062,386
- Wine and liquor	22,026,133	14,360,100
- Others	233,393,121	196,262,911
Annual Subscription Fee	1,137,975,192	929,609,101
Income from travel services & home stays	57,415,802	46,365,840
	<u>6,585,371,424</u>	<u>5,738,298,030</u>

## Note 23 : Other Income

In ₹

	Year ended Mar-13	Year ended Mar-12
<b>Dividend income:</b>		
Dividend income from current investments	51,955,889	110,527,178
<b>Interest income:</b>		
On installment sales	304,738,652	404,415,355
On deposits with bank	-	7,741,518
On others	91,954,180	22,903,301
Gain on exchange fluctuation (net)	-	8,690,566
Income from securitization (refer note 27)	116,132,195	60,015,988
Gain on fixed assets sold (net)	-	321,285
Miscellaneous income	9,242,481	12,842,484
	<u>574,023,397</u>	<u>627,457,675</u>

## Note 24 :Employee benefits expense

In ₹

	Year ended Mar-13	Year ended Mar-12
Salaries, wages and bonus	1,394,575,882	1,176,576,918
Contribution to Provident & other funds	44,498,356	35,906,480
Staff welfare	56,169,735	51,732,114
	<u>1,495,243,973</u>	<u>1,264,215,512</u>

## Note 25 : Finance costs

In ₹

	Year ended Mar-13	Year ended Mar-12
Interest on short term borrowings	16,000,114	3,507,919
	16,000,114	3,507,919

## Note 26 : Other expenses

In ₹

		Year ended Mar-13		Year ended Mar-12
<b>Food Beverages and smokes Consumed</b>				
Opening Stock	9,784,841		7,709,674	
Add: Purchases	182,125,421		141,247,353	
	191,910,262		148,957,027	
Less: Closing Stock	10,780,650		9,784,841	
		181,129,612		139,172,186
Operating Supplies		226,274,466		193,223,944
Power and fuel		220,374,327		165,216,546
Rent (including lease rentals)		412,450,688		305,136,407
Rates and taxes		22,776,040		17,484,039
Insurance		12,619,594		10,245,850
<b>Repairs and maintenance :-</b>				
-Buildings		39,986,438		34,742,477
-Resort Renovations		65,926,968		56,200,867
-Office Equipment		12,472,748		12,417,313
-Others		83,967,311		60,064,091
Communication		75,751,854		57,165,673
Software Charges		29,001,032		26,154,351
Consultancy charges		96,159,406		72,335,418
Advertisement		100,621,753		248,927,873
Sales commission		328,710,946		348,473,644
Sales promotion expenses		1,315,502,630		1,168,982,933
Travelling		178,808,582		148,094,296
Service Charges		172,614,161		135,240,795
Provision for doubtful debts		385,452		10,380
<b>Auditors' remuneration includes:</b>				
Audit fees		3,500,000		2,800,000
Other services		1,050,000		1,600,000
Reimbursement of expenses/levies		-		24,023
Director's fees		700,000		930,000
Commission to non whole time directors		9,000,000		14,000,000
Loss on exchange fluctuation (net)		2,025,717		-
Loss on fixed assets sold/Writeoff (net)		3,924,498		-
Bank Charges		60,662,779		50,879,194
Discounts		92,600,260		69,846,611
Miscellaneous		98,724,758		100,088,307
		3,847,722,020		3,439,457,218

## 27 Securitisation

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

In ₹

	Year ended March 31,	
	2013	2012
Value of accounts receivable	2,934,934,145	1,871,112,274
Less: Future interest receivable	651,517,010	420,148,106
Principal amount of receivables	2,283,417,135	1,450,964,168
Consideration received	2,450,000,000	1,550,000,000
Profit on securitisation	166,582,865	99,035,832
Less: Reversals	50,450,670	39,019,844
Income from securitisation	116,132,195	60,015,988

## 28 Contingent Liabilities

In ₹

	As at March 31,	
	2013	2012
<b>(A) Receivables securitised, with recourse.</b> 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.	<b>3,844,877,592</b>	2,673,122,303
<b>(B) Claims against the company not acknowledged as debts</b>		
1) Luxury tax claimed on membership, room revenue and other services provided to members, which has been disputed by the company.	<b>72,350,714</b>	6,420,314
2) Service tax demands for various years disputed by the company.	<b>589,846,508</b>	-
3) Income tax matters		
<b>(a) Time share income</b>		
i) The Income Tax Department's appeal against the orders of the CIT(A) for the assessment years 1998-99 to 2003-04 and 2005-06 to 2008-09 in respect of issues relating to revenue recognition, was decided in favour of the Company by the Appellate Tribunal. Amount involved was Rs.1,958,672,601 (Including interest of ₹ 498,192,582).		
ii) For the assessment year 2004-05, 2009-10 & 2010-11, the company's appeal is pending with CIT(A)		
The amount involved, exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed, is Rs.1,685,853,167 (including interest of Rs.413,055,438); As at March 31, 2012 Rs.2,550,307,954 (including interest of Rs.618,500,246);		
<b>(b) Other matters disputed which are timing differences</b>		
Disallowance of expenditure during construction, software expenses, website development expenses, renovation expenses and Project design cost Rs. 142,707,705 (including interest of ₹ 32,469,862). As at March 31, 2012 Rs. 110,849,237 (including interest of ₹ 24,029,144).		
The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed.		

	As at March 31,	
	2013	2012
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.		
(c) Other disallowances (including interest of ₹ 26,616,570) (as at March 31, 2012 ₹ 43,757,139)	115,055,341	193,408,965
The above amounts are based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.		

**(C) Other matters under appeal**

- (i) The Government of Kerala issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property.
- The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated July 3, 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.
- (ii) The Company had received a notice dated December 11, 2009 from Commissioner, Ooty Municipality seeking demolition of the unauthorized construction at Zest Danish Villa Resort situated at No.30, Sheddon Road, Ooty. The Company has filed a review petition before the Municipal Administration and Water Supply Department, Chennai and hearing is awaited.
- (iii) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 12.56 Crores as damages for termination of the Contract. The Company has made a counter claim of ₹ 20.03 Crores towards liquidated damages and other losses. The matter is pending before the Arbitrator.

In ₹

29 Capital commitments	As at March 31,	
	2013	2012
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	422,275,060	542,736,285

In ₹

30 CIF Value of Imports	Year ended March 31,	
	2013	2012
Capital goods	18,093,987	11,154,240

In ₹

31 Expenditure in foreign currency	Year ended March 31,	
	2013	2012
Salaries	46,970,395	38,977,930
Travel	382,265	3,142,603
Consultancy	29,064,846	5,935,330
Marketing expenses	33,375,548	13,467,755
Others	27,465,451	21,271,117

In ₹

32 Earnings in foreign exchange	Year ended March 31,	
	2013	2012
Room rentals and restaurant sales	7,202,724	45,533,522
Sale of vacation ownership	114,766,311	98,809,849
Interest	7,800,623	6,588,485

In ₹

33 Particulars of consumption	2012-13		2011-12	
	% of total value	Consumption Rs	% of total value	Consumption Rs
Provisions, beverages (excluding wine, liquor and smokes)	97	175,715,784	97	134,546,791
Wine, Liquor and Smokes	3	5,413,828	3	4,625,395
	100	181,129,612	100	139,172,186
Indigenous	100	181,129,612	100	139,172,186
Imported	-	-	-	-
	100	181,129,612	100	139,172,186

## 34 Employee Benefits

The following table sets out the funded status of the defined benefit scheme and amount recognised in the financial statements.

In ₹

Gratuity		2012-13	2011-12
a.	<b>Net Asset/ ( Liability) recognized in the balance sheet</b>		
	Present value of funded obligation	27,354,662	19,152,550
	Fair value of plan assets	17,104,972	12,655,898
	Net asset/ (Liability)	(10,249,690)	(6,496,652)
b.	<b>Expense recognized in the Statement of profit and loss</b>		
	Current service cost	8,732,779	6,664,038
	Interest cost	1,401,143	1,077,666
	Expected return on plan assets	(1,320,484)	(1,084,146)
	Actuarial (gains) / losses	1,436,252	(1,980,120)
	Total expense	10,249,690	4,677,438
c.	<b>Change in present value of obligation</b>		
	Present value of defined benefit obligation as at the beginning of the year	19,152,550	15,398,391
	Current service cost	8,732,779	6,664,038
	Interest cost	1,401,143	1,077,666
	Actuarial (gains) /losses	1,408,978	(56,790)
	Benefits paid	(3,340,788)	(3,930,755)
	Present value of defined benefit obligation as at the end of the year	27,354,662	19,152,550
d.	<b>Change in fair value of plan assets</b>		
	Plan assets at the beginning of the year	12,655,898	13,579,177
	Expected return on plan assets	1,320,484	1,084,146
	Actuarial (gains) /losses	(27,274)	1,923,330
	Contributions by employer	6,496,652	-
	Benefits paid	(3,340,788)	(3,930,755)
	Plan assets at the end of the year	17,104,972	12,655,898



e.	Principal actuarial assumptions	2012-13	2011-12
1	Discount rate	8.00%	8.00%
2	Expected return on plan assets	9.30%	9.30%
3	Mortality table	IALM (2006-2008) ULT	LIC (94-96) Ultimate Mortality

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

g.	Experience Adjustment to the extent provided by actuary:	2013	2012	2011	2010	2009
	Present value of commitments	27,354,662	19,152,550	15,398,391	12,978,631	9,975,960
	Fair value of the Plan assets	17,104,972	12,655,898	13,579,177	13,870,609	9,996,621
	Surplus / (Deficit)	(10,249,690)	(6,496,652)	(1,819,214)	891,978	20,661
	Experience adjustment on plan liabilities	56,790	56,790	-	-	-
	Experience adjustment on plan assets	(1,923,330)	1,923,330	-	-	-

- h. In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustments for certain years.

### 35 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.

In ₹

Secondary segment information:	2012-13	2011-12
<b><u>Within India</u></b>		
Sales	6,470,605,113	5,639,488,181
Segment assets	19,279,571,020	16,752,774,385
Additions to fixed assets	1,028,074,652	892,237,902
<b><u>Outside India</u></b>		
Sales	114,766,311	98,809,849
Segment assets	497,292,328	109,005,920
Additions to fixed assets	2,549,516	-
<b><u>Total</u></b>		
Sales	6,585,371,424	5,738,298,030
Segment assets	19,776,863,348	16,861,780,305
Additions to fixed assets	1,030,624,168	892,237,902

**36 Earnings per share:**

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
Net profit after tax (Amount in ₹)	1,069,776,951	1,046,405,407
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,867,274	83,804,330
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos) on account of ESOP	83,889,749	83,950,435
Earnings per share – Basic (in ₹)	12.76	12.49
Earnings per share – Diluted (in ₹)	12.75	12.46
Nominal value of shares (in ₹)	10.00	10.00

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

	As at March 31, 2013	As at March 31, 2012
<b>Value in foreign currency</b>		
Receivables (in UAE Dirham)	6,241,226	1,753,683
Loan to Malaysian Subsidiary (in Malaysian Ringgit)	4,763,836	4,856,609
Loan to Thailand Subsidiaries (in Thai Baht)	169,582,233	-
<b>Value in INR</b>		
Receivables	93,117,117	24,744,462
Loan to Malaysian Subsidiary	83,863,051	82,091,744
Loan to Thailand Subsidiaries	317,002,697	-

**38** In June 2009, the company made an Initial Public Offer of 5,896,084 equity shares of ₹ 10 each for cash at a premium of ₹ 290 per equity share, aggregating to ₹ 17,688.25 lakhs of which ₹ 16,205.68 lakhs have been spent towards the object of the issue (Rs 14,759.94 lakhs were utilised for construction of resorts and ₹ 1,445.74 lakhs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.**39** The particulars regarding dues to Micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues payable to such parties as at the balance sheet date.**40 Related Party Transactions:**

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

A.	Holding Company	Mahindra & Mahindra Limited
B.	Subsidiary Companies	Mahindra Holidays and Resorts USA Inc. Mahindra Hotels & Residences India Limited MHR Hotel Management GmbH Heritage Bird (M) Sdn Bhd. Bell Tower Resorts Private Limited BAH Hotelanlagen AG Divine Heritage Hotels Private Limited Gables Promoters Private Limited Holiday on Hills Resorts Private Limited Infinity Hospitality Group Company Limited * MH Boutique Hospitality Limited **
C.	Fellow Subsidiaries with whom the company has transactions during the year	Mahindra Intertrade Limited Mahindra Consulting Engineers Limited Mahindra First Choice Wheels Ltd Mahindra First Choice Services Limited

		Mahindra Navistar Automotives Limited. Mahindra Reva Electric Vehicles Private Limited Mahindra Lifespace Developers Limited Mahindra Retail Private Limited Mahindra Two Wheelers Limited Mahindra Vehicle Manufacturers Limited Mahindra Shubhlabh Services Limited. Mahindra Automobile Distributor Private Limited Mahindra EPC Services Private Limited Mahindra Engineering Services Limited Mahindra Steel Service Centre Limited Mahindra Logistics Limited
D.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
E.	Entity in which the company has joint control	Arabian Dreams Hotels Apartments LLC
F.	Key Management Personnel	Mr Ramesh Ramanathan (Managing Director) (upto April 30, 2011) Mr Rajiv Sawhney (Managing Director & CEO) (since May 1, 2011)

\* By virtue of management control. Further MH Boutique Hospitality Limited holds balance 51 % equity.

\*\* By virtue of management control

(ii) Related Party Transactions and balances

	In ₹	
	March 31, 2013	March 31, 2012
<b>Holding company</b>		
<b>Transactions for the year ended :</b>		
Sale of services	494,025,127	316,995,845
Purchases of fixed assets	82,800,000	-
Purchase of services	65,620,000	36,015,139
Dividend paid	279,942,568	279,926,708
<b>Balances as at :</b>		
Outstanding: Payable	7,033,075	-
Outstanding: Receivable	64,142,088	43,015,347
<b>Subsidiary companies</b>		
<b>Transactions for the year ended :</b>		
<b>Investments made:</b>		
Bell Tower Resorts Private Limited	-	505,452,424
Divine Heritage Hotels Private Limited	92,497,545	-
Gables Promoters Private Limited	136,378,036	-
Holiday on Hills Resorts Private Limited	438,739,420	-
Infinity Hospitality Group Company Limited	256,512,129	-
MH Boutique Hospitality Limited	9,538,138	-
<b>ICD, loans and advances given:</b>		
Bell Tower Resorts Private Limited	-	648,682,785
Divine Heritage Hotels Private Limited	65,000,000	-
Holiday on Hills Resorts Private Limited	286,071,000	-
Infinity Hospitality Group Company Limited	255,189,900	-
MH Boutique Hospitality Limited	52,155,600	-
<b>Sale of services:</b>		
Bell Tower Resorts Private Limited	-	345,176

In ₹

	March 31, 2013	March 31, 2012
<b>Purchase of services:</b>		
Bell Tower Resorts Private Limited	36,889,329	4,326,978
Divine Heritage Hotels Private Limited	3,902,800	-
Holiday on Hills Resorts Private Limited	5,206,215	-
Heritage Bird (M) Sdn Bhd.	12,200,878	10,182,926
Infinity Hospitality Group Company Limited	5,359,000	-
<b>Interest Income:</b>		
Bell Tower Resorts Private Limited	58,381,450	16,314,816
Divine Heritage Hotels Private Limited	3,958,767	-
Heritage Bird (M) Sdn Bhd.	7,145,461	6,588,485
Holiday on Hills Resorts Private Limited	11,249,783	-
Infinity Hospitality Group Company Limited	9,304,637	-
MH Boutique Hospitality Limited	1,914,082	-
<b>Balances as at :</b>		
<b>Investment :</b>		
BAH Hotelanlagen AG	311,379,054	311,379,054
Mahindra Hotels & Residences India Limited	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
Bell Tower Resorts Private Limited	505,452,424	505,452,424
Divine Heritage Hotels Private Limited	92,497,545	-
Gables Promoters Private Limited	136,378,036	-
Holiday on Hills Resorts Private Limited	438,739,420	-
Infinity Hospitality Group Company Limited	256,512,129	-
MH Boutique Hospitality Limited	9,538,138	-
<b>Loans and Advances :</b>		
Mahindra Hotels & Residences India Limited	629,012	1,062,681
Heritage Bird (M) Sdn Bhd.	83,863,051	82,091,744
<b>ICD Outstanding:</b>		
Bell Tower Resorts Private Limited	715,909,423	648,682,785
Divine Heritage Hotels Private Limited	68,562,890	-
Holiday on Hills Resorts Private Limited	296,195,804	-
Infinity Hospitality Group Company Limited	263,199,262	-
MH Boutique Hospitality Limited	53,803,435	-
<b>Outstanding: Receivable</b>		
Bell Tower Resorts Private Limited	24,766,085	13,717,761
Divine Heritage Hotels Private Limited	64,060,350	-
Holiday on Hills Resorts Private Limited	2,616,878	-
<b>Outstanding: Payable</b>		
Infinity Hospitality Group Company Limited	5,359,000	-
<b>Fellow Subsidiaries</b>		
<b>Transactions for the year ended :</b>		
<b>Sale of fixed assets:</b>		
Mahindra First choice Wheels Limited	680,000	1,080,000
<b>Sale of services:</b>		
Mahindra Logistics Limited	42,667	42,713
Mahindra Intertrade Ltd	5,618,236	2,802,493

In ₹

	March 31, 2013	March 31, 2012
Mahindra Navistar Automotives Limited.	384,059	131,079
Mahindra First Choice Wheels Ltd	95,574	330,000
Mahindra First Choice Services Limited	471,299	-
Mahindra Lifespace Developers Ltd	2,947,469	1,161,696
Mahindra Reva Electric Vehicles Private Limited	403,382	-
Mahindra Retail Private Limited	172,309	-
Mahindra Two Wheelers Limited	431,235	-
Mahindra Vehicle Manufacturers Limited	283,859	296,440
Mahindra Automobile Distributor Private Limited	-	101,574
Mahindra Shubhlabh Services Limited.	138,025	580,111
Mahindra EPC Services Private Limited	6,928,902	3,475,114
Mahindra Steel Service Centre Limited	-	347,987
<b>Purchase of services:</b>		
Mahindra Consulting Engineers Limited	208,500	825,000
Mahindra Logistics Limited	662,820	543,000
<b>Balances as at :</b>		
<b>Outstanding: Payable</b>		
Mahindra Logistics Limited	3,519	244,000
Mahindra Consulting Engineers Limited	-	82,725
Mahindra First Choice Wheels Ltd	386,726	-
<b>Outstanding: Receivable</b>		
Mahindra Lifespace Developers Ltd	752,012	634,844
Mahindra Engineering Services Limited	825,800	1,391,149
Mahindra Intertrade Limited.	938,521	100,879
Mahindra Automobile Distributor Private Limited	-	9,278
Mahindra Shubhlabh Services Limited.	155,738	266,160
Mahindra EPC Services Private Limited	273,558	867,741
Mahindra Two Wheelers Limited	23,595	-
Mahindra Reva Electric Vehicles Private Limited	173,510	-
Mahindra Vehicle Manufacturers Limited	-	297,341
Mahindra Navistar Automotives Limited.	-	32,536
<b>Other entities under the control of the company</b>		
<b>Balances as at :</b>		
<b>Outstanding: Payable</b>		
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	150,045,758	150,490,968
<b>Outstanding: Receivable</b>		
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	128,000,000	132,000,000
<b>Key Management Personnel</b>		
<b>Transactions for the year ended :</b>		
<b>Managerial remuneration:</b>		
Mr Rajiv Sawhney	24,320,437	17,140,471
Mr. Ramesh Ramanathan	-	2,224,963
<b>Purchase of fixed assets:</b>		
Mr Rajiv Sawhney	-	3,225,000



- 41 On 12th April, 2013 the Company through an Institutional Placement Programme (IPP) allotted 4,141,084 equity shares of ₹ 10/- each at a premium of ₹ 245/- per share aggregating to Rs.10,559.76 lacs. The Net Issue Proceeds will be utilized for expansion/renovation of existing resorts, acquisition of new land parcels/properties, construction/development of new resorts and for general corporate purposes.
- 42 Capital work in progress and expenditure during construction pending allocation included therein.

In ₹

Description	As at March 31, 2013	As at March 31, 2012
Capital Work-in-progress	2,314,208,454	1,836,382,470

Expenditure during construction pending allocation included above:

Salaries,Wages & Bonus	189,287,922	142,662,779
Staff welfare Expenses	2,929,987	2,534,132
Power & Fuel	3,547,017	3,809,920
Rent	2,650,292	2,330,362
Rates & Taxes	2,394,571	2,317,609
Repairs-Others	2,722,658	2,354,312
Travelling	37,541,608	28,390,635
Communication	4,502,894	3,690,634
Printing & Stationery	1,503,834	1,196,282
Insurance	29,932	14,294
Consultancy Charges	55,913,239	36,891,445
Freight	5,365,373	3,881,665
Interest - Others	16,145,664	2,324,346
Bank Charges	2,324,346	371,794
Miscellaneous	524,101	12,657,793
Total	327,383,437	245,428,002

#### 43 Joint Venture Disclosures

##### i. Interest in Joint Ventures

Name of the Jointly Controlled Entity	Country of Incorporation	Proportion of ownership interest
Arabian Dreams Hotels Apartments LLC, Dubai (since March 26, 2013)	United Arab Emirates	49%

ii. Interest in assets, liabilities, income, expenses and capital commitment with respect to the Jointly controlled entity is as follows:

In ₹

Particulars				
Year	Assets	Revenue	Expenses	Contingent Liabilities/commitments
2012-13	189,386	1,055,353	865,967	NIL

- 44 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosure.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

B. Ramaratnam  
Partner

A.K. Nanda  
Chairman

Rajiv Sawhney  
Managing Director & CEO

Place: Mumbai  
Date: April 24, 2013

Aloke Ghosh  
Chief Financial Officer

Dinesh Shetty  
Company Secretary

## Statement pursuant to Section 212 of THE COMPANIES ACT, 1956, relating to Subsidiary Companies

Particulars	Name of the subsidiary companies										
	Mahindra Holidays and Resorts USA Inc	MHR Hotel Management GmbH	Heritage Bird (M) Sdn Bhd	BAH Hotelangen AG	MH Boutique Hospitality Ltd	Infinity Hospitality Group Company Ltd	Bell Tower Resorts (P) Ltd	Mahindra Hotels and Residences India Ltd	Holiday on Hill Resorts (P) Ltd	Gables Promoters (P) Ltd	Divine Heritage Resorts (P) Ltd
The financial year of the subsidiary company ended on 31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013
Number of shares in the subsidiary company held by Mahindra Holidays & Resorts India Limited at the above date:											
Equity (nos.)	100	-	300,002	1,385	49,000	734,850	19,938,574	49,994	1,000,000	13,200,000	700,000
Extent of holding (%)	100%	75%	100%	98.93%	49%	73.98%	100%	100%	100%	100%	100%
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, 2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2013	(730,456)	543,837	(2,518,938)	6,429,139	(966,368)	(9,297,271)	(101,637,679)	(55,095)	(14,966,996)	(25,448)	(20,079,985)
The net aggregate of profits of the Subsidiary Company for its previous financial years so far as they concern the members of Mahindra Holidays & Resorts India Limited:											
(a) Dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2012	-	-	-	-	NA	NA	-	-	NA	NA	NA
(b) Not dealt with in the accounts of Mahindra Holidays & Resorts India Limited for the year ended 31st March, 2012	(2,482,438)	1,034,797	(3,908,913)	(11,272,346)	NA	NA	(20,366,788)	(923,996)	NA	NA	NA

Note :

The financial year of all the subsidiaries ended on 31st March, 2013, except for Infinity Hospitality Group Company Limited, whose financial year is 1st January, 2012 to 31st December, 2012.

For and on behalf of the Board of Directors  
A.K. Nanda  
Chairman  
Aloke Ghosh  
Chief Financial Officer  
Rajiv Sawhney  
Managing Director & CEO  
Dinesh Shetty  
Company Secretary

Place: Mumbai  
Date : April 24, 2013

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entities and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

7. We did not audit the financial statements of ten subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of ₹ 2,807,273,629 as at 31st March, 2013, total revenues of ₹ 327,788,947 and net cash flows amounting to ₹ 50,541,123 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
8. Our opinion is not qualified in respect of this matter.

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

Mumbai, April 24, 2013

B. Ramaratnam  
Partner  
(Membership No.21209)

## Consolidated Balance Sheet as at March 31, 2013

In ₹

Particulars	Note	As At March 31, 2013	As At March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
Share Capital	3	838,808,840	838,456,040
Reserves and Surplus	4	5,289,113,038	4,795,175,575
		<u>6,127,921,878</u>	<u>5,633,631,615</u>
<b>Minority Interest</b>		12,098,958	3,426,729
<b>Non- Current liabilities</b>			
Long term Borrowings	5	53,526,925	66,372,256
Deferred tax liabilities (net)	6	411,977,286	366,332,586
Deferred Income - Advance towards members facilities (See note 2 (vi) (a))		12,531,050,078	10,679,671,455
Other longterm liabilities	7	54,022,941	59,053,318
Long term provisions	8	41,245,284	15,158,272
		<u>13,091,822,514</u>	<u>11,186,587,887</u>
<b>Current liabilities</b>			
Short term Borrowings	9	19,890,346	7,921,190
Trade payables	10	825,355,464	760,871,256
Deferred Income - Advance towards members facilities (See note 2 (vi) (a))		601,273,546	553,212,416
Other current liabilities	11	1,333,889,497	1,264,005,912
Short term provisions	12	420,023,190	402,149,607
		<u>3,200,432,043</u>	<u>2,988,160,381</u>
		<u>22,432,275,393</u>	<u>19,811,806,612</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>	13		
Tangible assets		6,128,901,118	5,267,356,387
Intangible assets		33,660,664	17,987,567
Capital work in progress		2,373,055,183	1,837,553,934
Intangible assets under development		212,034,682	118,028,392
		<u>8,747,651,647</u>	<u>7,240,926,280</u>
<b>Goodwill on consolidation</b>	35	1,458,440,867	680,959,412
<b>Non-current investments</b>	14	250,010	250,010
<b>Long term loans and advances</b>	15	1,440,165,784	1,211,975,812
<b>Other Non-Current Assets</b>	16	3,296,266,068	3,633,623,913
		<u>4,736,681,862</u>	<u>4,845,849,735</u>
<b>Current assets</b>			
Current investments	17	102,240,551	1,261,699,089
Inventories	18	72,308,580	41,913,032
Trade receivables	19	6,277,977,196	5,191,605,057
Cash and cash equivalents	20	451,971,291	150,571,561
Short term loans and advances	21	584,338,316	398,076,121
Other current assets	22	665,083	206,325
		<u>7,489,501,017</u>	<u>7,044,071,185</u>
		<u>22,432,275,393</u>	<u>19,811,806,612</u>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

**B. Ramaratnam**  
Partner

Place: Mumbai  
Date: April 24, 2013

For and on behalf of the Board of Directors

**A.K. Nanda**  
Chairman

**Aloke Ghosh**  
Chief Financial Officer

**Rajiv Sawhney**  
Managing Director & CEO

**Dinesh Shetty**  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended March 31, 2013

In ₹

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
<b>REVENUE :</b>			
Revenue from operations	23	6,944,450,388	5,781,134,718
Other Income	24	495,897,902	715,673,447
<b>Total Revenue</b>		<b>7,440,348,290</b>	<b>6,496,808,165</b>
<b>EXPENDITURE :</b>			
Employee benefits expense	25	1,607,775,962	1,328,752,772
Finance Costs	26	23,690,873	6,507,600
Depreciation and amortisation expense	13	272,571,342	230,967,335
Other expenses	27	4,108,478,976	3,497,961,734
<b>Total Expenditure</b>		<b>6,012,517,153</b>	<b>5,064,189,441</b>
<b>Profit before tax</b>		<b>1,427,831,137</b>	<b>1,432,618,724</b>
<b>Less : Tax expense</b>			
- Current tax		473,100,000	410,200,000
- Prior year		68,042	-
- Overseas tax		279,701	463,441
- Deferred tax		45,644,700	(1,444,484)
<b>Profit after tax (for the year)</b>		<b>908,738,694</b>	<b>1,023,399,767</b>
<b>Minority Share of (profit)/loss</b>		<b>469,161</b>	<b>(75,132)</b>
<b>Profit for the year</b>		<b>909,207,855</b>	<b>1,023,324,635</b>
<b>Earnings per share:</b>			
Basic		10.85	12.21
Diluted		10.84	12.19

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants**B. Ramaratnam**  
PartnerPlace: Mumbai  
Date: April 24, 2013

For and on behalf of the Board of Directors

**A.K. Nanda**  
Chairman**Aloke Ghosh**  
Chief Financial Officer**Rajiv Sawhney**  
Managing Director & CEO**Dinesh Shetty**  
Company Secretary



## Consolidated Cash Flow statement for the year ended March 31,2013

In ₹

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
<b>A .</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	Profit before tax	1,427,831,137	1,432,618,724
	<b>Adjustments :</b>		
	Depreciation	272,571,342	230,967,335
	Finance costs	23,690,873	6,507,600
	Interest income	(2,720,814)	(8,574,592)
	Dividend income	(51,955,889)	(110,527,178)
	Loss/(Gain) on fixed assets sold/scrapped (net)	3,924,498	(321,285)
	Provision for doubtful debts	492,288	10,380
		<u>246,002,298</u>	<u>118,062,260</u>
	Operating profit before working capital changes	1,673,833,435	1,550,680,984
	Changes in :		
	Deferred income - Advance towards members' facilities	1,899,439,753	947,029,173
	Trade and other receivables	(1,002,404,081)	(260,189,649)
	Inventories	(30,395,548)	(7,034,236)
	Trade and other payables	152,396,176	697,983,083
		<u>1,019,036,300</u>	<u>1,377,788,371</u>
	Income taxes paid	(505,152,079)	(874,381,337)
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>2,187,717,656</u>	<u>2,054,088,018</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchase of fixed assets including capital work in progress and expenditure pending allocation	(1,957,105,010)	(1,501,242,536)
	Proceeds from sale of fixed assets	47,580,081	1,458,851
	Bank balances not considered as cash and cash equivalents	-	(30,165,430)
	Purchase consideration paid on acquisition of subsidiary	(777,481,455)	(635,437,438)
	Interest received	2,261,955	8,469,460
	Dividend income	51,955,889	110,527,178
	<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<u>(2,632,788,540)</u>	<u>(2,046,389,915)</u>
<b>C .</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Repayments of borrowings	(418,483)	(12,803,728)
	Dividends paid	(338,559,088)	(336,919,088)
	Dividend distribution tax paid	(54,922,748)	(54,656,699)
	Loan to ESOP Trust	-	(132,000,000)
	Proceeds from issue of equity shares to ESOP Trust	-	147,000,000
	Loan recovered from ESOP Trust	4,000,000	-
	Finance costs	(23,690,873)	(6,507,600)
	<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<u>(413,591,192)</u>	<u>(395,887,115)</u>
	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>(858,662,076)</u>	<u>(388,189,012)</u>

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
<b>CASH AND CASH EQUIVALENTS :</b>		
Opening balance	1,378,932,856	1,767,121,868
Cash and Bank balances acquired on acquisition of subsidiary	48,688,967	3,375,003
Closing balance	471,581,813	1,375,557,853
	<u>520,270,780</u>	<u>1,378,932,856</u>
	<u>(858,662,076)</u>	<u>(388,189,012)</u>
<b>Reconciliation between Cash and Cash equivalents with the Balance Sheet</b>		
Cash and cash equivalents as per Balance Sheet	451,971,291	150,571,561
Less: Bank balances not considered as Cash and cash equivalents	33,941,062	33,337,794
Net Cash and cash equivalents	418,030,229	117,233,767
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	102,240,551	1,261,699,089
<b>Cash and cash equivalents at the end of the period</b>	<u>520,270,780</u>	<u>1,378,932,856</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

**B. Ramaratnam**  
Partner

Place: Mumbai  
Date: April 24, 2013

**A.K. Nanda**  
Chairman

**Aloke Ghosh**  
Chief Financial Officer

**Rajiv Sawhney**  
Managing Director & CEO

**Dinesh Shetty**  
Company Secretary

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 1.1 Corporate Information

The company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

## 1.2 Basis of preparation of Consolidated Financial Statements

The consolidated financial statements of Mahindra Holidays & Resorts India Limited ("the Company") and its subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

Name of the company	Country of incorporation	Extent of Holding as at March 31,		Subsidiary/ Jointly controlled entity since
		2013	2012	
<b>Subsidiary Companies</b>				
Mahindra Holidays & Resorts USA Inc	USA	100.00%	100.00%	November 4, 2003
MHR Hotel Management GmbH	Austria	75.00%	75.00%	February 16, 2007
Mahindra Hotels & Residences India Limited	India	100.00%	100.00%	April 26, 2007
Heritage Bird (M) Sdn Bhd	Malaysia	100.00%	100.00%	March 3, 2008
BAH Hotelanlagen AG	Austria	98.93%	98.93%	January 11, 2010
Bell Tower Resorts Private Limited	India	100.00%	100.00%	December 21, 2011
Divine Heritage Hotels Private Limited	India	100.00%	-	August 9, 2012
Holiday on Hills Resorts Private Limited	India	100.00%	-	October 25, 2012
Gables Promoters Private Limited	India	100.00%	-	August 24, 2012
Infinity Hospitality Group Company Limited *	Thailand	49.00%	-	November 5, 2012
MH Boutique Hospitality Limited *	Thailand	49.00%	-	November 2, 2012
<b>Jointly controlled entity</b>				
Arabian Dreams Hotels Apartments LLC	Dubai	49.00%	-	March 26, 2013

\* By virtue of management control.

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

## 1.3 Principles of Consolidation

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

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

Consolidated financial statements are prepared using uniform accounting policies except as stated in Note 2(ii)(i), the adjustments arising out of the same are not considered material.

The Company's interest in the Jointly Controlled entity is consolidated as per Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures", on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealized profits/losses on intra group transactions.

Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

## 2 Significant Accounting Policies

### (i) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### (ii) Fixed assets:

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation is calculated on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following:

- (a) Leasehold land and buildings are amortised over the period of lease.
- (b) Floating cottages grouped under building are depreciated over the useful life of 25 years.
- (c) Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months from the date of capitalisation.
- (d) Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months."
- (e) Intangible assets representing 'vacation ownership' is amortised over a period of 10 years.
- (f) Expenditure incurred towards software is amortised over a period of 36 months.
- (g) Expenditure on product design and development & web portal is amortised over the estimated useful life of the asset i.e. 3 / 4 years.
- (h) Non- compete fee is amortised over a period of 5 years.
- (i) Assets held by Divine Heritage Hotels Private Limited and Holiday on Hill Resorts Private Limited are depreciated at Schedule XIV rates on written down value basis.

### (iii) 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.

### (iv) Inventories:

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

### (v) Investments:

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

### (vi) Revenue recognition:

- (a) The company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full up front, or on a deferred payment basis. Admission fee, which is non-refundable, is recognized as income on admission of a member. Entitlement fee (disclosed under Advance towards Members facilities), which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period. Requests for cancellation of membership is accounted for when it is accepted by the Company. In respect of instalments considered doubtful of recovery by the management, the same is treated as a cancellation and accounted for accordingly.
- (b) Annual subscription fee dues from members are recognised as income on an accrual basis.

- (c) Interest on instalment sales is recognised as income on an accrual basis.
- (d) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- (e) Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, the excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.
- (f) Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.
- (g) Income from home stays is recognized when services are rendered.
- (h) Interest income from loans is accounted on time proportion basis and dividend income from mutual funds is accounted as and when right to receive is established.

**(vii) Foreign exchange transactions:**

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

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

**(viii) Employee benefits:**

- (a) Short term employee benefit plans

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

- (b) Long term employee benefit plans

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans employees also contribute to the plan.

**Defined Contribution Plan**

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

**Defined Benefit Plan**

The liability towards gratuity and Long term compensated absences is determined on the basis of an independent actuarial valuation as at balance sheet date using the Projected Unit Credit method. Actuarial gains and losses arising during the year are recognized in the statement of profit and loss.

**(ix) Taxes on income:**

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

**(x) Share issue expenses:**

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

**(xi) Borrowing Cost:**

Borrowing cost that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended 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.



**(xii) Impairment of assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists the recoverable amount of such asset is estimated and impairment is recognised, if the carrying amount of these assets exceed their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present values based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in the case of re-valued asset.

**(xiii) Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(xiv) Cash flow statements:**

Cash flows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company are segregated based on the available information.

**(xv) Provision & contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed in the notes.

**(xvi) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**(xvii) Leases:**

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**(xviii) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**(xix) Service tax input credit:**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

## NOTE 3 : SHARE CAPITAL

in ₹

	As At March 31, 2013	As At March 31, 2012
<b>Authorised :</b> 100,000,000 equity shares of ₹ 10 each	1,000,000,000 <u>1,000,000,000</u>	1,000,000,000 <u>1,000,000,000</u>
<b>Issued and Subscribed :</b> <b>Equity : (Net of shares issued to ESOP Trust but not allotted to employees)</b> 84,639,772 (previous year 84,639,772) equity shares of ₹ 10 each fully paid Less: 758,888 (previous year 794,168) equity shares of ₹ 10 each fully paid up issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not exercised by employees.	846,397,720 7,588,880 <u>838,808,840</u>	846,397,720 7,941,680 <u>838,456,040</u>

## Notes:

- 3 a) The above includes 48,995,228 equity shares allotted as fully paid-up by way of Bonus shares by capitalisation of balance in Statement of Profit & Loss and General Reserve on November 24, 2007 in the ratio of 5 equity shares for every 3 shares held.
- 3 b) Terms / rights attached to equity shares:
- The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.
  - The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.
  - For the year ended March 31, 2013, the amount of dividend proposed to be distributed to equity shareholders is ₹ 355,123,424 at ₹ 4 per share (Previous year ₹ 338,559,088 at ₹ 4 per share) including on 4,141,084 equity shares allotted on April 12, 2013 pursuant to an institutional placement programme (IPP). (Refer note 40).
  - Repayment of capital will be in proportion to the number of equity shares held.
- 3 c) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of share holder	No of shares	% held as at March 31, 2013	No of shares	% held as at March 31, 2012
Mahindra & Mahindra Limited (Holding Company)	66,585,642	78.67%	69,985,642	82.69%

During March 31, 2013, Mahindra & Mahindra Limited, the Holding Company, made an offer for sale of 3,400,000 equity shares, thereby reducing, its shareholding in the Company from 82.69% to 78.67%.

- 3 d) The reconciliation of the number of shares outstanding as at March 31, 2013 and March 31, 2012 is set out below:-

Particulars	As at March 31, 2013		As at March 31, 2012	
	(Shares)	(In ₹)	(Shares)	(In ₹)
No of Shares at the beginning	83,845,604	838,456,040	83,605,678	836,056,780
Add: Shares issued on exercise of employee stock options	35,280	352,800	239,926	2,399,260
Number of shares at the end	83,880,884	838,808,840	83,845,604	838,456,040

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

- i) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement      Equity settled option plan administered through Employee Stock Option Trust.  
Method of Settlement      By issue of shares at Exercise Price.

Grant	Grant I	Grant II	Grant III	Grant V **	Grant VI #	Grant VII ##	Grant VIII **
Date of Grant	15/07/2006	30/03/2007	1/11/2007	1/11/2008	21/02/2012	21/02/2012	21/02/2013
Exercise Price (In ₹)	16.00	52.00	52.00	52.00	370.00	323.00	323.00

Grant	Grant I	Grant II	Grant III	Grant V **	Grant VI #	Grant VII ##	Grant VIII **
Average Exercise Price(after bonus issue) (In ₹)	6.00	19.50	19.50	52.00	-	-	-
Vesting Period in Years	5	4	4	4	4	4	4
Number of Options Granted	759,325	122,235	56,700	261,590	400,000	186,500	130,000
Contractual life	6 years from the date of grant.	5 years from the date of each vesting.					
Vesting Conditions	Refer Note (a) below	25% each on expiry of 12, 24, 36 and 48 months from the date of grant.					
No. of options exercisable in each tranche	Minimum of 25 and a maximum of all options vested till that date.						

Note (a): 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

ii) 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)	Grant VI # (21/02/2012)	Grant VII ## (21/02/2012)	Grant VIII ** (21/02/2013)	Total
Options outstanding as on 1.4.2012	141,638	14,671	14,265	49,066	400,000	186,500	130,000	936,140
Options granted	-	-	-	-	-	-	-	-
Options vested during the period	-	-	-	-	100,000	46,625	-	146,625
Options exercised during the period	2,670	867	10,012	21,731	-	-	-	35,280
Options lapsed during the period	138,968	8,539	-	3,584	-	-	-	151,091
Options outstanding as on 31.03.2013	-	5,265	4,253	23,751	400,000	186,500	130,000	749,769
Options vested but not exercised	-	13,685	4,234	23,296	100,000	46,625	-	187,840

\*\* Issued out of lapsed options.

# Out of the above 90,000 shares has been issued out of lapsed options.

## Out of the above 86,500 shares has been issued out of lapsed options.

- iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not exercised by the employees have been reduced from the share capital by ₹ 7,588,880 and securities premium account reduced by ₹ 14,54,99,758. 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 ₹ 84,740 for bonus shares issued on exercise of stock options during the year.

- iv) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for grant I to V. For grant VI, VII and VIII fair value method adopted. The intrinsic value of the shares granted under grant I to V based on the valuations obtained from an independent valuer is ₹ 16 per equity share as on 31<sup>st</sup> March, 2006, ₹ 52 per equity share as on 1st January, 2007, 31st August, 2008 and 1st November, 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under grant VI, VII and VIII is based on the fair value market price is ₹ 370, ₹ 323 and ₹ 323 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is ₹ Nil no employee compensation cost has been charged.

- v) The fair value of options based on the valuation of the independent valuer for grants I to V as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is ₹ 4.28, ₹ 16.36, ₹ 16.55 and ₹ 16.04 respectively.

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 21st February 2012 is ₹ 113.81 for grant VI and ₹ 129.93 for grant VII, 21st February 2013 is ₹ 94.43 for grant VIII.

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

In ₹

	Years ended	
	March 31, 2013	March 31, 2012
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)	(0.02)

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

Particulars	Grant dated 15th July, 2006	Grant dated 30th March, 2007	Grant dated 1st November, 2007	Grant dated 1st November, 2008	Grants dated 21st February, 2012	Grants dated 21st February, 2013
Risk free interest rate	7.82%	7.92%	7.72%	7.34%	8.00%	7.78%
Expected life	4.5	5	5	5	6	3.5
Expected volatility	Nil	Nil	Nil	Nil	0.33	0.31
Expected dividend yield	Nil	Nil	Nil	Nil	₹4.00	1.38%

#### Note 4 : Reserves & Surplus

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>	1,474,577	1,474,577
<b>General Reserve</b>		
As per last balance sheet	487,749,290	384,422,580
Add : Transfer from Profit and Loss Account	106,977,695	104,641,000
Less : Bonus shares issued on exercise of stock options	84,740	1,314,290
	594,642,245	487,749,290
<b>Securities Premium Account</b>		
As per last balance sheet	1,577,361,044	1,577,361,044
Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	142,900,000	142,900,000
	1,720,261,044	1,720,261,044
Less: Premium on shares issued to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust but not allotted to employees	145,499,758	145,676,908
	1,574,761,286	1,574,584,136
<b>Foreign Exchange Fluctuation Reserve</b>		
As per last balance sheet	222,466	15,013
Additions during the year	113,848	207,453
	336,314	222,466
<b>Surplus in Statement of Profit &amp; Loss</b>		
As per last balance sheet	2,731,145,106	2,205,943,307
Profit for the Current Year	909,207,855	1,023,324,635
	3,640,352,961	3,229,267,942
<b>Appropriations :</b>		
Transfer to General Reserve	106,977,695	104,641,000
Proposed Dividend	355,123,424	338,559,088
Tax on Proposed Dividend	60,353,226	54,922,748
	522,454,345	498,122,836
	3,117,898,616	2,731,145,106
	5,289,113,038	4,795,175,575

**Note 5 : Long Term Borrowings**

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Secured :</b>		
- Term loan from bank	53,526,925	66,372,256
	<u>53,526,925</u>	<u>66,372,256</u>

**Note**

The above loan includes secured loan of BAH Hotelanlagen and vehicle loan of Holiday on Hills Resorts Private Limited. The Term loan of BAH Hotelanlagen AG (INR 53,084,797) is secured by way of mortgage of buildings and is repayable over six years. The rate of interest is Euribor plus 1.25%.

The vehicle loan of Holiday on Hills Resorts private Limited (INR. 442,128) are secured by way of asset funded.

**Note 6 : Deferred Tax Liability (net)**

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax asset</b>		
Provision for doubtful receivables	645,484	491,084
Provision for compensated absences	12,564,040	7,545,644
Others	11,993,047	8,236,502
	<u>25,202,571</u>	<u>16,273,230</u>
<b>Deferred tax liability</b>		
Difference between book and tax depreciation	437,179,857	382,605,816
Deferred tax liability (net)	<u>411,977,286</u>	<u>366,332,586</u>

**Note 7 : Other Long Term Liabilities**

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Others:</b>		
Payables on purchase of fixed assets	54,022,941	59,053,318
	<u>54,022,941</u>	<u>59,053,318</u>

**Note 8 : Long Term Provisions**

In ₹

	As at March 31, 2013	As at March 31, 2012
Gratuity	544,995	279,106
Compensated absences	40,700,289	14,879,166
	<u>41,245,284</u>	<u>15,158,272</u>

**Note 9 : Short Term Borrowings**

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Secured : from Banks</b>		
- Loans repayable on demand	19,890,346	7,921,190
	<u>19,890,346</u>	<u>7,921,190</u>

Secured by an exclusive charge on inventories, receivables and other moveable/immovable assets.



## Note 10 : Trade Payables

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Trade Payables :</b>		
Total outstanding dues to micro and small enterprises	-	-
Others	825,355,464	760,871,256
	<u>825,355,464</u>	<u>760,871,256</u>

## Note 11 : Other Current Liabilities

In ₹

	As at March 31, 2013	As at March 31, 2012
Unpaid dividend	114,388	44,084
Amounts received from ESOP Trust	150,045,758	150,490,968
Dues to Statutory Authorities (PF,ESI & other taxes)	69,170,059	49,993,453
Unearned Revenue	553,703,963	420,381,301
Other payables	447,837,980	542,258,346
Gratuity	10,649,728	6,504,717
Commission payable to non - whole time Directors	9,000,000	14,000,000
Payables on purchase of fixed assets	77,742,878	65,165,992
Current maturities of long term loan	15,624,743	15,167,051
	<u>1,333,889,497</u>	<u>1,264,005,912</u>

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2013.

## Note 12 : Short Term Provisions

In ₹

	As at March 31, 2013	As at March 31, 2012
Compensated absences	4,546,540	8,667,771
Proposed Dividend	355,123,424	338,559,088
Tax on Proposed Dividend	60,353,226	54,922,748
	<u>420,023,190</u>	<u>402,149,607</u>

## Note 13 : Fixed Assets

In ₹

Description of Assets	Gross block (at cost)				Depreciation/Amortisation				Net block		
	As at April 1, 2012	Additions on account of aquisition	Additions	Deductions	As at March 31, 2013	As at April 1, 2012	Additions on account of aquisition	For the year	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2012
<b>A : Tangible Assets</b>											
Land	1,016,966,757 (921,985,172)	349,424,159	82,800,000	-	1,449,190,916 (1,016,966,757)	-	-	-	-	1,449,190,916 (1,016,966,757)	1,016,966,757 (921,985,172)
Land - Leasehold	864,000 (864,000)	-	-	-	864,000 (864,000)	104,716 (95,990)	-	8,726 (8,726)	-	750,558 (759,284)	759,284 (768,010)
Buildings	3,193,811,084 (2,892,490,897)	480,170,582	77,042,270	-	3,751,023,936 (3,193,811,084)	293,125,386 (233,365,097)	100,804,586	79,557,025 (63,099,115)	(13,819,256) (3,338,826)	3,263,717,684 (2,900,685,698)	2,900,685,698 (2,659,125,800)
Buildings - Leasehold	15,608,588 (15,608,588)	-	-	-	15,608,588 (15,608,588)	8,316,084 (6,427,736)	-	1,888,103 (1,888,348)	-	5,404,401 (7,292,504)	7292,504 (9,180,852)
Plant and Equipments	1,120,124,555	30,182,297	107,681,404	16,572,921	1,241,415,335	298,474,091	14,805,445	83,976,828	12,651,963	856,810,934	821,650,464
Furniture and Fittings	(898,413,086)	-	(240,680,827)	(18,969,358)	(1,120,124,555)	(235,224,748)	-	(69,676,281)	(6,426,938)	(821,650,464)	(663,188,338)
	824,219,755	25,946,326	82,694,726	5,858,909	927,001,898	404,959,178	11,135,038	70,515,302	2,518,069	442,910,449	419,260,577
Vehicles	(760,226,876)	-	(82,821,589)	(18,828,710)	(824,219,755)	(353,506,959)	-	(64,390,620)	(12,938,401)	(419,260,577)	(406,719,917)
	58,659,479	2,153,541	12,592,769	1,129,536	72,276,253	25,758,240	1,412,329	6,098,251	773,206	39,780,639	32,901,239
	(47602.530)	-	(14,159,796)	(3,102,847)	(58,659,479)	(23,430,040)	-	(4,779,952)	(2,451,752)	(32,901,239)	(24,172,490)
Office Equipment	177,164,546 (166,728,277)	8,781,578	10,871,689	123,601	196,694,212 (177,164,546)	109,324,682 (97,280,511)	7,144,596	10,687,373 (12,214,080)	797,976 (169,909)	70,335,537 (67,839,864)	67,839,864 (69,447,766)
<b>Sub Total A</b>	<b>6,407,418,764</b> <b>(5,703,919,426)</b>	<b>896,658,483</b>	<b>373,682,859</b> <b>(803,201,853)</b>	<b>23,684,967</b> <b>(99,702,515)</b>	<b>7,654,075,138</b> <b>(6,407,418,764)</b>	<b>1,140,062,377</b> <b>(949,331,081)</b>	<b>135,301,994</b>	<b>252,731,608</b> <b>(216,057,122)</b>	<b>2,921,958</b> <b>(25,325,826)</b>	<b>6,128,901,118</b> <b>(5,267,356,387)</b>	<b>5,267,356,387</b> <b>(4,754,588,345)</b>
<b>B : Intangible Assets</b>											
Software	65,911,908 (57,058,901)	34,232,220	35,949,568	34,093,840	101,999,856 (65,911,908)	54,127,216 (49,345,644)	3,927,387	15,203,982 (4,781,572)	3,352,270	32,093,541 (11,784,692)	11,784,692 (7713,257)
Development Expenditure	38,540,065	-	(8,853,007)	-	38,540,065	37,904,313	-	635,752	-	-	635,752
Non-Compete Fees	(38,540,065)	-	-	-	(38,540,065)	(32,398,364)	-	(5,505,949)	-	(635,752)	(6,141,701)
	20,000,000	-	-	-	20,000,000	14,432,877	-	4,000,000	-	1,567,123	5,567,123
	(20,000,000)	-	-	-	(20,000,000)	(10,432,877)	-	(4,000,000)	-	(5,567,123)	(9,567,123)
Vacation ownership weeks	6,226,938	-	-	-	6,226,938	6,226,938	-	-	-	-	-
	(6,226,938)	-	-	-	(6,226,938)	(5,604,246)	-	(622,692)	-	-	(622,692)
<b>Sub Total B</b>	<b>130,678,911</b> <b>(121,825,904)</b>	<b>34,232,220</b>	<b>35,949,568</b> <b>(8,853,007)</b>	<b>34,093,840</b> <b>(8,853,007)</b>	<b>166,766,859</b> <b>(130,678,911)</b>	<b>112,691,344</b> <b>(97,781,131)</b>	<b>3,927,387</b>	<b>19,839,734</b> <b>(14,910,213)</b>	<b>3,352,270</b> <b>-</b>	<b>33,660,664</b> <b>(17,987,567)</b>	<b>17,987,567</b> <b>(24,044,773)</b>
<b>TOTAL (A+B)</b>	<b>6,538,097,675</b> <b>(5,825,745,330)</b>	<b>930,890,702</b>	<b>409,632,427</b> <b>(812,054,860)</b>	<b>57,778,807</b> <b>(99,702,515)</b>	<b>7,820,841,997</b> <b>(6,538,097,675)</b>	<b>1,252,753,721</b> <b>(1,047,112,212)</b>	<b>139,229,381</b>	<b>272,571,342</b> <b>(230,967,335)</b>	<b>6,274,228</b> <b>(25,325,826)</b>	<b>6,162,561,782</b> <b>(5,285,343,954)</b>	<b>5,285,343,954</b> <b>(4,778,633,118)</b>

Note : Figures in italics are in respect of the previous year

## Note 14 : Non current investments

In ₹

	As At March 31, 2013	As At March 31, 2012
<b>Long term Investments (At Cost, Un-Quoted) :</b>		
<b>Investment in Equity Shares (non trade, fully paid up)</b>		
Mahindra World City Developers Ltd. (1 equity share of ₹ 10 each.)	10	10
<b>Investment in Preference Shares (non trade fully paid up)</b>		
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10 each.)	250,000	250,000
	<u>250,010</u>	<u>250,010</u>
Aggregate value of unquoted investments	<u>250,010</u>	<u>250,010</u>

## NOTE:

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

## Note 15 : Long Term Loans &amp; Advances (Unsecured, considered good)

In ₹

	As at March 31, 2013	As at March 31, 2012
Capital advances	278,170,833	144,320,602
Security deposits	345,838,247	280,199,810
Payments towards Income Tax (net of provisions)	816,156,704	787,455,400
	<u>1,440,165,784</u>	<u>1,211,975,812</u>

## Note 16 : Other Non-Current Assets (Unsecured, considered good)

In ₹

	As at March 31, 2013	As at March 31, 2012
Long Term Trade receivables due for payment after one year	<u>3,296,266,068</u>	<u>3,633,623,913</u>
	<u>3,296,266,068</u>	<u>3,633,623,913</u>

## Note 17 : Current investments

In ₹

Investments in Mutual funds (unquoted)	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
	Units	Value	Units	Value
Birla Sunlife Cash Plus - Instl Prim - DDRE	-	-	200,330	20,072,017
Birla Sunlife Cash Manager-IP-DDRE	-	-	999,934	100,023,400
Birla Sun Life Savings Fund	40,307	4,034,502	278,879	27,906,826
DWS Treasury Fund Cash-institutional Plan	-	-	995,484	100,043,138
Tata Treasury Manager Fund Plan A-DDRE	1,542	1,556,202	-	-
ICICI Prudential flexible income plan	-	-	1,482,470	156,748,923
IDFC Money Manager	-	-	11,174,159	111,758,347
ICICI Prudential Flexible Income Plan Premium	242,083	25,596,646	-	-
JM Money Manager Fund Super Plus Plan - Daily Dividend	2,163,849	21,651,475	13,017,914	130,248,133
Kotak Flexi Debt - Institutional	-	-	14,717,687	147,875,959
JP Morgan India Liquid Fund Super Inst DDRE	-	-	4,316,215	43,196,248
Kotak Flexi Debt Scheme Inst DDRE	2,548,297	25,604,019	-	-
Sundaram Ultra ST Fund Super Inst. DDRE	-	-	1,021,798	10,255,787

## Note 17 : Current investments (contd.)

In ₹

Investments in Mutual funds (unquoted)	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
	Units	Value	Units	Value
Templeton India Ultra Short Bond Fund	-	-	15,317,855	153,356,239
TTMSHD Tata Treasury Manager SHIP DDRE	23,555	23,797,707	113,977	115,153,382
TFLD TATA Floater Fund DDRE	-	-	14,454,611	145,060,690
		102,240,551		1,261,699,089
Aggregate value of unquoted investments		102,240,551		1,261,699,089

## Note 18 : Inventories (At lower of cost &amp; net realisable value)

In ₹

	As at March 31, 2013	As at March 31, 2012
<b>Stores</b>		
Food, beverages and smokes	22,135,252	10,326,539
Operating supplies	50,173,328	31,586,493
	72,308,580	41,913,032

## Note 19 : Trade Receivable (Unsecured)

In ₹

	As at March 31, 2013	As at March 31, 2012
Trade Receivables outstanding for less than six months from the date they are due for payment		
Considered good	3,357,042,461	3,482,635,216
	3,357,042,461	3,482,635,216
Trade Receivables outstanding for more than six months from the date they are due for payment		
Considered good	2,920,934,735	1,708,969,841
Considered Doubtful	3,383,109	2,890,821
Less: Allowance for trade receivables	3,383,109	2,890,821
	2,920,934,735	1,708,969,841
	6,277,977,196	5,191,605,057

## Note 20 : Cash &amp; Cash equivalents

In ₹

	As at March 31, 2013	As at March 31, 2012
a. Cash on hand	3,149,943	2,458,171
	3,149,943	2,458,171
b. Balances with Banks		
Current accounts	414,880,286	114,775,596
Deposit account - others	3,250,216	32,669,332
c. Earmarked accounts		
Margin money deposits	30,576,458	624,378
Unpaid dividend accounts	114,388	44,084
	448,821,348	148,113,390
	451,971,291	150,571,561

**Note 21 : Short Term Loans & Advances (Unsecured, considered good)**

In ₹

	As at March 31, 2013	As at March 31, 2012
Claims Receivable	101,075,975	84,785,625
Loan to ESOP Trust	128,000,000	132,000,000
Balances with Statutory Authorities	86,380,262	10,426,868
Advances to Suppliers	156,920,976	110,613,986
Loans to Employees	18,875,214	4,677,201
Prepaid Expenses	91,668,156	55,572,441
Other advances	1,417,733	-
	<b>584,338,316</b>	<b>398,076,121</b>

**Note 22 : Other Current Assets**

In ₹

	As at March 31, 2013	As at March 31, 2012
Interest accrued on Inter corporate deposits :		
Others	665,083	206,325
	<b>665,083</b>	<b>206,325</b>

**Note 23 : Revenue from Operations**

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Sales of Services</b>		
Income from sale of vacation Ownership	4,460,680,941	3,973,840,032
Income from Resorts :		
- Room rentals	334,969,226	175,662,124
- Food and beverages	634,582,327	443,723,751
- Wine and liquor	28,458,422	14,360,100
- Others	290,368,478	197,573,770
Annual Subscription Fee	1,137,975,192	929,609,101
Income from travel services & home stays	57,415,802	46,365,840
	<b>6,944,450,388</b>	<b>5,781,134,718</b>

**Note 24 : Other Income**

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Dividend income:</b>		
Dividend income from current investments	51,955,889	110,527,178
<b>Interest income:</b>		
On installment sales	304,738,652	404,415,355
On others	2,720,814	8,574,592
Gain on exchange fluctuation (net)	-	112,582,556
Income from securitisation (see note 27)	116,132,195	60,015,988
Gain on fixed assets sold (net)	-	321,285
Miscellaneous income	20,350,352	19,236,493
	<b>495,897,902</b>	<b>715,673,447</b>

## Note 25 :Employee benefits expense

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus	1,479,971,690	1,223,941,484
Contribution to Provident & other funds	62,236,399	50,766,162
Staff welfare	65,567,873	54,045,126
	<u>1,607,775,962</u>	<u>1,328,752,772</u>

## Note 26 : Finance costs

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
Interest on short term borrowings	23,690,873	6,507,600
	<u>23,690,873</u>	<u>6,507,600</u>

## Note 27 : Other expenses

In ₹

	Year ended March 31, 2013		Year ended March 31, 2012	
Food Beverages and smokes Consumed				
Opening Stock	10,326,539		7,709,674	
Add: Purchases	244,765,433		149,352,233	
	<u>255,091,972</u>		<u>157,061,907</u>	
Less: Closing Stock	22,135,252		10,326,539	
		232,956,720		146,735,368
Operating Supplies		267,377,015		203,820,190
Power and fuel		240,342,663		169,814,359
Rent (including lease rentals)		455,250,744		300,736,235
Rates and taxes		31,979,344		22,155,599
Insurance		14,762,314		11,221,980
Repairs and maintenance :-				
-Buildings		55,794,043		38,501,296
-Resort Renovations		65,926,968		56,200,867
-Office Equipment		18,196,298		16,135,868
-Others		89,162,837		62,233,044
Communication		76,689,942		57,712,206
Software Charges		29,001,032		26,154,351
Consultancy charges		111,849,009		82,759,368
Advertisement		102,633,593		249,749,289
Sales commission		329,553,316		349,634,558
Sales promotion expenses		1,315,581,785		1,168,982,933
Travelling		181,892,754		150,081,148
Service Charges		175,381,936		136,178,710
Provision for doubtful debts		492,288		10,380
Auditors' remuneration includes:				
Audit fees		3,500,000		2,800,000
Other services		1,050,000		1,600,000
Reimbursement of expenses/levies		-		24,023
Director's fees		700,000		1,149,520
Commission to non whole time directors		9,000,000		14,000,000
Loss on exchange fluctuation (net)		15,028,590		-
Loss on fixed assets sold/Writeoff (net)		3,924,498		-
Bank Charges		61,134,071		50,872,780
Discounts		92,600,260		69,846,611
Miscellaneous		126,716,956		108,851,051
		<u>4,108,478,976</u>		<u>3,497,961,734</u>



**28 Securitisation**

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

In ₹

	Year ended March 31,	
	2013	2012
Value of Accounts receivable	2,934,934,145	1,871,112,274
Less: Future interest receivable	651,517,010	420,148,106
Principal amount of receivables	2,283,417,135	1,450,964,168
Consideration received	2,450,000,000	1,550,000,000
Profit on securitisation	166,582,865	99,035,832
Less: Reversals in respect of cancelled members	50,450,670	39,019,844
Income from securitisation	116,132,195	60,015,988

**29 Contingent Liabilities**

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
(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.	3,844,877,592	2,673,122,303
(B) Claims against the company not acknowledged as debts		
1) Luxury tax claimed on membership, room revenue and other services provided to members, which has been disputed by the company.	72,350,714	6,420,314
2) Service tax demands for various years disputed by the company.	589,846,508	-
3) Income tax matters		
(a) Time share income		
i) The Income Tax Department's appeal against the orders of the CIT(A) for the assessment years 1998-99 to 2003-04 and 2005-06 to 2008-09 in respect of issues relating to revenue recognition, was decided in favour of the Company by the Appellate Tribunal. Amount involved was ₹ 1,958,672,601 (Including interest of ₹ 498,192,582).		
ii) For the assessment year 2004-05, 2009-10 & 2010-11, the company's appeal is pending with CIT(A) The amount involved, exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed, is ₹ 1,685,853,167 (including interest of ₹ 413,055,438); As at March 31, 2012 ₹ 2,550,307,954 (including interest of ₹ 618,500,246);		
(b) Other matters disputed which are timing differences Disallowance of expenditure during construction, software expenses, website development expenses, renovation expenses and Project design cost ₹ 142,707,705/- (including interest of ₹ 32,469,862/-) As at March 31, 2012 ₹ 110,849,237/- (including interest of ₹ 24,029,144).		

## 29 Contingent Liabilities (contd.)

In ₹

	Year ended March 31, 2013	Year ended March 31, 2012
<p>The above are exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed.</p> <p>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.</p> <p>(c) Other disallowances(including interest of ₹ 26,616,570 ) (as at March 31, 2012 ₹ 43,757,139)</p> <p>The above amounts are based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.</p>	115,055,341	193,408,965

## (d) Other matters under appeal

- (i) The Government of Kerala issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property.
- The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated July 3, 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.
- (ii) The Company had received a notice dated December 11, 2009 from Commissioner, Ooty Municipality seeking demolition of the unauthorized construction at Zest Danish Villa Resort situated at No.30, Sheddon Road, Ooty. The Company has filed a review petition before the Municipal Administration and Water Supply Department, Chennai and hearing is awaited.
- (iii) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 12.56 Crores as damages for termination of the Contract. The Company has made a counter claim of ₹ 20.03 Crores towards liquidated damages and other losses. The matter is pending before the Arbitrator.

## 30 Capital commitments

In ₹

	As at March 31, 2013	As at March 31, 2012
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	422,275,060	542,736,285

## 31 Operating lease disclosures - BAH Hotelanlagen AG

In ₹

	As at March 31,		As at March 31,	
	2013	2012	2013	2012
	EURO	EURO	INR	INR
Future minimum lease payments				
Not later than one year	1,457.88	1,368.60	101,308	93,407
Later than one year and not later than five years	7,289.40	6,843.00	506,540	467,035

## 32 Employee Benefits

The following table sets out the status of the defined benefit scheme and amount recognised for the financial statements

In ₹

	Gratuity	As at March 31,	
		2013	2012
<b>a.</b>	<b>Net Asset/ ( Liability) recognized in the balance sheet</b>		
	Present value of funded obligation	28,299,695	19,152,550
	Fair value of plan assets	17,104,972	12,655,898
	Net asset/ (Liability)	(11,194,723)	(6,496,652)
<b>b.</b>	<b>Expense recognized in the Statement of profit and loss</b>		
	Current service cost	9,245,169	6,664,038
	Interest cost	1,436,472	1,077,666
	Expected return on plan assets	(1,320,484)	(1,084,146)
	Actuarial (gains) / losses	1,546,398	(1,980,120)
	Total expense	10,907,555	4,677,438
<b>c.</b>	<b>Change in present value of obligation</b>		
	Present value of defined benefit obligation as at the beginning of the year	19,152,550	15,398,391
	Add : On acquisition of Bell Tower Resorts Private Limited	287,171	-
	Current service cost	9,245,169	6,664,038
	Interest cost	1,436,469	1,077,666
	Actuarial (gains) /losses	1,519,124	(56,790)
	Benefits paid	(3,340,788)	(3,930,755)
	Present value of defined benefit obligation as at the end of the year	28,299,695	19,152,550
<b>d.</b>	<b>Change in fair value of plan assets</b>		
	Plan assets at the beginning of the year	12,655,898	13,579,177
	Expected return on plan assets	1,320,484	1,084,146
	Actuarial gains /(losses)	(27,274)	1,923,330
	Contributions by employer	6,496,652	-
	Benefits paid	(3,340,788)	(3,930,755)
	Plan assets at the end of the year	17,104,972	12,655,898
<b>e.</b>	<b>Principal actuarial assumptions</b>		
1.	Discount rate	8.00%	8.00%
2.	Expected return on plan assets	9.30%	9.30%
3.	Mortality table	IALM (2006-2008) ULT	LIC (94-96) Ultimate Mortality
<b>f.</b>	Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.		

- g. Experience Adjustment to the extent provided by actuary:

In ₹

Particulars	As at March 31,				
	2013	2012	2011	2010	2009
Present value of commitments	27,910,215	19,152,550	15,398,391	12,978,631	9,975,960
Fair value of the Plans	17,104,972	12,655,898	13,579,177	13,870,609	9,996,621
Surplus / (Deficit)	(10,805,243)	(6,496,652)	(1,819,214)	891,978	20,661
Experience adjustment on plan liabilities	47,436	56,790	-	-	-
Experience adjustment on plan assets	1,923,330	1,923,330	-	-	-

- h. In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustments for certain years.

### 33 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.

In ₹

Secondary segment information:	2012-2013	2011-2012
<b><u>Domestic</u></b>		
Sales	6,829,684,077	5,682,324,869
Segment assets	19,958,760,681	17,054,528,527
Additions to fixed assets	1,954,555,494	1,501,242,536
<b><u>Overseas</u></b>		
Sales	114,766,311	98,809,849
Segment assets	96,426,580	26,914,176
Additions to fixed assets	2,549,516	-
<b><u>Total</u></b>		
Sales	6,944,450,388	5,781,134,718
Segment assets	20,055,187,261	17,081,442,703
Additions to fixed assets	1,957,105,010	1,501,242,536

### 34 Earnings per share:

In ₹

	As at March 31,	
	2013	2012
Net profit after tax (in ₹)	909,207,855	1,023,324,635
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	83,867,274	83,804,330
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos) on account of ESOP	83,889,749	83,950,435
Earnings Per Share – Basic (in ₹)	10.85	12.21
Earnings per share – Diluted (in ₹)	10.84	12.19
Nominal value of shares (in ₹)	10.00	10.00

### 35 Goodwill on consolidation:

In ₹

	As at March 31,	
	2013	2012
Opening Balance	680,959,412	45,521,974
Add: On acquisition of subsidiaries during the year	777,481,455	635,437,438
Closing Balance	1,458,440,867	680,959,412

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

	As at March 31,	
	2013	2012
<b>Value in foreign currency</b>		
Receivables (in UAE Dirham)	6,241,226	1,753,683
Reservation and membership fees payable (US Dollar)	-	3,610
<b>Value in INR</b>		
Receivables	93,117,117	24,744,462
Reservation and membership fees payable (US Dollar)	-	184,682

### 37 In June 2009, the company made an Initial Public Offer of 5,896,084 equity shares of ₹ 10 each for cash at a premium of ₹ 290 per equity share, aggregating to ₹ 17,688.25 lakhs of which ₹ 16,205.68 lakhs have been spent towards the object of the issue (₹ 14,759.94 lakhs were utilised for construction of resorts and ₹ 1,445.74 lakhs towards issue expenses) and the balance has been invested in debt schemes of mutual funds.

### 38 Related Party Transactions:

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

A.	Holding Company	Mahindra & Mahindra Limited
B.	Fellow Subsidiaries with whom the company has transactions during the period	Mahindra Intertrade Limited Mahindra Consulting Engineers Limited Mahindra First Choice Wheels Ltd Mahindra First Choice Services Limited Mahindra Navistar Automotives Limited. Mahindra Reva Electric Vehicles Private Limited Mahindra Lifespace Developers Limited Mahindra Retail Private Limited Mahindra Two Wheelers Limited Mahindra Vehicle Manufacturers Limited Mahindra Shubhlabh Services Limited. Mahindra Automobile Distributor Private Limited Mahindra EPC Services Private Limited Mahindra Engineering Services Limited Mahindra Steel Service Centre Limited Mahindra Logistics Limited
C.	Other entities under the control of the company	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
D.	Key Management Personnel	Mr Ramesh Ramanathan (Managing Director) (upto April 30, 2011) Mr Rajiv Sawhney (Managing Director & CEO) (since May 1, 2011)

## (ii) Related Party Transactions and balances

In ₹

	Year ended March 31,	
	2013	2012
<b>Holding company</b>		
<b>Transactions for the year ended:</b>		
Sale of services	494,025,127	316,995,845
Purchases of fixed assets	82,800,000	-
Purchase of services	65,620,000	36,015,139
Dividend paid	279,942,568	279,926,708
<b>Balances as at:</b>		
Outstanding: Receivable	64,142,088	43,015,347
<b>Fellow Subsidiaries</b>		
<b>Transactions for the year ended:</b>		
<b>Sale of fixed assets:</b>		
Mahindra First choice Wheels Limited	680,000	1,080,000
<b>Sale of services:</b>		
Mahindra Logistics Limited	42,667	42,713
Mahindra Intertrade Ltd	5,618,236	2,802,493
Mahindra Navistar Automotives Limited.	384,059	131,079
Mahindra First Choice Wheels Ltd	95,574	330,000
Mahindra First Choice Services Limited	471,299	-
Mahindra Lifespace Developers Ltd	2,947,469	1,161,696
Mahindra Reva Electric Vehicles Private Limited	403,382	-
Mahindra Retail Private Limited	172,309	-
Mahindra Two Wheelers Limited	431,235	-
Mahindra Vehicle Manufacturers Limited	283,859	296,440
Mahindra Automobile Distributor Private Limited	-	101,574
Mahindra Shubhlabh Services Limited.	138,025	580,111
Mahindra EPC Services Private Limited	6,928,902	3,475,114
Mahindra Steel Service Centre Limited	-	347,987
<b>Purchase of services:</b>		
Mahindra Consulting Engineers Limited	208,500	825,000
Mahindra Logistics Limited	662,820	543,000
<b>Balances as at:</b>		
<b>Outstanding: Payable</b>		
Mahindra Logistics Limited	3,519	244,000
Mahindra Consulting Engineers Limited	-	82,725
Mahindra First Choice Wheels Ltd	386,726	-
<b>Outstanding: Receivable</b>		
Mahindra Lifespace Developers Ltd	752,012	634,844
Mahindra Engineering Services Limited	825,800	1,391,149
Mahindra Intertrade Limited.	938,521	100,879
Mahindra Automobile Distributor Private Limited	-	9,278
Mahindra Shubhlabh Services Limited.	155,738	266,160



	Year ended March 31,	
	2013	2012
Mahindra EPC Services Private Limited	273,558	867,741
Mahindra Two Wheelers Limited	23,595	-
Mahindra Reva Electric Vehicles Private Limited	173,510	-
Mahindra Vehicle Manufacturers Limited	-	297,341
Mahindra Navistar Automotives Limited.	-	32,536
<b>Other entities under the control of the company</b>		
<b>Balances as at:</b>		
<b>Outstanding: Payable</b>		
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	150,045,758	150,490,968
<b>Outstanding: Receivable</b>		
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	128,000,000	132,000,000
<b>Key Management Personnel</b>		
<b>Transactions for the year ended:</b>		
<b>Managerial remuneration:</b>		
Mr. Rajiv Sawhney	24,320,437	17,140,471
Mr. Ramesh Ramanathan	-	2,224,963
<b>Purchase of fixed assets:</b>		
Mr. Rajiv Sawhney	-	3,225,000

39 Capital work in progress and expenditure during construction pending allocation included therein.

In ₹

	As at March 31,	
	2013	2012
Capital Work-in-progress	2,373,055,183	1,837,553,934

Expenditure during construction pending allocation included above:

	As at March 31,	
	2013	2012
Salaries,Wages & Bonus	189,287,922	142,662,779
Staff welfare Expenses	2,929,987	2,534,132
Power & Fuel	3,547,017	3,809,920
Rent	2,650,292	2,330,362
Rates & Taxes	2,394,571	2,317,609
Repairs-Others	2,722,658	2,354,312
Travelling	37,541,608	28,390,635
Communication	4,502,894	3,690,634
Printing & Stationery	1,503,834	1,196,282
Insurance	29,932	14,294
Consultancy Charges	55,913,239	36,891,445
Freight	5,365,373	3,881,665
Interest - Others	16,145,664	2,324,346
Bank Charges	2,324,346	371,794
Miscellaneous	524,101	12,657,793
<b>Total</b>	<b>327,383,437</b>	<b>245,428,002</b>

- 40 On 12th April, 2013 the Company through an Institutional Placement Programme (IPP) allotted 4,141,084 equity shares of ₹ 10/- each at a premium of ₹ 245/- per share aggregating to ₹ 10,559.76 lacs. The Net Issue Proceeds will be utilized for expansion/renovation of existing resorts, acquisition of new land parcels/properties, construction/development of new resorts and for general corporate purposes.

#### 41 Joint Venture Disclosure

The Interest in the Assets, Liabilities, Income and Expenses with respect to the Jointly controlled entity is as follows:

In ₹

Year	Particulars			
	Trade Receivables	Revenue	Expenses	Contingent Liabilities/ commitments
2012-13	189,386	1,055,353	865,967	NIL

- 42 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors.

A.K.Nanda  
Chairman

Rajiv Sawhney  
Managing Director & CEO

Aloke Ghosh  
Chief Financial Officer

Dinesh Shetty  
Company Secretary

Place: Mumbai  
Date : April 24, 2013

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 account shall not apply for the financial year ended March 31, 2013.

Information disclosed in accordance with the above order:

Particulars	Mahindra Holidays and Resorts USA Inc		MHR Hotel Management GmbH		Heritage Bird (M) Sdn Bhd		BAH Hotelanlagen AG		MH Boutique Hospitality Ltd		Infinity Hospitality Group Company Ltd		Bell Tower Resorts (P) Ltd	Mahindra Hotels and Residences India Ltd	Holiday on Hill Resorts (P) Ltd	Cables Promoters (P) Ltd	Divine Heritage Hotels (P) Ltd
	INR	USD	INR	EURO	INR	MYR	INR	EURO	INR	THB	INR	THB	INR	INR	INR	INR	INR
Capital	54,390	1,000	2,432,150	35,000	5,325,036	300,002	4,864,300	70,000	18,700,000	10,000,000	280,500,000	150,000,000	199,386,740	500,000	10,000,000	132,000,000	700,000
Reserves	7,664,367	140,915	2,309,967	33,242	(10,116,045)	(569,918)	270,628,938	3,894,502	(1,972,179)	(1,054,641)	(166,522,129)	89,049,267	(456,076,665)	(1,149,984)	(59,681,836)	(59,589)	(26,625,999)
Total Assets	7,967,428	146,487	5,150,296	74,116	83,910,960	4,727,378	379,886,589	5,466,781	108,489,695	58,015,880	382,448,969	204,518,166	511,980,998	1,500	255,679,347	131,965,411	129,490,506
Total Liabilities	7,967,428	146,487	5,150,296	74,116	83,910,960	4,727,378	379,886,589	5,466,781	108,489,695	58,015,880	382,448,969	204,518,166	511,980,998	1,500	255,679,347	131,965,411	129,490,506
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover (incl other income)	-	-	6,238,158	89,771	14,350,875	808,500	178,585,816	2,569,950	30,543	16,333	28,587,569	15,287,470	82,008,031	-	15,757,139	-	7926,282
Profit/(Loss) before tax	(973,960)	(17,907)	966,822	13,913	(2,518,938)	(141,912)	6,775,763	97,507	(1,972,179)	(1,054,641)	(12,566,449)	(6,720,026)	(101,569,637)	(55,095)	(14,966,996)	(25,448)	(20,079,985)
Provision for taxation	243,504	4,477	241,706	3,478	-	-	276,995	3,986	-	-	-	-	68,042	-	-	-	-
Profit after tax	(730,456)	(13,430)	725,116	10,435	(2,518,938)	(141,912)	6,498,769	93,521	(1,972,179)	(1,054,641)	(12,566,449)	(6,720,026)	(101,637,679)	(55,095)	(14,966,996)	(25,448)	(20,079,985)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Translated at exchange rate prevailing as on March 31, 2013; 1 USD = INR 54.39, 1 EURO = INR 69.49, 1 MYR = INR 17.75, 1 THB = INR 1.87.

## Notes

## Notes



2 new international resorts.







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