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MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Registered Office : Mahindra Towers, 2nd Floor, No.17/18, Patullos Road, Chennai – 600002
website: www.clubmahindra.com • email: investors@clubmahindra.com

POSTAL BALLOT NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

Dear Member(s)

Clause 22.2A of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) stipulates that no listed company can make any fresh Grant of Options under any Employee Stock Option Scheme framed prior to its Initial Public Offering (“IPO”) and prior to the listing of its Equity Shares (hereinafter referred to as ‘pre-IPO Scheme’) unless such pre-IPO Scheme is in conformity with the Guidelines and is ratified by its Shareholders in the General Meeting subsequent to the IPO. Since the Equity Shares of the Company have been listed on the Stock Exchanges, the Company proposes to ratify/amend the pre-IPO Mahindra Holidays & Resorts India Limited Employees’ Stock Option Scheme 2006 as more specifically described at Item No. 1 in the Special Resolution appended to this Notice. Besides, the Company also proposes to revise the remuneration payable to Mr. Ramesh Ramanathan, Managing Director with effect from 1st April, 2009 as more specifically described at Item No. 2 in the Special Resolution appended to this Notice.

In terms of Clause 4 of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, passing of Resolutions to ratify/amend the pre-IPO Scheme of the Company and to revise the remuneration payable to Mr. Ramesh Ramanathan, Managing Director are not mandatory. However, to facilitate wider participation in the approval process by Member(s) residing at different locations, the Company is seeking approval of the Member(s) through Postal Ballot instead of convening an Extra-Ordinary General Meeting.

Accordingly, the draft of the Special Resolutions together with the Explanatory Statement setting out the material facts and reasons for the Resolutions is being sent to you alongwith a Postal Ballot Form for your consideration. The Company has appointed Mr. M. Damodaran, Practicing Company Secretary as a Scrutinizer for conducting the Postal Ballot in a fair and transparent manner and in accordance with the provisions of the Companies Act, 1956 and the Rules framed thereunder.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours on 16th December, 2009. The Scrutinizer will submit his Report to the Chairman after completion of the scrutiny of the Postal Ballots received. The Chairman or the Managing Director of the Company will announce the Results of the Postal Ballot on Wednesday, the 23rd December, 2009 at 3.00 p.m. at the Company’s Registered and Corporate Office at, Mahindra Towers, 2nd Floor, No.17/18, Patullos Road, Chennai 600002. The results will be displayed at the Registered and Corporate Office, besides being communicated to the Stock Exchanges on which the Company’s Equity Shares are listed. The Results will also be published in the Newspaper(s) for the information of the Member(s).

SPECIAL RESOLUTIONS:

(1) To consider and, if thought fit, to pass the following as a Special Resolution:

“RESOLVED THAT in furtherance of and supplemental to the Special Resolution at Item Nos. 5 and 6 passed by the Shareholders at the Tenth Annual General Meeting of the Company held on 17th May, 2006 read with Resolution nos. 2 and 3 passed at the Extra-Ordinary General Meeting held on 25th September, 2007 and Resolution nos. 4 and 5 passed at the Extra- Ordinary General Meeting held on 8th December, 2008 and in accordance with the provisions of the Articles of Association of the Company, sections 79A, 81 and all other applicable provisions of the Companies Act,

1956 ("the Act") including any amendments thereto or statutory modification(s) or re-enactment of the Act for the time being in force and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modifications thereof or supplements thereto ("the Guidelines") and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted or to be constituted by the Board as the Remuneration/Compensation Committee), the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 ("the Scheme") formulated prior to the Initial Public Offering (IPO) of the Company by the Remuneration/Compensation Committee ("the Committee") pursuant to the authority of the Shareholders granted vide Resolutions passed at its Annual General Meeting held on 17th May, 2006 read with Resolutions passed at the Extra-Ordinary General Meetings held on 25th September, 2007 and 8th December, 2008 and as amended by the Board of Directors at its Meeting held on 27th October, 2009 on the recommendation of the Committee be and is hereby ratified.

RESOLVED FURTHER THAT the maximum number of Options to be granted under the Scheme including Options that have already been granted to the Non-executive Directors including Independent Directors shall collectively not exceed such number of Options as would entitle such Directors to subscribe to not more than 4,00,000 Equity Shares of Rs.10 each of the Company in any one financial year and not more than 6,00,000 Equity Shares of Rs.10 each of the Company to such Directors in the aggregate.

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of creating, offering, issuing, allotting and listing of the Securities, and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time, by any appropriate authority, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time provided such variation, modification or alteration is not detrimental to the interests of the employees/Directors (including whole-time Directors).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company."

(2) To consider and, if thought fit, to pass the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the revision in remuneration payable to Mr. Ramesh Ramanathan as the Managing Director of the Company from 1st April, 2009 for the remainder of his term of office i.e. upto 8th June, 2012 as follows:

Managing Director

Mr. Ramesh Ramanathan

Basic Salary of Rs. 2,85,000 per month in the scale of Rs. 2,50,000 to Rs. 4,50,000 per month.

RESOLVED FURTHER THAT the perquisites (including allowances) payable or allowable and other benefits to Mr. Ramesh Ramanathan, Managing Director be as follows:

Perquisites:

- i) Personal Pay : Not exceeding 1.5 times of the total basic salary per annum as per the Company's rules.
- ii) HRA/Company Leased Accommodation : Not exceeding 60% of the basic salary per annum.
- iii) Medical Reimbursement : Expenses incurred for the Managing Director and his family as per the Company's Rules.
- iv) Personal Accident Insurance : Premium as per the Company's Rules.
- v) Leave Travel Concession : For the Managing Director and his family once in a year, incurred in accordance with the Company's Rules.
- vi) Performance Pay : As per the Company's Rules.
- vii) Encashment of leave : Encashment of leave not availed by the Managing Director by the end of the tenure as per the Company's Rules.
- viii) Contribution to Funds : Contributions to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity/Contribution to Gratuity Fund as per the Company's Rules.
- ix) Provision of car and telephone at the Managing Director's residence for his use : Provision of two cars (including cost of fuel, insurance and maintenance expenses), driver for one car and telephone at the Managing Director's residence for his use as per the Company's Rules.
- x) Other amenities and benefits : Such other benefits, amenities and facilities as per the Company's Rules.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

Encashment of earned leave at the end of the tenure as per Rules of the Company shall not be included in the computation of ceiling on remuneration.

Provision of car for use on Company's business and telephone at residence would not be considered as perquisites.

RESOLVED FURTHER THAT the remuneration payable to the Managing Director by way of salary, perquisites and other allowances and benefits does not exceed the limits laid down in sections 198 and 309 of the Act, including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director, the above remuneration as the minimum remuneration by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be authorised to do all such acts,

deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

Item No.1

Pursuant to the authority of the Members granted at the Annual General Meeting of Mahindra Holidays & Resorts India Limited ("the Company") held on 17th May, 2006, the Remuneration/Compensation Committee of the Board of Directors of the Company ("the Committee") has formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 ("the Scheme"). The logic and rationale for introducing the Scheme as also the salient features of the Scheme were set out in the Explanatory Statement annexed to the Notice dated 22nd April, 2006 convening the Annual General Meeting of the Company on 17th May, 2006. The approval, *inter alia*, pursuant to section 81(1A) of the Companies Act, 1956, authorised issue and allotment of 14,20,010 Equity Shares of Rs.10 each to or for the benefit of such person(s) who are in the permanent employment of the Company including Directors of the Company and/or its holding company and/or its subsidiary company (ies) and grant of an equivalent number of Options under the Scheme.

The Company has for the administration and implementation of the Scheme constituted a Trust known as 'Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust' ("the Trust"). The Company allotted 7,59,325 Equity Shares of the face value of Rs.10/- each at a premium of Rs.6/- per share to the Trust on 12th July, 2006, 1,22,235 Equity Shares and 56,700 Equity Shares of the face value of Rs.10/- each at a premium of Rs.42/- per share to the Trust on 27th March, 2007 and 10th October, 2007 respectively. In furtherance of the Scheme the Trust on the recommendation of the Committee grants to the Eligible Employees of the Company and/or its holding company and/or its subsidiary company(ies) Options to acquire the Equity Shares of the Company. The Trust has granted 7,59,325 Stock Options at an Exercise Price of Rs.16/- per share on 15th July, 2006, 1,22,235 Stock Options and 56,700 Stock Options at an Exercise Price of 52/- per share on 30th March, 2007 and 01st November, 2007 respectively.

As the Shares of the Company have since been listed it is necessary for the shareholders to ratify the Scheme. Further in view of the listing it is *inter alia* proposed that the exercise price of the Scheme should be linked with the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Stock Exchange.

It is also proposed to make some minor modifications to the Scheme. The salient features of the amended Scheme which has been duly approved by the Board on the recommendation of the Remuneration/Compensation Committee are as follows:

(a) The total number of Options to be granted

The total number of Options that may, in the aggregate, be issued would be up to 14,20,010 Equity Shares, which represent 5% of the paid-up Equity Share Capital of the Company as on 31st March, 2006.

(b) Identification of classes of employees entitled to participate in the Scheme

Persons who are "employees", including Directors, as defined in the Guidelines for the time being in force and as may be decided by the Committee from time to time.

The class of employees eligible for participating in the Stock Options shall be determined on the basis of the grade, number of years' service, performance, and such other parameters as may be decided by the Committee in its sole discretion from time to time.

The Options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

The Options granted would vest in an Eligible Employee within such time from the date of Grant and in such number of installments and subject to such terms as the Remuneration/Compensation Committee may decide, in its absolute discretion, and recommend to the Trust, at the time of Grant of the Options, subject to a minimum vesting period of one year.

(d) Exercise Price or Pricing Formula

The Exercise Price for the purposes of the Grant of Options will be decided by the Trust in accordance with the recommendations of the Remuneration/Compensation Committee at the time of Grant of Options to an employee.

In determining the Exercise Price, the Committee shall take into consideration relevant factors prevalent at the time of the Grant which, among other things, would include the trend in the market price of the Company's Equity Shares quoted on National Stock Exchange of India Limited, the concerned employee's performance, the future potential contribution of the employee, the Regulations and Guidelines prescribed by the Securities and Exchange Board of India or of any other Regulatory Authority from time to time. The Exercise Price shall be calculated at a discount not higher than 15% of the average of the daily high and low of the prices for the Company's Equity Shares quoted on National Stock Exchange of India Limited during the fifteen days preceding the date of Grant of the Options.

(e) Exercise Period and the process of Exercise

The Exercise period shall commence from the date of vesting, and will expire not later than 5 years from the date of Vesting, or such other period as may be decided by the Committee from time to time.

The Options will be exercisable by the employees by a written application to the Company or to a Trust set up for this purpose, to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Committee from time to time.

The Options will lapse if not exercised within the specified exercise period. The Options may also lapse under certain circumstances even before expiry of the specified exercise period.

(f) Appraisal Process for determining the eligibility of employees to the Scheme

The appraisal process for determining the eligibility of the employee will be specified by the Committee and will be based on criteria such as the grade of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee, and/or any such other criteria that may be determined by the Committee in its sole discretion.

(g) Maximum number of Options to be issued per employee and in the aggregate

The aggregate of all such Grants shall not exceed 5% of the issued and outstanding Equity Shares of the Company as on 31st March, 2006. The maximum number of Options to be granted per employee will not exceed 0.50% of the paid-up share capital of the Company. The maximum number of Options to be granted to Non-executive Directors including the Independent Directors will not exceed 4,00,000 shares in any one financial year and the total number of Options to the Non-executive Directors including the Independent Directors will not exceed 6,00,000 shares in the aggregate.

(h) Disclosure and accounting policies

The Company shall comply with the disclosure and accounting policies prescribed by the Securities and Exchange Board of India and any other appropriate authority, from time to time.

(i) Method of valuation

The Company follows the intrinsic value method for computing the compensation cost, if any, for the Options granted. The difference between the compensation cost so calculated and compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors Report. The fair value would be determined using the Black – Scholes model.

The Board/Committee shall have the absolute authority to vary or modify the terms of the Scheme in accordance with the Regulations and Guidelines prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interests of the employees/Directors (including whole-time Directors).

Clause 22.2A of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 stipulates that no listed company can make any fresh Grant of Options under any ESOS framed prior to its IPO and prior to the listing of its equity shares (hereinafter referred to as 'pre-IPO scheme') unless such pre-IPO scheme is in conformity with the Guidelines and such pre-IPO scheme is ratified by its Shareholders in General Meeting subsequent to the IPO.

Accordingly, consent of the Shareholders is solicited through Postal Ballot by passing a Special Resolution for ratification of the pre-IPO scheme and the amendments made therein.

All the Directors of the Company are eligible/qualify for further Stock Options under the Scheme and may be deemed to be concerned or interested in this item of business to the extent of Options that may be granted to them under the Scheme.

Your Directors recommend this Resolution as a Special Resolution for approval of the Members.

A copy of the Extract of the Explanatory Statements pursuant to section 173(2) of the Companies Act, 1956 and Resolutions adopted at the Annual General Meeting held on 17th May, 2006, Extra – Ordinary General Meetings held on 25th September, 2007 and 08th December, 2008 respectively and a copy of the Scheme will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) upto 15th December, 2009.

Item No. 2

At the Extra – Ordinary General Meeting ("EGM") of the Company held on 8th December, 2008, the Members had approved revision in remuneration payable to Mr. Ramesh Ramanathan, Managing Director with effect from 1st April, 2008.

In view of the contribution of Mr. Ramesh Ramanathan in the Company's performance, the Board of Directors of the Company at its Meeting held on 27th October, 2009, has pursuant to the approval of the Remuneration/Compensation Committee and subject to the approval of Members, approved the revision in remuneration payable to Mr. Ramesh Ramanathan, Managing Director with effect from 1st April, 2009, in line with the current market trends to provide a stimulus to Mr. Ramanathan's efforts in leading the Company to achieve greater heights.

The Remuneration/Compensation Committee was also of the unanimous view that this would be the remuneration, which would be necessary to retain the services of Mr. Ramanathan, considering his vast experience and strong ability to lead and expand the business initiatives of the Company.

The other terms of remuneration payable to Mr. Ramesh Ramanathan, Managing Director are set out in the Special Resolution under Item No. 2.

This may also be treated as an abstract of the terms of revised remuneration of Mr. Ramesh Ramanathan, Managing Director under section 302 of the Companies Act, 1956.

The Company under the leadership of Mr. Ramesh Ramanathan, Managing Director has recorded an increase in the number of new businesses and witnessed a growth in Club Mahindra membership. This has been achieved despite the economic slowdown during the Financial Year 2008-2009. The Company under his guidance has registered good growth both in

terms of profits and membership, which has crossed over 1 lakh member base in the month of August 2009. The Company's member base has grown up from 85,299 in September 2008 to 92,825 by end of March 2009. The Company has also clocked profits before tax of Rs.132 crores for the year ended 31st March, 2009.

Pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("the Act"), including Schedule XIII to the Act, the revised remuneration of Mr. Ramesh Ramanathan, Managing Director is now been placed before the Members for their approval by way of a Special Resolution.

Your Directors recommend this Resolution as a Special Resolution for approval of the Members.

Apart from Mr. Ramesh Ramanathan, who would be interested in the revision of his remuneration, none of the other Directors is concerned or interested in this item of business.

The following additional information as required by Schedule XIII to the Act is given below:

I. General Information:

(i) Nature of Industry:

The Company is primarily in the business of providing vacation ownership memberships.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 20th September, 1996.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

(iv) Financial performance based on given indicators - as per audited financial results for the year ended 31st March, 2009:

Particulars	(Rupees in crores)
Turnover & Other Income	444.31
Net profit as per Profit & Loss A/c (After Tax)	83.41
Profit as computed under section 309(5) read with section 198 of the Act	131.89
Net Worth	197.95

(v) Export performance and net foreign exchange collaborations:

During the year ended 31st March, 2009, the Company exported services aggregating Rs. 3.41 Crs. The Company's earnings in foreign exchange were Rs. 19.13 Crs for the financial year ended 31st March, 2009. The Company has no significant foreign exchange earnings or outgo in relation to any foreign collaborations.

(vi) Foreign investments or collaborators, if any:

Not Applicable.

II. Information about the appointee(s):

(i) Background details:

Mr. Ramesh Ramanathan is a graduate in Economics and a rank holder from Madras University. He also has a management degree from Indian Institute of Management, Kolkata. He has over 30 years of experience in a range of industries such as paint, consumer durables, hospitality, internet, tyres and organized retail. He is one of the founder members of the All India Resort Developers Association (AIRDA), a self governing body, and is currently the Vice Chairman. He is also a member on the National Committee of Tourism, CII and the Bombay

Chamber of Commerce and Industry. He is responsible for the overall administration of the Company, subject to the superintendence and guidance from the Board.

(ii) Past remuneration during the financial year ended 31st March, 2009:

Name of Director	Amount (Rs. in lakhs)
Mr. Ramesh Ramanathan	127.19

(iii) Recognition or Awards:

The information is already covered in the section "Background details".

(iv) Job Profile and their suitability:

Mr. Ramesh Ramanathan is the Managing Director of the Company since 09th June, 2004.

Mr. Ramesh Ramanathan is responsible for the operations and the affairs of the Company. Taking into consideration his qualifications and expertise in relevant fields, the Managing Director is best suited for the responsibilities currently assigned to him by the Board of Directors.

(v) Remuneration proposed:

Managing Director

Mr. Ramesh Ramanathan Basic Salary of Rs. 2,85,000 per month in the scale of Rs. 2,50,000 to Rs. 4,50,000 per month and other perquisites and allowances as fully set out in Item No.2 of the Postal Ballot Notice.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Mr. Ramesh Ramanathan, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

(vii) Pecuniary relationship(s) directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to him, the Managing Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

Not applicable, as the Company has posted a net profit after tax of Rs. 83.41 crores during the year ended 31st March, 2009.

(ii) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

Not applicable as the Company has adequate profits. The Company posted a profit of Rs. 83.41 crores for the year ended 31st March, 2009.

By Order of the Board

Place : Chennai
Date : 16.11.2009

Rajiv Balakrishnan
Company Secretary