

Mahindra Holidays & Resort India Limited signs pre-IPO investment of Rs .8 billion for a 2% stake

Hospitality

Author : mahindraadmin Category : Hospitality Published : 1/8/2008

Mumbai: Mahindra Holidays & Resorts India Limited (MHRIL or the 'Company'), a leisure hospitality provider offering quality family holidays and a subsidiary of Mahindra Holdings and Finance Ltd (a wholly-owned subsidiary of Mahindra & Mahindra Limited), has finalised a 2% private placement deal with the State Bank of India for a consideration of around Rs. 0.8 billion. The equity shares to be transferred to the State Bank of India shall be subject to lock-in after the IPO as per SEBI regulations.

MHRIL, which filed a draft red herring prospectus with Securities and Exchange Board of India ('SEBI') last month, is targeting an IPO in the first quarter of the year. The Company had filed its Draft Red Herring Prospectus ('DRHP') with the SEBI for an Initial Public Offering ('IPO') of 10,719,347 equity shares of Rs 10 each for cash at a price to be decided through a 100% book-building process (the 'Issue'). The Issue would constitute 13% of the fully diluted post-issue paid-up capital of the Company, which includes Pre IPO placement upto 3%. The Issue comprises a Fresh Issue of 4,122,826 equity shares and an Offer for Sale of upto 6,596,521 equity shares by Mahindra Holdings & Finance Limited (the 'Selling Shareholder').

Mr. Arun Nanda, Chairman of Mahindra Holidays & Resorts, said, "We are overwhelmed with the response to the intended pre-IPO placement and are

pleased to have State Bank of India as an investor. He added, "The investment reaffirms our focus on customer centricity and continued effort in developing resorts and services tuned to delivering family holidays. It is also testimony to the evolution of the leisure and hospitality sector and confidence of consumers and investors in the Club Mahindra brand as a leading player in that space.'

The Equity Shares are proposed to be listed on the National Stock Exchange of India Limited ('NSE') and the Bombay Stock Exchange Limited ('BSE').

The Company provides family holidays primarily through vacation ownership memberships. Its resorts offer the use of furnished accommodation, such as apartments and cottages, and an experience through resort specific amenities and facilities, such as restaurants, ayurvedic spas, kid's clubs and a variety of holiday activities. It seeks to be the preferred partner to the urban family for family holidays and holiday services in India. Within a decade, the Company has successfully become a provider of quality family holidays having a pan-India coverage with a total of 21 resorts and 14 branch offices, 43 direct and 80 franchisee retail sales outlets as of October 31, 2007. As of October 31, 2007, it had 63,375 vacation ownership members. MHRIL's flagship service offering is Club Mahindra Holidays, which currently entitles members the choice of holidaying at any of its 19 resorts, for seven days each year, in a season and apartment type of their choice, for 25 years. In addition, its members can choose to access a range of resorts globally through its RCI affiliation.

The Global Coordinator and Book Running Lead Manager ('GCBRLM') to the Issue is Kotak Mahindra Capital Company Limited and the BRLM is HSBC Securities and Capital Markets (India) Private Limited.

About Mahindra Holidays & Resorts India Limited

Mahindra Holidays and Resorts India Limited (MHRIL), is a subsidiary of Mahindra and Mahindra Ltd. one of the most respected industrial houses in India. MHRIL is a leading player in the leisure hospitality industry. It provides quality family holidays primarily through vacation ownership memberships. MHRIL's flagship brand is Club Mahindra Holidays. MHRIL currently provides its 63,375 members a choice of 21 resorts in India and Thailand and in addition, through affiliations provides access to over 4000 resorts, worldwide.

Note

Mahindra Holidays & Resorts India Limited is proposing, subject to market conditions and other considerations, a public issue of its equity shares and has filed its Draft Red Herring Prospectus ('DRHP') with the Securities & Exchange Board of India ('SEBI'). The DRHP is available on the website of SEBI at www.sebi.gov.in; on the website of the GCBRLM at www.kotak.com and on that of the BRLM at www.hsbc.co.in. This press release does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any equity shares, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. Any potential investor should note that investment in equity shares involves a high degree of risk. For details, potential investors should refer to the DRHP filed with the SEBI including the section titled 'Risk Factors'. The Equity Shares of the Company have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States. This announcement has been prepared for publication in India and may not be released in the United States. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States, except pursuant to an exemption

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