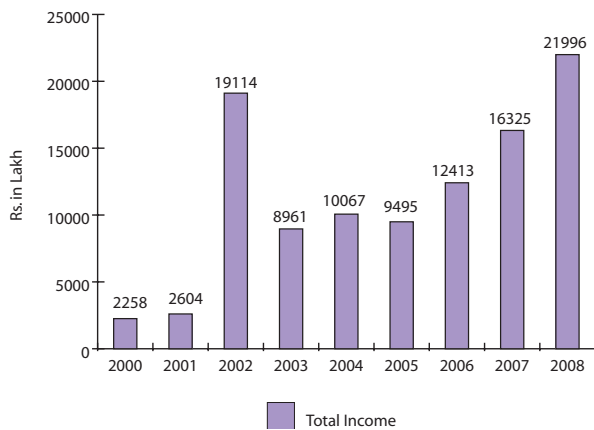
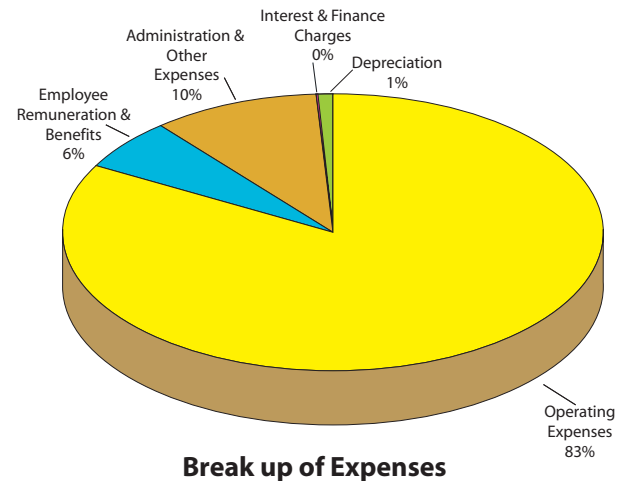
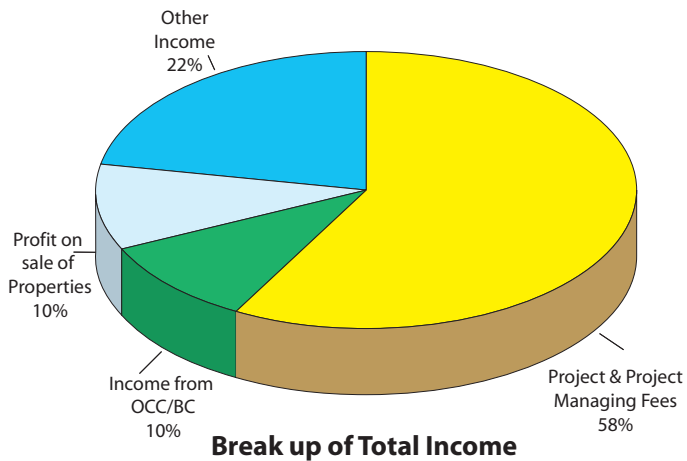
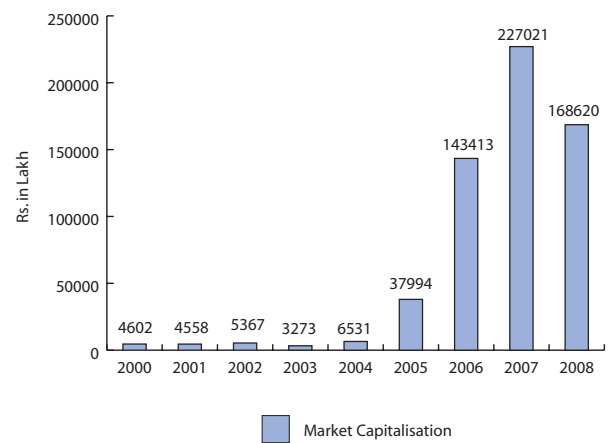




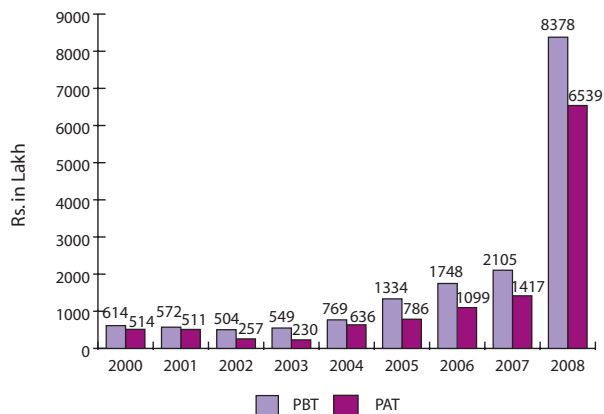
Total Income



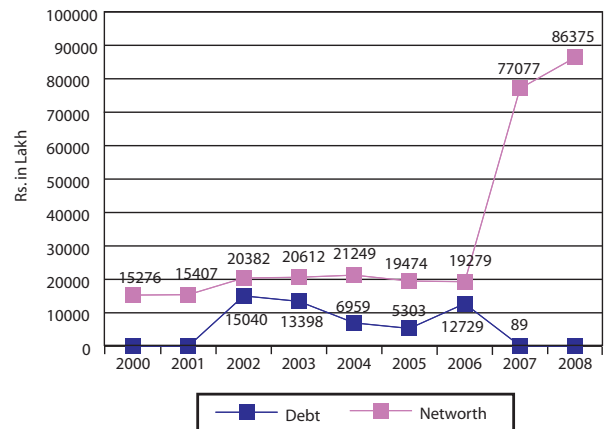
Market Capitalisation



PBT & PAT



Debt & Network



FINANCIAL HIGHLIGHTS

Rs. In Lakh

	<i>F - 2008</i>	<i>F - 2007</i>	<i>F - 2006</i>	<i>F - 2005</i>	<i>F - 2004</i>	<i>F - 2003</i>	<i>F - 2002</i>	<i>F - 2001</i>	<i>F - 2000</i>
Net Worth	86,375	77,077	19,279	19,474	21,249	20,612	20,382	15,407	15,276
Borrowings	—	89	12,729	5,303	6,959	13,398	15,041	—	—
Net Fixed Assets	2,688	3,282	3,427	3,758	4,259	9,394	9,937	10,624	9,125
Investments	50,291	32,578	9,577	9,364	8,399	1,010	1,010	504	3,797
Net Current Assets	33,565	41,328	19,004	11,026	14,478	22,101	22,533	2,685	(693)
Book Value per Equity Share (Rs.)	209	190	41	42	45	43	42	26	26
Operating Income	17,212	15,552	12,113	9,146	7,139	5,928	16,997	2,191	1,675
Other Income	4,784	773	300	349	2,928	3,033	2,117	413	583
Operating Expenses	11,181	11,981	8,660	6,212	6,199	2,833	12,585	587	359
Other Expenses	2,437	2,239	2,005	1,949	3,099	5,748	6,025	1,445	1,285
Profit Before Tax	8,378	2,105	1,748	1,334	769	549	504	572	614
Profit After Tax	6,539	1,417	1,099	786	636	230	257	511	514
Basic Earning per Share (Rs.)	16.00	3.82	0.51	2.53	1.78	0.47	(2.09)	1.78	1.78
Diluted Earning per Share (Rs.)	16.00	3.81	0.51	—	—	—	—	—	—
Equity Dividend per Share (Rs.)	2.50	1.50	1.00	—	—	—	1.00	1.20	1.00

Contents

Notice	4
Directors' Report	7
Management Discussion and Analysis Report	12
Corporate Governance Report	20
Auditors' Report	31
Accounts	34
Statement pursuant to Section 212	59
Consolidated Audit Report & Accounts	61

Board of Directors

Mr. Anand G. Mahindra	Chairman
Mr. Arun Nanda	Vice-Chairman
Mr. Uday Y. Phadke	
Mr. Hemant Luthra	
Mr. Sanjiv Kapoor	
Mr. Shailesh Haribhakti	
Mr. Anil Harish	
Mr. Pawan Malhotra	Managing Director & Chief Executive Officer

Leadership Team

Mr. Pawan Malhotra	Managing Director & Chief Executive Officer
Ms. Anita Arjundas	Chief Operating Officer
Mr. Rajan Narayan	Advisor – Projects
Mr. L. P. Sahu	Vice President - Northern Region
Mr. Suhas Kulkarni	Vice President - Legal & Company Secretary
Mr. Roshan Gandhi	General Manager - Finance

Auditors

M/s. Kalyaniwalla & Mistry	Chartered Accountants
M/s. B. K. Khare & Co.	Chartered Accountants

Bankers

AXIS Bank Limited (Formerly UTI Bank Limited)
ING Vysya Bank Limited
Citibank N.A.

Registered Office

5th Floor, Mahindra Towers,
Worli, Mumbai 400 018.

Branch Offices

- Mahindra Towers, 2A, Bhikaiji Cama Place,
New Delhi 110 066.
- City Point, 2nd Floor,
Office No. 215-A, B & C,
Boat Club Road, Pune 411 001,
Maharashtra.
- The Canopy, II Floor, Unit.No-II
Mahindra World City
Special Economic Zone,
Natham Sub P.O, Near Parnur Rly Station
Chengelpet-603002,
Tamilnadu.

NOTICE

The Ninth Annual General Meeting of **MAHINDRA LIFESPACE DEVELOPERS LIMITED (formerly known as Mahindra Gesco Developers Limited)** will be held at Y. B. Chavan Centre, General Jagannathrao Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Monday 28th day of July, 2008 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Preference Shares & Equity Shares.
3. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anand G. Mahindra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Uday Y. Phadke, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants and M/s. B. K. Khare & Co., Chartered Accountants, be re-appointed as Joint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be agreed with the Auditors."

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution :

"RESOLVED THAT the Directors who are neither in the whole-time employment of the Company nor the Managing Director, Executive Directors and such of the remainder as may not desire to participate, shall for a period of five years with effect from 1st April, 2008, be paid remuneration by way of commission upto one per cent of the net profits of the Company, computed in the manner referred to in Section 198, 309 and all other applicable provisions of the Companies Act, 1956, and such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as they may from time to time decide between themselves; PROVIDED that none of such Directors shall in any financial year of the Company receive a portion of such commission equal to more than one quarter per cent of the net profits of the Company."

NOTES:

- A. Mr. Anil Harish, Mr. Anand G. Mahindra and Mr. Uday Y. Phadke, Non-Executive Directors are not holding either on their own or for any other person on a beneficial basis, any shares in the Company.
- B. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
- C. **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.**
- D. The instrument appointing proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- E. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21st July, 2008 to Monday, 28th July, 2008 (both days inclusive).
- F. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
- G. Pursuant to Section 205C (2) of the Companies Act, 1956, unpaid/unclaimed dividend for the financial year ended 2000 has been transferred to the Investor Education & Protection Fund (IE & PF) on 19th September, 2007. Given below is the table of dates by which shareholders can claim the respective unclaimed dividend from the Company / Registrars and the date by which such unclaimed amount will be transferred to Investor Education & Protection Fund.

Equity Dividend for FY	Date by which unclaimed dividend can be claimed	Proposed transfer of unclaimed Equity Dividend to IE & PF between
2000-2001	15th September, 2008	16th September, 2008 to 24th October, 2008
2001-2002	15th October, 2009	16th October, 2009 to 27th November, 2009
2005-2006	15th August, 2013	16th August, 2013 to 23rd September, 2013

Shareholders who have not encashed the dividend warrants so far are requested to make their claim to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Limited, Satam Estate, 3rd Floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.

- H. Members can avail of the facility of nomination in respect of shares held by them in physical form in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to M/s. Sharepro Services (I) Pvt. Limited
- I. Members are requested to :
- intimate to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Limited, changes, if any, in their registered addresses at an early date.
 - quote their folio numbers / client ID / DP ID in all correspondence.
- J. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- K. The Stock options granted by the Remuneration Committee on 25th April, 2008 shall vest within a maximum period of 5 (Five) years from the date of grant.
- L. The Company has received approval from the Central Government granting exemption from attaching the copy of the Balance Sheet, Profit & Loss account, Report of Board of Directors and Report of the Auditors of its subsidiary companies namely, Mahindra World City Developers Limited (formerly known as Mahindra Industrial Park Limited), Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited (formerly known as Mahindra Realty Limited), Mahindra Infrastructure Developers Limited, Mahindra Integrated Township Limited (formerly known as Mahindra Integrated Township Private Limited and before that as Mahindra Intermodal Transportation Private Limited), Mahindra Technology Park Limited and Mahindra Residential Developers Limited. Hence, accounts of these subsidiary companies are not required to be attached with the Balance Sheet of the Company. These documents will be available on request to any member wishing to have a copy, on receipt of such request by the Company at the Registered Office of the Company. These documents will also be available for inspection by any Member of the Company at the Registered Office of the Company and at the following Registered Offices of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

Name of Subsidiary Company	Address of the Registered office of the Subsidiary Company
Mahindra World City Developers Limited	Mahindra Towers, Ground Floor, 17/18, Pattullous Road, Chennai – 600 002
Mahindra World City (Jaipur) Limited	4 th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur - 302 001
Mahindra World City (Maharashtra) Limited	Mahindra Towers, 5 th Floor, Worli, Mumbai - 400 018.
Mahindra Infrastructure Developers Limited	Mahindra Towers, 5 th Floor, Worli, Mumbai - 400 018
Mahindra Integrated Township Limited (MITL)	Mahindra Towers, 5 th Floor, Worli, Mumbai - 400018. (The Company is in process of shifting its registered office to, Administrative Block, Central Avenue, Mahindra World City, Natham Sub (PO); Chengelpet Taluk, Kancheepuram Dist; Tamil Nadu - 603002
Mahindra Technology Park Limited (Incorporated on 16th August, 2007)	Mahindra Towers, 5 th Floor, Worli, Mumbai - 400018
Mahindra Residential Developers Limited (Incorporated on 1st February, 2008) – (Subsidiary of MITL)	Administrative Block, Central Avenue, Mahindra World City, Natham Sub (PO); Chengelpet Taluk, Kancheepuram Dist; Tamil Nadu - 603002

- M. Dividend, if approved, shall be paid on or after 29th July, 2008 to those members whose names will appear on the Register of Members of the Company and, in respect of those members who hold shares in the electronic form, as per the list of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandate as of the close of business hours on Friday, 18th July, 2008.

By Order of the Board

For **Mahindra Lifespace Developers Limited**

Suhas Kulkarni

Vice President – Legal & Company Secretary

Registered Office

5th Floor, Mahindra Towers
Worli, Mumbai 400018.

Date: 25th April, 2008

ANNEXURE TO NOTICE

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

Item No. 7

The Directors guide the policies and supervise the affairs and the working of the Company. Various Statutes and Rules have cast enormous duties, responsibilities and liabilities on the Directors. In the light of services rendered and the responsibilities shouldered by the Non-executive Directors for the business of the Company and considering the remuneration drawn by Non-executive Directors in other companies / industries, it is considered desirable that they be paid remuneration upto the scale laid down in Section 309 (4) and other provisions contained in the Companies Act, 1956.

Revised Clause 49 of the Listing Agreement as well as the provisions of the Companies Act, 1956 require that compensation payable to Non-executive Directors, including the Independent Directors shall be fixed by the Board of Directors and shall require previous approval of Members in general meeting and of the Central Government as may be necessary.

Article No. 123(a) of the Articles of Association of the Company, states that the Directors may be paid such further remuneration (beside sitting fees) as the Company in general meeting may by special resolution from time to time determine and sanction and such further remuneration shall be divided amongst the Directors in such proportion and manner as the Directors may from time to time determine and in default of such determination shall be divided amongst the Directors equally.

Presently the Company pays sitting fees of Rs. 10,000 to the Independent Directors of the Company for attending each meeting of the Board of Directors and the Committees thereof. No sitting fee is paid to the Managing Director and other Non-executive - Non-independent Directors.

It is now proposed subject to requisite approvals, to authorize the payment of commission upto one per cent per annum of the net profits of the Company of that financial year to the Directors of the Company, other than the Directors who are in the whole-time employment of the Company, the Managing Director and such other Directors as may not desire to participate, for each of five years commencing from 1st April, 2008. Such commission may be distributed amongst and paid to the aforesaid Directors in such proportions as the Board may decide from time to time.

The Directors recommend passing of the Resolution at item no. 7 as a Special Resolution.

The Non-executive Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

By Order of the Board
For **Mahindra Lifespace Developers Limited**
Suhas Kulkarni
Vice President – Legal & Company Secretary

Registered Office
5th Floor, Mahindra Towers
Worli, Mumbai 400018.

Date: 25th April, 2008

Directors' Report to the Members

Your Directors present their Ninth report together with the audited accounts of your Company for the year ended 31st March, 2008.

Financial HIGHLIGHTS

	2008	(Rs. lakh) 2007
Operating Income	17,212	15,552
Other Income	4,784	773
Total Income	21,996	16,325
Profit Before Depreciation, Interest and Taxation	8,584	2,801
Less : Depreciation	197	224
Profit Before Interest and Taxation	8,387	2,577
Less : Interest	9	472
Profit Before Taxation	8,378	2,105
Less : Provision for Taxation		
Current Tax	1,359	434
Deferred Tax (including MAT Credit)	146	22
Profit for the year After Tax	6,873	1,649
Less: Provision for tax for earlier year	334	232
Profit After Tax	6,539	1,417
Add : Balance of Profit for earlier years	2,091	1,968
Amount available for appropriation	8,630	3,385
Less : Proposed Dividend (including tax on distributed profits)	1,316	824
Less : Transfer to General Reserve	654	71
Less : Transfer to Capital Redemption Reserve	-	399
Balance carried forward	6,660	2,091

Dividend

Your Directors have recommended a dividend of 25 per cent on the paid-up equity shares of face value of Rs.10 per share of the Company for the year 2007-08. The Directors have also recommended a dividend on 1,000,000 – 10.50 per cent Non-Cumulative Redeemable Preference shares of Rs.100 each. The total dividend payment (including tax on distributed profits) amounts to Rs. 1,316 lakh, and shall be paid out of profits for the current year.

Operations

India continues to be one of the fastest growing economies in the world with a Compounded Annual Growth Rate (CAGR) of 8.8 per cent during the last five years. The performance of the construction sector, which grew at a CAGR of 13.2 per cent during the last four years, has been even more impressive. The last few years have witnessed enormous capital inflows by way of IPOs, FDI and Private Equity into Indian real estate sector, which increased the competition from both the organised and unorganised segment. This had resulted in an unprecedented boom in the sector.

However, the situation has somewhat changed during 2007-08, especially in the latter half. First, the global economic outlook is softening primarily driven by fears of an impending slowdown in the US. Even as growth performance continues to be impressive in India, there are visible signs of marginal slowdown in economic activity, especially in the manufacturing and construction sector. Second, with the tightening of monetary policy to rein in inflation, an increase in the interest rates for home loans has had an adverse effect on demand for real estate. Moreover, there has been a severe scarcity of skilled labour and rising input costs such as steel and cement which have kept the margins under pressure.

Despite the marginal softening in the macro-economic outlook for the sector, your Company performed well during the year under review. During the year, the handing over of the possession started at the residential project namely the 'Woods', at Wakad, near Pune. The last phase of the prestigious project 'Central Park' in Gurgaon, NCR was also completed during the year. The construction of 'Sylvan County' at Mahindra World City, Chennai and of first phase of 'Mahindra Eminente', Mumbai is at an advanced stage and is expected to be completed during the current year.

MAHINDRA LIFESPACE DEVELOPERS LIMITED (formerly Mahindra Gesco Developers Limited)

In 2007-08, the Company forged ahead by obtaining necessary approvals for its projects. This enabled full-fledged launch of 'Mahindra Splendor' in eastern suburbs of Mumbai, 'Mahindra Royale' near Pimpri, Pune. During 2007-08, your Company sold the commercial premises at Great Eastern Plaza, Bangalore and at World Trade Center, Mumbai and its investment in Knight Frank (India) Private Limited.

In 2008-09, your Company is planning launch of second phase of 'Mahindra Eminente' in western suburb of Mumbai, a commercial building in central suburb of Mumbai, a residential project at Palam Vihar, near Delhi, 'Mahindra Chloris' at Faridabad, Haryana and a residential project each at Nagpur and Mahindra World City, New Chennai in separate joint ventures.

Your Company is the first residential developer in the country to apply for LEED (Leadership in Energy and Environmental Design) – CS (Core & Shell) pre-certification for Green Buildings under the guideline of USGBC (United States Green Building Concept). Four of your projects namely 'Mahindra Eminente', Mumbai, 'Mahindra Splendour', Mumbai, 'Mahindra Royale', Pune, 'Mahindra Chloris', Faridabad are now registered for the prestigious LEED certification for Green Buildings. Your Company has signed a MoU with CII – IGBC (Confederation of Indian Industry-Indian Green Building Council) for feasibility study of all on-going and future Green Buildings of your Company.

In the integrated infrastructure development segment, the land acquisition efforts for a 3000 acre project at Mahindra World City, Jaipur continued during the year. The acquisition process is progressing well and the Company has already acquired about 2500 acres of land and the Company hopes to acquire the balance 500 acres during 2008-09.

Your Company is planning to set up an Integrated Township spread over 3000 acres in Maharashtra.

During 2007-08, the Company also made its first international foray. A MoU was signed in Colombo, between the Board of Investments (BOI) of Sri Lanka, and your Company for developing a Special Economic Zone (SEZ) in Sri Lanka at Katunayake. The SEZ will stretch over 52 acres, for a mixed-use development, including an IT Park having a strategic advantage of being located opposite the Bandarnayake International Airport. This SEZ would bring about development of around 3 million square feet of built space, and is expected to generate over 35,000 jobs in the country.

The Company through its subsidiary company 'Mahindra Residential Developers Limited' has entered into a joint venture agreement for residential development with a private equity real estate fund, ARCH Capital Asian Partners, L.P., managed by ARCH Capital Management Company Limited, an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines, and Ayala Corporation. The joint venture will undertake the development of a gated residential community together with support, retail and recreational facilities in approximately 55 acres within Mahindra Lifespaces' pioneering

Special Economic Zone (SEZ) at Mahindra World City, New Chennai.

The total income of your Company increased by 35 per cent from Rs.16,325 lakh in 2006-07 to Rs. 21,996 lakh in 2007-08. Profit Before Tax (PBT) grew by 298 per cent from Rs. 2,105 lakh in 2006-07 to Rs. 8,378 lakh in 2007-08, whereas Profit After Tax (PAT) grew by 361 per cent from Rs. 1,417 lakh to Rs. 6,539 lakh during the same period. The Company also received dividend income of Rs. 1,530 lakh from its subsidiary Mahindra World City Developers Limited.

The consolidated total income of your Company increased from Rs. 22,399 lakh in 2006-07 to Rs.26,460 lakh in 2007-08. The consolidated Profit Before Tax (PBT) grew by 240 per cent from Rs. 2,723 lakh in 2006-07 to Rs. 9,265 lakh in 2007-08, whereas consolidated Profit After Tax (PAT) grew by 271 per cent from Rs. 1,790 lakh to Rs. 6,641 lakh during the same period.

Awards and Recognition

Your Company received following awards in 2007-08:

- American Society of Landscape Architects 2008 - Honour Award for Mahindra World City Master Plan (Residential Community Plan) and Award of Excellence in the Planning and Analysis Category (Mahindra World City Community Development Plan).
- Economic Times Award for Best Employer Branding 2008.
- AESA Gold Award, 2008 for The Woods, Wakad, Pune, The Best Project in Group Housing Category in Pune.
- Accommodation Times Award, 2007 for The Woods, Wakad, Pune, Project of the Year, Pune.
- First Prize from Pimpri Chinchwad Municipal Corporation, for Tree Plantation, Horticulture at The Woods, Wakad, Pune.
- Golden Peacock National Quality Award- 2007 for Mahindra Royale Project, Pune.
- CNBC Awaaz CRISIL Real Estate Awards 2007 for Most Transparent System.
- Associations of Business Communicators of India awarded Bronze for Mahindra Eminente for the Best Multi Media CD ROM 2007.
- Associations of Business Communicators of India awarded Silver to Sylvan County for Web Communication – Promotion of Micro Sites - 2007.
- Maharashtra Chamber of Housing Industry- Property 2007 – Winner of Excellence in Stall Design.

Capital

On 4th August, 2006, the Company had allotted 3,780,000 warrants to its promoters convertible, at the option of the promoters within 18 months, into equal numbers of equity shares at a price of Rs.526 per share. The promoters on 30th March, 2007 and on 31st January, 2008 exercised their option to convert 2,919,000 and 861,000 warrants respectively into equity shares.

As a result, the promoters' shareholding in the Company, which was at 50.03 per cent as on 31st March, 2007, has gone up to 51.08 per cent. Your Company continues to be a subsidiary company of Mahindra & Mahindra Limited.

As a result of the conversion of 861,000 warrants into equity shares, there has been an increase of Rs. 4,076 lakh (90% of the issue price received during the current year, 10% being already received in the previous year) in the net worth of your Company. The part of the proceeds from the QIP issue and conversion of warrants were used inter-alia for re-payment of working capital facilities, pre-payment / re-payment of debt, QIP issue expenses, land purchases, real estate projects and investment in subsidiary companies for development of SEZs, and industrial townships. The Company has temporarily invested balance funds in credit worthy instruments, including money market, mutual funds and deposits with banks.

The Shareholders at the 7th AGM had approved and authorised the Remuneration Committee to formulate and implement an Employee Stock Option Scheme for the benefit of the employees and Directors of the Company and of its holding and subsidiary companies. In accordance with the scheme and the authority conferred on it, the Remuneration Committee on 25th April, 2008 approved grant of 678,359 Stock Options at an exercise price of Rs. 428 per share. The Options granted shall vest in four equal installments of 25% each. No portion of these Options vested may be exercised after a period of five years from the respective date of each vesting.

Change of Name

At the 8th Annual General Meeting the change of name of the Company from "Mahindra Gesco Developers Limited", to "Mahindra Lifespace Developers Limited" was approved. Pursuant to the application of the Company, the Ministry of Corporate Affairs has on 25th October, 2007 issued fresh Certificate of Incorporation approving the change of name of the Company to "Mahindra Lifespace Developers Limited".

Subsidiary Companies

Mahindra World City Developers Limited (MWCDL) successfully implemented India's first private sector SEZ near Chennai. The three sector-specific SEZs cater to three industry sectors namely IT (services and manufacturing), Apparel & Fashion Accessories, and Auto Ancillaries. The balance area in Mahindra World City is Domestic Tariff Area.

Mahindra Integrated Township Limited (MITL), is engaged as a co-developer in developing an integrated township at Mahindra World City, Chennai.

Mahindra World City (Jaipur) Limited (MWCJL), is developing a multi-product SEZ near Jaipur spread over approximately 3000 acres of land of which approximately 500 acres will be Domestic Tariff Area. During the year, the Company also signed MoUs with leading companies for setting up their operations in the IT/ITES, handicraft, light engineering and auto component zones in the SEZ. In the first stage of the

project, the Company has already started development of the IT-SEZ.

Mahindra World City (Maharashtra) Limited (MWCML), will be developing a multi-product SEZ at Karla, near Pune. During the year the company formalised its joint venture terms with Maharashtra Industrial Development Corporation (MIDC), a Government of Maharashtra undertaking. The land acquisition for this SEZ has not yet started.

Mahindra Infrastructure Developers Limited (MIDL), is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project. It is a 50-50 joint venture with M/s. United Utilities International Limited. The design and construction phase of the 30 year "Build, Own, Operate and Transfer" (BOOT) concession project is complete and now the project is supplying high quality water to the consumers. The project also envisages setting up a sewage treatment plant of 15 million litres per day (MLD) capacity, which is in the construction stage.

Mahindra Technology Park Limited (MTPL) was incorporated on 16th August, 2007. This company will be developing an Integrated Township stretching over approximately 3000 acres of land near Pune. Subject to requisite approvals the name of this company is proposed to be changed to "Mahindra Knowledge City Limited".

Mahindra Residential Developers Limited (MRDL), was incorporated on 1st February, 2008. MRDL has become a subsidiary of MITL and consequently the subsidiary of your Company with effect from 5th February, 2008. A joint venture agreement for residential development was executed between MRDL and a private equity real estate fund, ARCH Capital Asian Partners, L.P., managed by ARCH Capital Management Company Limited, an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines, and Ayala Corporation. The joint venture will undertake the development of a gated residential community together with support, retail and recreational facilities in approximately 55 acres within Mahindra Lifespaces' pioneering Special Economic Zone (SEZ) at Mahindra World City, New Chennai.

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of the Company's subsidiaries, Mahindra World City Developers Limited, Mahindra Integrated Township Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Mahindra Infrastructure Developers Limited, Mahindra Technology Park Limited and Mahindra Residential Developers Limited is attached. The consolidated financial statements of the Company prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts. Your Company has received approval from the Central Government granting exemption from attaching the copy of the Balance Sheet, Profit & Loss account, Report of Board of Directors, Report of the Auditors of its subsidiary companies namely, Mahindra World City Developers Limited, Mahindra Integrated Township Limited, Mahindra World City (Jaipur) Limited,

Mahindra World City (Maharashtra) Limited, Mahindra Infrastructure Developers Limited, Mahindra Technology Park Limited and Mahindra Residential Developers Limited with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of a request from any member of the Company interested in obtaining the same. The summary of financial performance of the subsidiaries has been separately furnished forming part of the Annual Report. These documents will also be available for inspection at the registered office of your Company and the registered offices of the respective subsidiary companies during working hours up to the date of the Annual General Meeting.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report, which gives a detailed account of operations of your Company forms a part of this Annual Report.

Corporate Governance

A Report on Corporate Governance along with a certificate from the auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

Corporate Social Responsibility (CSR)

As a socially responsible citizen, the Mahindra Group has contributed not only to the economic well being of the communities it interacts with, but has also enhanced their social well being. Since its inception, the Mahindra Group has always been engaged in activities, which add value to the community around it.

As a part of its commitment to CSR initiatives, your Company, during the year, through Mahindra Foundation — Central CSR fund, made available medical assistance, education assistance and awareness and education on family planning to economically disadvantaged and socially weaker sections of the society.

During the year, your Company sponsored participation of children and staff of “Committed Community Development Trust” Shelter for children at the Mumbai Marathon. Your Company conducted health check-up camps for porters at Bandra and Mumbai Central Railway Stations, for workers at Mahindra Royale site at Pimpri, Pune, and for house keeping and security staff at Mahindra Towers, Delhi. A separate polio camp was conducted for children of workers at Mahindra Royale site at Pimpri, Pune. Your Company participated in “Mahindra Hariyali” — a project for Tree Plantation at “MHASKAL-Titwala”, organised job oriented training for 10 tribal girls and undertook repairs of the children section building of “Asha Sadan”, a rescue home run by Maharashtra State Women’s Council.

Directors

Mr. Anil Harish, Mr. Anand G. Mahindra and Mr. Uday Y. Phadke retire by rotation and being eligible offer themselves

for re-appointment. None of the retiring directors, either on their own or for any other person on a beneficial basis, hold any share in the Company.

Your Directors recommend their appointment.

Very recently Mr. Arun Nanda, Vice-Chairman of your Company has been awarded with “Chevalier de la Legion d’Honneur” (Knight of the Legion of Honour) by the President of the French Republic, Mr. Nicolas Sarkozy. It is the France’s highest decoration and was established by Napoléon Bonaparte, First Consul of the First Republic, on May 19, 1802. This distinction comes as a recognition of his remarkable career in the business community in Mumbai, and for his performance as President of the Indo-French Chamber of Commerce and Industry and the efficiency he has restored in this association.

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 judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 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.

Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants and M/s. B. K. Khare & Co., Chartered Accountants, retire as joint auditors at the forthcoming Annual General Meeting. The members will be required to appoint auditors for the current year and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received written certificates 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.

Deposits and Loans/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review. The details of loans/advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company, are annexed.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

Details of foreign exchange earnings and outgo during the year under review are furnished in the Notes to Accounts.

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and Rules made thereunder

The Company had 10 employees who were in receipt of remuneration of not less than Rs. 2,400,000 during the year ended 31st March, 2008 or not less than Rs.200,000 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 being sent to the shareholders does not include this Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board

Anand G. Mahindra
Chairman

Mumbai, 25th April, 2008

Particulars of loans/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:

Name of the Company	Balance as on 31st March, 2008	Rs. in Lakh Maximum outstanding during the year
Mahindra Integrated Township Limited (formerly known as Mahindra Integrated Township Private Limited and earlier known as Mahindra Intermodal Transportation Private Limited)	3332.00	3332.00
Mahindra World City (Maharashtra) Limited	57.50	57.50

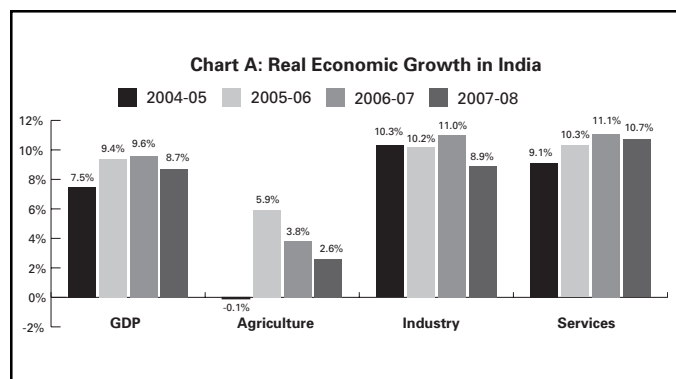
Management Discussion and Analysis Report

Introduction

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces' or 'the Company') is one of India's leading real estate development companies. Earlier known as "Mahindra Gesco Developers Limited", the Company changed its name to "Mahindra Lifespace Developers Limited" during the year to reflect its endeavour of creating homes and commercial spaces in a fresh, healthy and vibrant environment.

Mahindra Lifespaces, through its subsidiary companies, is currently focused on the development of premium residential and large format integrated infrastructure development projects such as industrial parks and SEZs. It is also looking to expand its geographic footprint by leveraging expertise gained in successful implementation of its projects.

The Indian economy is the fourth largest in the world in terms of Purchasing Power Parity (PPP) after US, China and Japan. With rising per capita incomes and strong saving and investment growth rates, India continues to be one of the fastest growing economies of the world. According to the advance estimates released by the Central Statistical Organisation, India's Gross Domestic Product (GDP) grew at 9.0 per cent in 2007-08, taking the Compounded Annual Growth Rate (CAGR) during the last five years to 8.8 per cent. What makes this performance more creditable is that it has occurred in a global economic environment marked with uncertainty following the credit crisis, burgeoning inflation in energy and food, and an impending slowdown of the US and indeed the global economy.



As shown in Chart A, services continued to drive growth during the year, even as there was a marginal slowdown in industry — which grew at 8.6 per cent during 2007-08, versus a CAGR of over 10 per cent during the last four years. The story is similar for construction which grew at 9.8 per cent during 2007-08, as compared to a CAGR of 13.6 per cent during the last four years. Despite this marginally lower growth in 2007-08, construction has grown sufficiently for the sector to now account for 7.3 per cent of India's GDP — up from 5.9 per cent in 2002-03.

This growth performance has increased the disposable income at the hands of households which, in turn, has resulted in an

unprecedented rise in consumer spending. This together with the expectation of an even greater increase in the size of the market in the future, given the increase in the working population that India will witness, has ensured that businesses across the globe are aggressively entering India to benefit from this opportunity. Also, international companies are increasingly looking at India as a manufacturing destination to service other markets, especially in the developed world. Consequently, we are seeing huge investments being made to build up capacities in India. Today, these investments are not limited to a handful of industries, but are spread across sectors in both manufacturing and services.

The last few years have been good for real estate in India. According to estimates, the industry is expected to continue with its high double-digit growth performance over the next three to four years. Although residential projects will continue to occupy the largest share of construction activity, industrial and commercial spaces are expected to be the high growth segments. Major growth sectors will be manufacturing, IT/ITES (Information Technology and IT enabled services), retail, hotels, transport and communication, banking and finance. Given the prohibitive cost of real estate in the major cities, integrated development with adequate infrastructure facilities outside these cities is expected to show buoyant demand.

Recognising this, Mahindra Lifespaces has crafted a strategy to venture into these high growth segments, while at the same time maintaining its thrust on residential projects. In fact, Mahindra Lifespaces is the first private sector company to have developed and operationalised a large format integrated infrastructure project in Chennai, Tamil Nadu, called Mahindra World City.

During the year, the Company has delivered good results. Highlights of Mahindra Lifespaces' financial performance are:

- Total income grew by 35 per cent from Rs.16,325 lakh in 2006-07 to Rs. 21,996 lakh in 2007-08
- Profit Before Tax (PBT) grew by 298 per cent from Rs.2,105 lakh in 2006-07 to Rs.8,378 lakh in 2007-08
- Profit After Tax (PAT) grew by 361 per cent from Rs.1,417 lakh in 2006-07 to Rs. 6,539 lakh in 2007-08
- Diluted EPS increased from Rs.3.81 in 2006-07 to Rs. 16.00 in 2007-08

For the remainder of this report, we will discuss the markets and the opportunity, operational and financial performance of the Company, other key developments, risks and concerns, and the outlook for the future.

Markets and Opportunity

The exceptional performance of the Indian economy discussed earlier has presented the real estate development industry with a tremendous opportunity for growth in all key market segments — residential, integrated infrastructure development, commercial and retail. In line with this, your Company has formulated a growth oriented strategy aimed at benefiting from opportunities arising across these segments with a strong focus on execution and quality.

Residential

The market for residential units in India is expected to remain strong in the next few years. According to the Planning Commission's estimates for the Eleventh Five Year Plan, the number of urban dwelling units is expected to increase from 58.8 million in 2006-07 to 66.1 million in 2011-12 — an annual increase of around 1.5 million units during the period. While a bulk of this demand is expected to come from lower to middle income strata, the demand for premium housing is also expected to increase at a high rate. The key drivers of this growth in demand of residential housing are discussed below.

First, and most important, is the growth in disposable income. There has been a general increase in the level of well being of a large class of consumers. According to the NCAER, India's premier economic research institute, the number of rich households — defined as those with an annual income of over Rs.10 lakh (Rs.1 million or more) — is expected to increase at a CAGR of 22 per cent, from 1.7 million in 2005-06 to 3.8 million by 2009-10. Recent trends in data on income tax assesses in India also corroborates these findings. Between 2003-04 and 2006-07, the latest period for which these data are available, number of individual assesses with income of over Rs.10 lakh more than doubled from 0.5 million to 1.7 million.

Second is related to affordability, or the ability to purchase. The average age of first time buyers of residential property has come down to 32 years, compared to 45 a decade ago. Another important factor in the rise in demand for residential units is the easy availability of finance. Disbursement of loans for the housing sector has increased at a CAGR of 33 per cent from Rs.239 billion in 2001-02 to Rs.1,000 billion in 2006-07. Even with an increase in interest rates for home loans in the last two years, now ruling at 11 per cent, these are still much lower than their highs of 18 per cent in the mid-1990s. Together, these factors have brought about a substantial increase in the affordability of a residential property. In an estimate done by HDFC, home affordability — measured as number of years of income required to own a house — has come down from its peak of 22 years in 1995 to a mere 5 years in 2007.

Third, favourable demographics. India has a population of 1.14 billion, which is expected to continue to grow at 1.1 per cent per annum to reach 1.4 billion by 2026 and eventually cross China in 2030 to become the world's most populous country. By 2010, India will also add close to 50 million people in the age group of 25 to 44, who will increasingly be absorbed in industry and services. According to the National Urban Housing and Habitat Policy 2005, the trend of decreasing employment in the agricultural sector will further intensify in the future. The report estimates that by 2030, share of employment in industry and services will increase from the current levels of 51 per cent to 63 per cent. As a result, average disposable incomes will be considerably higher.

Another positive spill-off of increased employment in industry and services is rapid urbanisation and related behavioural changes in the society, such as the shift from joint families to nuclear families. Average size of households has come down

gradually over the years and is currently close to 5 in urban areas. Urban population in India is expected to grow at 2.7 per cent between 2000 and 2020. With greater urbanisation and migration, one expects further contraction in the family size — hence, demand of a greater number of nuclear families for owning their own homes. Similarly, with rising incomes, there has been greater demand for second homes, especially among the high income groups in metropolitan cities. These changes are expected to have a favourable impact on the market for residential properties.

Integrated Infrastructure Development

Given the buoyant industrial environment in India, the demand for quality infrastructure for the industrial / business sector has been quite robust. Record FDI into the country, the entry of multinationals, the encouraging growth in the manufacturing sector, increased business confidence, have all created strong market for industrial park offerings. These facilities offer the benefits of clustering, integrated development with the provision of quality utility infrastructures, common facilities and support social infrastructure, clubbed with professional maintenance by the developers.

Such industrial parks with all the infrastructure facilities needed for successful business operations are emerging as viable corporate options. For companies engaged in export of goods and services, these industrial parks take the form of Special Economic Zone (SEZ), which is a deemed foreign territory and has additional benefits in terms of exemption from duties, taxes and tariffs. In the last few years, India has witnessed a rush from developers and industrial houses to set up industrial parks and SEZs across industries and regions.

As of March 2008, a total of 453 SEZs have received formal approvals from the government, while another 136 have received in-principle approvals under the new SEZ Act which came into effect in June, 2006. Of the 453 SEZs that have been formally approved, 207 have been already notified. In these notified SEZs, investments worth Rs. 69,350 crore have already been made and they currently employ over 97,993 persons.

Overall, SEZs — including the ones which came into force prior to the new SEZ policy — employed 336,235 persons as on 31 March, 2008. During 2007-08, SEZs exported goods and services amounting to Rs. 66,638 crore — compared to Rs.34,615 crore in 2006-07 and Rs.22,840 crore in 2005-06.

Commercial and Retail

Demand for commercial real estate in large cities has also increased at a very rapid rate in the last few years, driven by favourable business environment in general and heightened activity in sectors such as IT/ITES, BPO (Business Process Outsourcing) and more recently, in organised retail.

IT/ITES continues to be the single most important driver of demand for commercial real estate. Large space requirements of the IT/ITES sector has led to real estate growth being spread beyond the central business district to suburban and peripheral locations of major cities. The industry has grown at CAGR of 25 per cent during the last few years, and this is expected to continue in the near future.

The rise in income levels, easy availability of finance, and changing demographics coupled with changes in lifestyle, tastes and preferences have also led to an explosion in the organised retail market in a variety of formats led by malls and multiplexes. Although most of the retailers are currently concentrated in large metropolitan cities, we are already seeing a fairly rapid expansion into smaller interior cities and towns. Apart from the large domestic corporate groups that have diversified into retail, several global players have also formalised concrete plans to enter the Indian market. These developments will continue to create greater demand for commercial spaces in towns and cities during the next few years. Besides this, considerable incremental demand is expected from other sectors such as banking and finance, hospitality and healthcare.

Mahindra Lifespaces is well poised to benefit from the opportunities presented in all these segments.

In the residential segment, we are an experienced and trusted developer known for our quality and execution. The differentiating factor between Mahindra Lifespaces and other developers in this segment is our guiding principle of 'Customer Centricity' which begins at the conceptualisation of the project and ends with a satisfied consumer moving into the apartment and beyond. Towards achieving this, the Company regularly puts in effort to research and understand customer sensitivities, and then deliver the promised value to create a favourable brand experience. All customer queries and grievances are handled by a dedicated team and escalated to the highest levels to ensure timely and effective redressal. The fact that over 50 per cent of our projects have been marketed through referrals speaks volumes about the quality and the level of trust and confidence that our customers have in the Company.

In the integrated infrastructure development segment, we are one of the very few private players with an established track record. Our SEZ, Mahindra World City, Chennai, is the first industrial park on the Public-Private Partnership (PPP) model. The list of companies that have chosen to establish their facilities at Mahindra World City, Chennai (see the next section), is a testimony to our quality, transparency, professionalism and delivery. By delivering on our promises, we have created a distinct, well respected brand: 'Mahindra World City' in this segment. The Mahindra World City at Jaipur building upon the brand goodwill, has already bagged some prestigious clients, and is scheduled to be operational in 2008-09.

We believe that the expertise developed over the years in implementing large scale projects, especially in large format integrated infrastructure development, provides us with a unique platform to capitalise on the opportunity presented by the market. Our success in securing an international contract to develop a SEZ at Katunayake, close to Bandarnayake International Airport in Colombo, Sri Lanka, is a proof of the successful project execution skills and strengths that we have developed in implementing these large format developments.

In addition, the Company benefits from the 'Mahindra' brand — a name associated with transparency, fairness and trust,

which allows us to position our projects at a premium to the market. We document all our processes, from land procurement to conceptualisation and completion, so as to ensure transparency in all our operations. Over time, this has enhanced our reputation as a professionally managed real estate player. During the year, the Company received the CNBC Awaaz CRISIL Real Estate Awards (2007) for 'Most Transparent Systems'.

Operations

During the year, Mahindra Lifespaces remained on course with its growth strategy to focus on development of residential projects and integrated infrastructure projects. Besides this, the Company has a nominal presence in the independent commercial properties and is also implementing projects in urban infrastructure development.

Residential

The Company's residential project operations span all aspects of real estate development from identification and acquisition of land to conceptualisation, execution and marketing of the projects. It also offers project management services to owners of land to develop and market their properties.

Mahindra Lifespaces is the first residential developer in the country to apply for Leadership in Energy and Environmental Design – Core & Shell (LEED – CS) pre-certification for Green Buildings under the guideline of USGBC (United States Green Building Concept). Four of our projects namely 'Mahindra Eminence', Mumbai, 'Mahindra Splendour', Mumbai, 'Mahindra Royale', Pune, 'Mahindra Chloris', Faridabad are now registered for the prestigious LEED certification for Green Buildings. The Company has signed a Memorandum of Understanding with CII – IGBC (Confederation of Indian Industry-Indian Green Building Council) for feasibility studies of all on-going and future Green Buildings of the Company.

Our residential projects are located in Mumbai, Pune, Gurgaon and Faridabad in the National Capital Region and in the integrated township within Mahindra World City, Chennai. As of 31st March, 2008, the Company has developed 17 residential projects covering 3.79 million square feet. The Company has five ongoing residential projects of 2.15 million square feet and has planned six new residential projects including a JV project, of 4.53 million square feet.

Completed Projects

During 2007-08, Mahindra Lifespaces completed two projects covering 0.78 million square feet. These included 'The Woods', a premium residential project at Wakad near Pune, which consists of duplex-bungalows and apartments covering an area of 0.53 million square feet. This project received three awards — the AESA Gold Award (2008) for best project in group housing category, the Accommodation Times Award (2007) for the project of the year, and the first prize from PCMC for Tree Plantation and Horticulture. Occupation certificates for the project were received towards the end of the financial year and the handing over of possession is currently in progress. The other project which got completed during the

year was the fourth and final phase of your Company's prestigious project 'Central Park' in Gurgaon, in the National Capital Region (NCR) with an area covering 0.25 million square feet. Occupation certificates were received during the year and the handing over of possession is complete.

Ongoing Projects

Other projects which were carried forward from previous year and continue to be at different stages of construction are 'Sylvan County' in the Mahindra World City in Chennai and 'Mahindra Eminente' in Goregaon, western suburb of Mumbai. 'Sylvan County', a premium residential project, is a gated community of bungalows, semi-detached bungalows, and apartments spread over a sprawling 21.2 acre campus covering 0.44 million square feet. 'Mahindra Eminente', a premium high-rise residential complex with Spanish architecture is spread over 5.58 acres covering 0.27 million square feet of saleable area in first phase. The construction work for 'Sylvan County' and the first phase of 'Mahindra Eminente' is at an advanced stage and is expected to be completed in the 2008-09. The Company is also planning the launch of the second phase of 'Mahindra Eminente' soon.

New Projects

During the year, the Company obtained necessary approvals for various projects. This enabled the full-fledged launch of two new projects: 'Mahindra Royale' near Pimpri, Pune, 'Mahindra Splendor' in Bhandup, in the eastern suburbs of Mumbai.

The Company started construction of its prestigious residential project in Pimpri near Pune called 'Mahindra Royale', spread over 8.88 acres covering 0.63 million square feet of saleable area. 'Mahindra Splendor' is spread over 8.46 acres and has a total saleable area of 0.77 million square feet.

Apart from these, more residential projects are under various stages of planning, approvals and launching. These include 'Mahindra Chloris' at Faridabad, Haryana spread over 5 acres with a saleable area of 0.39 million square feet and a project in Palam Vihar in the Delhi NCR region spread over 17 acres with a saleable area of 1.40 million square feet. Mahindra Lifespaces is also planning residential development through a joint venture at Nagpur, spread over 25 acres with a saleable area of 2.0 million square feet. Also through another joint venture between a subsidiary company and Ayala Group of Philippines a residential development over 55 acres at Mahindra World City, Chennai is planned. Besides these, the Company is actively looking for other favourable opportunities in the residential segment.

Integrated Infrastructure Development

Mahindra Lifespaces is the first company in the private sector to have successfully developed an integrated infrastructure park, 'Mahindra World City', in Chennai. It has three sector specific SEZs — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries. Mahindra World

City is spread over 1,400 acres, and was implemented by Mahindra World City Developers Limited, promoted jointly by your Company (together with Group companies) and the Tamil Nadu Industrial Development Corporation Limited with a shareholding in the ratio of 89:11 respectively.

The entire Processing Area in the SEZs and the industrial space in the Domestic Tariff Area (DTA) has been leased / committed to lease, with encouraging participation from 38 renowned corporate houses such as B Braun, BMW, Infosys, Kanbay (now part of Capgemini), Mastek, Mindtree, Tech Mahindra, Timken, TVS group, UCAL, and Wipro. Once fully operational, Mahindra World City, Chennai, is expected to generate employment for approximately 100,000 people.

Buoyed by its success, the Company has extended the project by another 150 acres of land — which is currently being marketed. During the year, the Company also renovated the railway station at Parannur, which is used by employees in the SEZ to commute to work. Following this renovation, the daily traffic has increased substantially.

In its planning, Mahindra World City, Chennai, had allocated 325 acres for the development of residential and social infrastructure that will cater to the requirement of over 6,000 families. The master plan for this development won the American Society of Landscape Architects Honors Award. Currently, the development of the non-processing area is in full swing.

In April, 2008, the Company through its subsidiary 'Mahindra Residential Developers Limited' (MRDL) has entered into a joint venture agreement for residential development with the private equity real estate fund, ARCH Capital Asian Partners, L.P., managed by ARCH Capital Management Company Limited, an affiliate of Ayala Land, the largest and most trusted real estate brand in the Philippines, and the Ayala Corporation. The joint venture will undertake the development of a gated residential community together with support, retail and recreational facilities in approximately 55 acres within Mahindra Lifespaces' pioneering Special Economic Zone (SEZ) at Mahindra World City, New Chennai. MRDL was formed on 1st February, 2008. It became a subsidiary of Mahindra Integrated Township Limited (MITL) and, consequently, the subsidiary of the Mahindra Lifespaces with effect from 5th February, 2008.

Leveraging its expertise in developing large format integrated infrastructure development projects, Mahindra Lifespaces entered into an agreement with the Sri Lankan government during the year to develop a Special Economic Zone (SEZ) at Katunayake in Sri Lanka. The SEZ will be over 52 acres, and be developed for mixed use, including an IT Park. The location of the SEZ has a strategic advantage of being located opposite the Bandarnayake International Airport. This SEZ would bring about development of around 3 million square feet of built-up space, and more importantly, is expected to generate over 35,000 jobs in the country.

Mahindra Lifespaces is developing three more integrated business parks — one in Jaipur, Rajasthan, and two in Maharashtra, namely Karla and Thane.

MAHINDRA LIFESPACE DEVELOPERS LIMITED (formerly Mahindra Gesco Developers Limited)

Mahindra World City, Jaipur, will be a multi-product SEZ spread across 3,000 acres including Domestic Tariff Area of 500 acres. It will be implemented by Mahindra World City (Jaipur) Limited, which is a 74:26 joint venture between your Company and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan Enterprise. During 2007-08, the Company acquired another 1,500 acres of land to take the total tally to 2,500 acres as on 31st March, 2008; and the Company hopes to acquire the balance 500 acres during 2008-09.

In the first phase of the project, the Company has started development work for an IT-zone. During the year, the notified area for the IT zone was increased by a further 195 acres, taking the total notified area of the SEZ to 383 acres. The Company is aggressively marketing this project. Memorandums of Understanding (MoUs) have already been signed with leading companies including Infosys, Nagaro Software, Tech Mahindra, Truworth Infotech, Connection IT Services, Nucleus Software Exports and Deutsche Bank. The Company has also received formal approvals for two more zones: one in Handicrafts spread over 254.68 acres and another for Light Engineering and Auto Components sector spread over 257.74 acres. The Company has started marketing these zones and has already started getting customers. It expects to complete the entire project in the next four to five years.

In Maharashtra, the Company has received in-principle approval to set-up a SEZ at Karla, near Pune. This will also be a multi-product facility spread over 3,000 acres which will be implemented by Mahindra World City (Maharashtra) Limited. During the year, the Company has formalised its joint venture terms with Maharashtra Industrial Development Corporation (MIDC), a Government of Maharashtra undertaking. It has applied for extension of the validity of its in-principle approval granted by the Board of Approvals (BOA), Ministry of Commerce and Industry, Government of India, for setting up the SEZ. The land acquisition for this project has not yet started.

The second SEZ in Maharashtra is being developed in Thane, 30 km north-east of Mumbai, will be focusing on bio-technology and spread across approximately 52 acres. Land for this SEZ is owned and possessed by Mahindra & Mahindra Limited. Your Company will co-develop this project along with Mahindra & Mahindra Limited.

Going forward, the Company has aggressive plans to expand its activities in Maharashtra in the integrated infrastructure development business and in projects other than SEZs, specifically aimed at capturing the capacity expansion programmes of large Indian corporates and multi-national companies from the US, Europe and Japan. This would also allow the Company to distribute and diversify its projects.

For this purpose, your Company formed a subsidiary called Mahindra Technology Park Limited (MTPL) on 16th August, 2007, with the concept of developing an Integrated Township spread over 3,000 acres in Maharashtra. Subject to requisite approvals, the name of this company is proposed to be changed to

“Mahindra Knowledge City Limited”. We are currently in the process of acquiring land for the project.

Commercial and Retail

In the past, Mahindra Lifespaces has developed seven commercial real estate projects covering approximately 1.02 million square feet in Delhi, Mumbai, Pune and Chennai. During 2007-08, the Company sold the commercial premises at Great Eastern Plaza, Bangalore, and at World Trade Centre, Mumbai which were leased out and operated as business centres providing telecommunication and data services. As a part of its restructuring exercise, the Company also liquidated its investment in Knight Frank (India) Private Limited, a property advisory and facilities management company in India.

The Company is currently planning commercial projects inside the existing ‘Great Eastern Gardens’, Mumbai and at Pimpri. While it has a greater focus on developing commercial properties in large format integrated infrastructure projects, the Company always looks at good independent opportunities in this segment.

Infrastructure Development

Your Company implements infrastructure development projects through its subsidiary, Mahindra Infrastructure Developers Limited (MIDL). It is an equity participant in the project consortium implementing the Tirupur Water Supply and Sewerage project. The project is a 30 year ‘Build, Own, Operate and Transfer’ (BOOT) concession for building and managing water supply and municipal sewage collection and treatment systems to serve industrial and domestic consumption in the Tirupur Municipal zone and sixteen adjacent rural areas.

The project consists of a 185 million litres per day water supply scheme, including a 55 kilometre long pipeline from the river Cauvery where the water is drawn; a water treatment plant and 15 million litres per day sewage treatment plant; pumping stations and conveyance facilities. The water supply project is now fully functional and is uninterruptedly supplying high quality water to its consumers. The sewage treatment plant is currently under construction.

Quality

Mahindra Lifespaces strongly believes in quality management system, which is set up as per the requirement of International Standard ISO 9001:2000. This system has been established and maintained to develop, manage, engineer and build projects for its customers. Every Mahindra Lifespaces project bears the stamp of quality and reliability.

A project quality plan has been developed and standardised for all projects to ensure quality at every stage of construction. All inspection checks are done prior to delivery of the final product to our customers. During the year, a ‘Quality Display Station’ was facilitated for customers to know about how their dream home is made. All quality checks done for materials and finished products are displayed at the ‘Quality Display Station’.

During 2007-08, Mahindra Lifespaces won the Golden Peacock National Quality Award (2007) for its Mahindra Royale project. These awards were established by the Institute of Directors (IOD) in 1991 and are considered as a stamp of corporate excellence. The Award affirms Mahindra Lifespaces' brand value of offering healthy living spaces to its patrons.

As a conscientious developer with commitment towards sustainable development, all our new projects are being developed as 'Green Buildings'. Four Projects have been registered under Indian Green Building Council for LEED – CS (Leadership in Energy and Environmental Design – Core & Shell) pre-certification. As a first step towards developing Green Building, feasibility study for LEED certification was conducted for all four projects in Delhi, Mumbai and Pune. Your Company will be the first real estate developer in the country to develop its all-residential projects as LEED – CS Certified Green Buildings.

Going forward, there is a proposal to have technical tie-ups with IIT, SPA, NICMAR for knowledge upgrading, and with the Rustonjee Academy for Global Careers and Research and the ITIs for developing construction supervisors and skilled labour such as masons and plumbers.

Mahindra Lifespaces is planning to apply for ISO 14001:2004 and OHSAS 18001:2007 Certification in 2008-09 for certifying that the best practices in health, safety and environment management are being followed at all of our projects.

Human Resources

Your Company recognises that its people are the key to the success of the organisation in meeting its objectives. During the year, the Company continued its efforts to further align its HR policies, processes and initiatives to meet the needs of the business. Mahindra Lifespaces received the Economic Times Award for Best Employer Branding in 2008.

During 2007-08, the Company organised a Key Result Area (KRA) setting workshop in line with its objective of becoming a performance based organisation. Goals were also introduced for a similar exercise for next year. Another initiative executed by the Company was getting together voluntary cross-functional teams to address pressing issues in operations and suggest implementable solutions and innovative approaches to solve problems.

During the year, Mahindra Lifespaces administered Gallup's reputed survey to assess the current levels of employee engagement and prepare an action plans for the future. The Company also implemented an innovative recognition scheme titled, 'Catalyst: Touch the Sky' to recognise all employees who went the extra mile to complete a task at hand and contribute to its efficient completion. This has been received very well by the employees.

The Company carried out several training and development programmes for its employees during the year. This included a certification programme in MS Project and a two-day orientation towards Quality Control and Quality Assurance,

especially for the quality function. A Mahindra Group initiative for online training programs titled 'Adhyayana Shala' was launched in the year 2007. Fifty users from Mahindra Lifespaces accessed this training portal, which saw a continuous usage of nearly 54 per cent.

The current buoyancy in the real estate industry has made employee retention a major challenge. Recognising this, the Company took a number of measures to arrest overall attrition levels. The Company revised its compensation package twice during the year, including the levels of variable pay to motivate and retain people. The talent management programme introduced during the previous year, which gave exceptional performers an opportunity to move across other sectors within the Mahindra Group of companies, continued during the year. The Company is aggressively encouraging the use of job portals as a cost efficient and effective way of recruiting employees.

As of 31st March, 2008, the Company had 182 employees. Employee relations during the year remained cordial.

Information Technology

In the current business environment, effective use of information technology is important for the competitiveness of any business. In the real estate development industry, where the sites are spread across different, and often widely spread out locations, the role of adequate IT infrastructure becomes even more critical.

Mahindra Lifespaces continuously upgrades its IT infrastructure to enhance the productivity of its employees. During 2007-08, Mahindra Lifespaces formalised its plans to implement an ERP solution across the entire organisation. The Company is currently evaluating its options from different vendors and is looking forward to implement the best suitable ERP system for the organisation during 2008-09. Another IT driven initiative which the Company has embarked on recently is MLDLCONNECT, which will be an intranet and knowledge management portal for Mahindra Lifespaces and its group companies.

During the year, the Company carried out several IT initiatives successfully. All branch and site offices of the Company are now connected through the Virtual Private Network (VPN) system. This includes Mahindra World City sites in Chennai and Jaipur. The Company has also implemented a disaster recovery solution to ensure smooth operations in the event of a mishap.

Capital

For a cyclical business with long gestation periods, especially in the case of large integrated development projects, it is critical to have adequate capital. To strengthen its capital base, the Company had in August, 2007, allotted 3,780,000 warrants to its promoters convertible at the option of the promoters within 18 months, into equal numbers of equity shares at a price of Rs.526 per share. During the previous year, the promoters had exercised their option to convert 2,919,000 warrants into equity shares as a result of which, their

shareholding in the Company, had gone up to 50.03 per cent as of 31st March, 2007.

On 31st January, 2008, the promoters further exercised their option to convert the remaining 861,000 warrants into equity shares. As a result of the conversion, there has been an increase of Rs. 4,076 lakh in the net worth of your Company and the shareholding of the promoters has gone up to 51.08 per cent. Your Company continues to be a subsidiary of Mahindra & Mahindra Limited.

Your Company is currently a zero debt company. We believe that in the current scenario where real estate businesses are resorting to high and unsustainable levels of gearing to benefit from the property boom, financial rectitude sets us apart from our counterparts and will help us generate greater stakeholder value in the longer term.

Financials

Table 1 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited as a standalone entity.

Table 1: Abridged Profit and Loss Statement

	(Rs. lakh)	
	2007-08	2006-07
Operating Income	17,212	15,552
Other Income	4,784	773
Total Income	21,996	16,325
Operating Expenses	11,181	11,981
Other Expenses	2,231	1,543
Financial expenses	9	472
Depreciation	197	224
Total expenditure	13,618	14,220
PBDIT	8,584	2,801
PBDT	8,575	2,329
PBIT	8,387	2,577
PBT	8,378	2,105
Tax	1,839	688
PAT	6,539	1,417
Diluted EPS (Rs.)	16.0	3.8

- Driven by growth in operating incomes and dividend from subsidiary companies, total income of the Company grew by 34.7 per cent from Rs.16,325 lakh in 2006-07 to Rs. 21,996 lakh in 2007-08.
- Operating profits (PBDIT) more than tripled from Rs.2,801 lakh in 2006-07 to Rs.8,584 lakh in 2007-08.
- Cash profits (PBDT) grew at a more impressive rate — from Rs.2,329 lakh to Rs.8,575 lakh.
- Profit Before Tax (PBT) grew by 298 per cent from Rs.2,105 lakh in 2006-07 to Rs. 8,378 lakh in 2007-08.
- Profit After Tax (PAT) grew by 361 per cent from Rs.1,417

lakh to Rs. 6,539 lakh during the same period. As a result, diluted EPS increased from Rs.3.8 in 2006-07 to Rs.16.0 in 2007-08.

With this performance, there has been a substantial improvement in the Company's profitability. Table 2 compares the profitability ratios for 2006-07 and 2007-08.

Table 2: Indicators of Profitability

	2007-08	2006-07
PBDIT/Total income	39.03%	17.16%
PBDT/Total income	38.98%	14.27%
PBT/Total income	38.09%	12.89%
PAT/Total Income	29.73%	8.68%

As mentioned earlier, Mahindra Lifespaces continues to be a zero-debt company. Surplus funds generated during the year have been invested in credit worthy instruments, including money market mutual funds and deposits with banks. The Company has enough financial strength to undertake new projects and benefit from opportunities that arise in its areas of operation.

Threats, Risks and Concerns

Given the general rise in inflation levels, the Reserve Bank of India is following a tight monetary policy which has reduced the liquidity in the market and hardened interest rates. As a result, cost of home loans has increased and is now in the range of 11-13 per cent. Non-availability of bank finance for purchase of land and stricter risk weightage and provisioning norms for financing construction costs are concerns for the industry. Similarly, the inflationary situation in the market for key construction inputs such as energy, cement and steel continues to be a cause for concern. Non-availability of skilled labour poses similar risks for efficient operation of the Company.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, to ensure efficient and on-time execution of projects and to keep in check the impact of inflation, the Company is planning to test a new contract model. The objective is to have reputed contractors for construction and let the Company focus on development. Regarding the shortage of skilled manpower, the Company is looking to tie-up for training programmes with local training institutes and ITIs.

Poor availability of land and high prices are another cause of concern. This problem is accentuated as this is an industry which has traditionally been quite unorganised and marred with myriad of laws and regulations that vary considerably from one state to another. Moreover, many developers in the industry are now facing pressure to service and develop properties due to their high carrying cost. Mahindra Lifespaces has always had a policy of being judicious and objective in the purchase of land, which has insulated it from these risks.

Although the situation has cooled-off and is considerably better than it was in 2006-07, another area of concern for the Company is the uncertainty associated with SEZs. Mahindra

Lifespaces, with its approach towards acquisition of land and processes in developing the projects, has never faced any problems in this context. Even so, the Company is looking to diversify into industrial parks targeted at the domestic markets, which is high on its future growth agenda. We strongly believe that only those developments which are conceived at good locations and are clearly focused on industrial infrastructure development within an integrated framework will stand the test of time as against pure-play real estate focused developments. This approach has been validated at Mahindra World City, Chennai and will be extended to our new projects.

Internal Controls

The Company has an adequate system of internal controls commensurate with its nature of business and scale of operations.

The internal audit activity is carried out by internal auditors, who undertake the audit programme in accordance with the guidance of the Audit Committee of the Board. These reports are discussed with the management and are placed before the audit committee periodically.

Outlook

In spite of a minor correction that we foresee during the next year or two, we expect that the economy will continue to perform well. We believe that the fundamentals of the Indian real estate markets are sound, and will generate robust, long term excess demand. We also believe that the real estate markets where we have substantial exposure — premium

residential properties and large format integrated development in industrial parks — would continue to perform well.

The Company is well poised to benefit from this opportunity. During 2008-09, your Company's focus will continue to be in the residential segment, where we have taken up new projects. It will be our endeavour to execute them in a professional and time-bound manner, and expand our presence through new launches. The Company sees huge opportunities in developing integrated infrastructure in industrial parks. During 2008-09, Mahindra Lifespaces expects to formalise and start implementing new projects in this area. However, given the long gestation period associated with these projects, the diversification that we hope to achieve in our project portfolio will happen over a period of time.

The Company's outlook for 2008-09 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 labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Corporate Governance Report

1. Corporate Governance Philosophy

The Company is committed to good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising in any way compliance with the laws and regulations.

The Company believes that good governance brings about sustained corporate growth and long-term benefits for stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to the Company in March 2001 and have been fully complied with since then. As a Company which believes in implementing corporate governance practices that go beyond meeting the letter of law, the Company has adopted practices mandated in revised Clause 49 and has established procedures and systems to remain fully compliant with it as on 31st March, 2008.

This chapter, along with the chapter on Additional Shareholders Information reports the Company's compliance with the Clause 49 as amended.

2. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Company has a non-executive Chairman and more than one-third of the total number of Directors are independent. The number of non-executive Directors is more than 50 per cent of the total number of Directors. None of the Director is related to any other Director. The Management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Managing Director & Chief Executive Officer 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.

Mr. Anand G. Mahindra, Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Hemant Luthra, non-executive Directors of the Company are in the whole-time employment of the holding Company, Mahindra & Mahindra Limited and draw 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 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, Subsidiaries and Associates which in their judgement would affect their independence.

The Senior Management has 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.

a) Number of Board Meetings

Four Board meetings were held during the year under review, 1st April, 2007 to 31st March, 2008, on the following dates: 25th April, 2007, 24th July, 2007, 27th October, 2007 and 29th January, 2008. The maximum gap between any two meetings did not exceed four months.

b) Composition, Status, Attendance at the Board Meetings and at the last AGM

As on 31st March, 2008, the Company's Board comprised eight members. The Chairman of the Board and three other members are Non-executive - Non-independent Directors. The Managing Director is an executive of the Company while remaining three members are independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below:

Name of the Director	Status	No of Board Meetings		Attendance at the last AGM @
		Held	Attended	
Mr. Anand G. Mahindra Chairman	Non-executive	4	2	Yes
Mr. Arun Nanda Vice-Chairman	Non-executive	4	4	Yes
Mr. Uday Y. Phadke	Non-executive	4	4	Yes
Mr. Hemant Luthra	Non-executive	4	3	No
Mr. Sanjiv Kapoor	Independent	4	4	Yes
Mr. Shailesh Haribhakti	Independent	4	4	Yes
Mr. Anil Harish	Independent	4	3	No
Mr. Pawan Malhotra*	Executive (Managing Director & Chief Executive Officer)	4	2	Yes

@ The Eighth Annual General Meeting was held on 17th September, 2007.

* Appointed as an Additional Director on 25th April, 2007 and appointed as Managing Director & Chief Executive Officer of the Company with effect from 11th June, 2007.

c) Details of Directorships / Committee Memberships* as of 31st March, 2008

As mandated by Clause 49, none of the Directors is a member of more than ten Board level Committees nor is any of them a Chairman of more than five committees in which they are members. The number of Directorships and Committee positions held by them in Public companies are given below:

Name of the Director	Director of Public Companies	Membership in Committee**	Chairmanship in Committee**
Mr. Anand G. Mahindra (Non-executive Chairman)	13	1	—
Mr. Arun Nanda (Non-executive Vice-Chairman)	15	7	4
Mr. Uday Y. Phadke (Non-executive Director)	11	8	2
Mr. Hemant Luthra (Non-executive Director)	9	2	—
Mr. Sanjiv Kapoor (Independent Director)	3	2	2
Mr. Shailesh Haribhakti (Independent Director)	14	9	4
Mr. Anil Harish (Independent Director)	15	9	4
Mr. Pawan Malhotra (Managing Director & Chief Executive Officer)	8	2	—

* Including Directorship/Committee Memberships in Mahindra Lifespace Developers Limited as of 31st March, 2008.

** Committees considered are Audit Committee and Shareholders' Grievance Committee including that in Mahindra Lifespace Developers Limited.

d) Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every Meeting on the overall performance of the Company. A detailed operations report is also presented at every Board Meeting. Amongst other things, the Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of

Non-executive Directors, compliance with statutory/regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investor's grievances, minutes and significant transactions of subsidiary companies, investment and exposure limits, use of capital issue proceeds, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of Directors of the Board, etc.

3. Notes on Directors seeking Appointment/ Re-Appointment

Mr. Anil Harish, Mr. Anand G. Mahindra and Mr. Uday Y. Phadke retire by rotation and being eligible offer themselves for re-appointment.

Mr. Anil Harish

Mr. Anil Harish graduated in Arts (Hons), did his L.L.B. and then went to USA to pursue L.L.M. Mr. Harish is partner of M/s D. M. Harish & Co. Advocates. Mr. Harish is Director of several Private and Public Companies and has written articles for various magazines. An authority on various topics related to real estate, taxation and collaboration, he has addressed various seminars, at both national as well as international levels. He is a member of committees of SILF (Society of Indian Law Firms) and was a member of the Managing Committee of the ITAT Bar Association. He is President of Hyderabad (Sind) National Collegiate Board.

Mr. Harish is on the Board of Mahindra Lifespace Developers Limited, Valecha Engineering Limited, Hinduja Ventures Ltd (formerly known as Hinduja TMT Limited), K. C. Maritime (India) Limited, Advani Hotels & Resorts (India) Limited, Hotel Leela Venture Limited, Mukta Arts Limited, Unitech Limited, Pantaloon Retail (India) Limited, Ador Welding Limited, Galaxy Entertainment Corp. Limited, Mantri Chandak Construction Limited, HTMT Global Solutions Limited (formerly HTMT Technologies Limited), Pride Hotels Limited, Futures Ventures India Limited, Trans Atlantic Consultants Pvt. Limited, Trans Atlantic Trading Pvt. Limited, Sherbrook International Pvt. Limited, Quantum Advisors Pvt. Limited, Helpyourngo.com (India) Pvt. Limited, Freight Connection (India) Pvt. Limited, Torm Shipping India Pvt. Limited (formerly Orinoco Marine Consultancy India Pvt. Limited), Eurasia Travel Services Pvt. Limited, Paramount Shipping & Management Pvt. Limited, Bernhard Schulte Shipping (India) Pvt. Limited, Eurasia Maritime Management (India) Pvt. Limited, Cenmar Maritime Agencies (India) Pvt. Limited, Loire Marine Services Pvt. Limited, Blue Rose Invnt.Pvt.Limited, Ge Seaco India Pvt. Limited, Bharti AXA Investment Managers Pvt. Limited, Oasis Preprint Services Pvt. Limited, Mordril Properties(India) Pvt. Limited

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Mr. Harish is on the Committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Audit Remuneration Capital Issue	Member Member Member
Valecha Engineering Limited	Audit	Member
Hinduja Ventures Limited	Audit	Chairman
Hotel Leela Venture Limited	Audit Committee of Director for Issue of Shares	Member Member
Mukta Arts Limited	Audit	Member
Unitech Limited	Audit	Member
Pantaloon Retail (India) Limited	Remuneration	Member
Ador Welding Limited	Audit	Chairman
HTMT Global Solutions Limited	Audit Compensation Investor Grievance	Chairman Chairman Chairman

Mr. Anand G. Mahindra

Mr. Anand G. Mahindra, Chairman, graduated from Harvard College, Cambridge, Massachusetts, Magna cum Laude (High Honours). In 1981 he secured an MBA degree from the Harvard Business School, Boston, Massachusetts. He returned to India that year and joined Mahindra Ugin Steel Company Ltd (MUSCO), the country's foremost producer of specialty steels, as Executive Assistant to the Finance Director. In 1989 he was appointed President and Deputy Managing Director of the company.

During his stint at MUSCO, he initiated the Mahindra Group's diversification into the new business areas of real estate development and hospitality management.

In the summer of 1991, he was appointed Deputy Managing Director of Mahindra & Mahindra Limited, the country's dominant producer of off-road vehicles and agricultural tractors. He has since been engaged in a comprehensive change programme in Mahindra & Mahindra Limited to make the company an efficient and aggressive competitor in the new liberalised economic

environment in India. In April, 1997, he was appointed Managing Director of Mahindra & Mahindra Limited and in January, 2001 given the additional responsibility of Vice Chairman.

Mr. Mahindra was a co-promoter of Kotak Mahindra Finance Limited, which in 2003 was converted into a bank. Kotak Mahindra Bank is one of the foremost private sector banks today.

Mr. Mahindra frequently shares his views and ideas on Indian economy and business through his writings in some of India's leading business magazines.

Mr. Mahindra is the recipient of the following awards:

- 'Knight of the Order of Merit' by the President of the French Republic.
- Rajiv Gandhi Award 2004 for outstanding contribution in the business field.
- 2005 Leadership Award from the American India Foundation for his, and the Mahindra Group's commitment to corporate social responsibility.
- Person of the Year 2005 from Auto Monitor.
- CNBC Asia Business Leader Award for the year 2006.
- The Most Inspiring Corporate Leader of the Year 2007 from NDTV Profit.
- Business Man of the Year 2007 from Business India.

Mr. Mahindra is the co-founder of the Harvard Business School Association of India, an association dedicated to the promotion of professional management in India. The association has grown substantially over the years. He is Past President 2003-04 of the Confederation of Indian Industry and has also been President of the Automotive Research Association of India (ARAI).

Mr. Mahindra is a Director of The National Stock Exchange of India Limited appointed under the "Public Representatives" category.

He takes a keen interest in matters related to education and apart from being a Trustee of the K.C. Mahindra Education Trust, which provides scholarships to students, he is also on the Board of Governors of the Mahindra United World College of India. Mr. Mahindra is the Founder Chairman of the Mumbai Festival, which was launched in January, 2005. The event was the first comprehensive festival to celebrate the rich cultural diversity of the city.

He is the Co-Chairman of the International Council of the Asia Society, New York.

Mr. Mahindra is a Member of Harvard Business School - Asia-Pacific Advisory Board, Harvard Business School - Member of the Board of Dean's Advisors, Harvard University Asia Centre - Advisory Committee, Asia Business Council, National Sports Development Fund (NSDF), Government of India - Council and Executive Committee, The Nehru Centre, Mumbai - Executive

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Committee, National Council of Applied Economic Research, National Institute of Bank Management, Pune - Governing Board

Mr. Anand Mahindra is on the Board of Mahindra Lifespace Developers Limited, Mahindra & Mahindra Limited, National Stock Exchange of India Limited, Mahindra UGINE Steel Co. Limited, Mahindra Intertrade Ltd. Mahindra & Mahindra Financial Services Limited, Mahindra Sona Limited, Mahindra Holdings & Finance Limited, Tech Mahindra Limited (Formerly known as Mahindra-British Telecom Limited), Kotak Mahindra Bank Limited, First Choice Wheels Limited (formerly known as Automartindia Limited), Mahindra International Limited, Mahindra Forgings Limited (Formerly Mahindra Automotive Steels Limited), Mahindra Holdings Limited, Avion Aerosols Pvt. Limited, MW.Com India Pvt. Limited, M.A.R.K. Hotels Pvt. Limited, Angular Constructions Pvt. Limited, Bristlecone Limited Cyman Islands, Mahindra (China) Tractor Co. Limited, Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc), Prana Holdings Inc.

Mr. Mahindra is on the committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra and Mahindra Limited	Share Transfer & Shareholders/ Investor Grievance	Member
	Loans & Investment	Member
	Research & Development	Member
	Remuneration	Member
Mahindra UGINE Steel Company Limited	Remuneration	Member
Mahindra & Mahindra Financial Services Limited	Compensation	Member
Kotak Mahindra Bank Limited	Remuneration	Chairman
Mahindra International Limited	Remuneration	Member
Mahindra Forgings Limited		

Mr. Uday Y. Phadke

Mr. Uday Phadke joined Mahindra & Mahindra in 1973. He is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and has a Bachelor's degree in Commerce and Law.

Mr. Phadke has in Mahindra & Mahindra held positions of the 'Treasurer' and the 'Controller of Accounts' before becoming Financial Controller in August, 1997, Executive Vice President in May, 2001 and President in 2005. He is a member of the Management Board (Reconstituted as "Group Management Board" in October, 2005) since April, 1999. He assumed additional responsibility of President – Financial Services later in October, 2007.

Mr. Phadke has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce and Industry and on the Accounting Standards of Board of the Institute of Chartered Accountants of India. He is also a Member on the 'National Committee on Professional Services'. He is a Member of the Working Group on "Employee Benefits" constituted by the International Accounting Standards Board.

Mr. Phadke is on the Board of various Group companies such as Mahindra Lifespace Developers Limited, Mahindra Holdings & Finance Limited, Mahindra & Mahindra Financial Services Limited, Mahindra Holidays & Resorts (India) Limited, Mahindra Gujarat Tractor Limited, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Mahindra Automotive Limited, Mahindra Holdings Limited, Mahindra Rural Housing Finance Ltd, Mahindra Renault Pvt. Limited, Mahindra & Mahindra South Africa (Pty) Limited

Mr. Phadke is on the committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Audit	Member
	Loans & Investment Capital Issue	Member
Mahindra Holdings & Finance Limited	Audit	Member
Mahindra & Mahindra Financial Services Limited	Share Transfer and Shareholders/ Investor Grievance	Chairman
	Remuneration	Member
	ALCO Committee	Member
Mahindra Holidays & Resorts (India) Limited	Loans & Investment	Member
	Audit	Member
	Remuneration	Member
Mahindra Gujarat Tractor Limited	Share Transfer and Shareholders/ Investor Grievance	Member
	Audit	Chairman
Mahindra World City (Jaipur) Limited	Capital Issue	Member
	Remuneration	Member
	Loans & Investment	Member
Mahindra World City (Maharashtra) Limited	Capital Issue	Member
Mahindra Holdings Limited	Audit	Member
Mahindra Renault Private Limited	Audit	Chairman
	Remuneration/ Compensation	Member

4. Remuneration paid to Directors

Remuneration Policy

The Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board meetings as well as Committee meetings. The remuneration of the Managing Director & Chief Executive Officer is subject to approval of the Remuneration Committee, Board and shareholders at the Annual General Meeting, and is within the ceilings laid down under the Companies Act, 1956. The Board determines the remuneration, if any, of Non-executive Directors, subject to requisite approvals.

Detailed information of Directors' remuneration for the year 2007-08 is set forth below:

(Rs. in lakh)

Name of the Director	Category	Sitting Fees	Salary and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. Anand G. Mahindra Chairman	Non-Executive	(Note 1)	Nil	Nil	Nil
Mr. Arun Nanda Vice-Chairman	Non-Executive	(Note 1)	Nil	Nil	Nil
Mr. Uday Y. Phadke	Non-Executive	(Note 1)	Nil	Nil	Nil
Mr. Hemant Luthra	Non-Executive	(Note 1)	Nil	Nil	Nil
Mr. Sanjiv Kapoor	Independent	Rs.1.30	Nil	Nil	Rs.1.30
Mr. Shailesh Haribhakti	Independent	Rs.1.50	Nil	Nil	Rs.1.50
Mr. Anil Harish	Independent	Rs.1.10	Nil	Nil	Rs.1.10
Mr. Pawan Malhotra Managing Director & Chief Executive Officer (Note 5)	Executive	Nil	Rs. 48.61	Rs.6.36	Rs. 54.97

Notes :

1. Non-Executive & Non-independent Directors and the Managing Director & Chief Executive Officer are not in receipt of sitting fees for attending meetings of the Board / Committees of the Board of Directors of the Company.
2. Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
3. The Company has not advanced any loans or granted any stock options to any of its Directors during the year.
4. No commission was paid to any of the Directors.
5. Salary includes
 - a. Salary and Allowances of Rs. 45.01 lakh
 - b. Perquisites of Rs. 3.60 lakh
 - c. The Company has not made any payment on account of performance pay during the year.
6. The nature of employment of the Managing Director and Chief Executive Officer with the Company is contractual and can be terminated by giving one months notice from either party. The contract does not provide for any severance fees.

Shares and Convertible Instruments held by Directors

Mr. Anil Harish, Mr. Anand G. Mahindra and Mr. Uday Y. Phadke, non-executive retiring directors do not hold any shares in the Company either on their own or for any other person on a beneficial basis. Mr. Pawan Malhotra's spouse holds 10 shares in the Company jointly with

Mr. Pawan Malhotra. Mr. Arun Nanda holds 15,000 Shares and his spouse jointly with Mr. Arun Nanda holds 600 shares in the Company. No other Director holds any shares and / or convertible instruments in the Company.

5. Committees of the Board

Audit Committee

The Audit Committee of the Company presently comprises of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Mr. Anil Harish and one Non-executive - Non-independent Director, Mr. Uday Y. Phadke.

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of their fees.
- Review of the internal control systems with the management, internal auditors and statutory auditors.
- Review with the management, the annual financial statements before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements.
- Review the adequacy of internal audit function, significant internal audit findings and follow-ups thereon.
- Review Management Discussion and Analysis.
- Review Material Individual Transactions with related parties not in normal course of business or which are not on an arms length basis.
- Review financial statements and investment of unlisted subsidiary companies.

Mr. Sanjiv Kapoor is the Chairman of the Committee. During the year under review seven meetings of the Committee were held on 25th April, 2007, 18th June, 2007, 24th July, 2007, 27th October, 2007, 29th January, 2008, 21st February, 2008 and 24th March, 2008. The maximum gap between any two meetings did not exceed four months. Mr. Uday Y. Phadke and Mr. Shailesh Haribhakti attended seven meetings, Mr. Anil Harish and Mr. Sanjiv Kapoor attended five meetings. Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 17th September, 2007.

The Vice-Chairman, the Managing Director & Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Internal and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

All the members of the Audit Committee possess strong accounting/financial management knowledge.

Shareholders & Investors Grievance Committee

The Shareholders and Investors Grievance Committee of the Company comprises of two non-executive Directors, viz; Mr. Arun Nanda and Mr. Hemant Luthra. Mr. Arun Nanda is the Chairman of the Committee.

The Committee's objective is to attend to investors' complaints pertaining to transfers / transmission of shares, non-receipt of dividend / interest, and any other related matter.

Remuneration Committee

The Remuneration Committee of the Company comprises of three independent Directors, viz. Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Mr. Anil Harish and one Non-executive - Non-independent Director Mr. Arun Nanda. Mr. Sanjiv Kapoor is the Chairman of the Committee.

The terms of reference of the Remuneration Committee, inter-alia consists of the determination of the remuneration payable to the executive Directors, recommendation for appointment / re-appointment of the executive Directors, revision in the remuneration of the existing executive Directors of the Company from time to time, recommendations on grant of Employee Stock Options, etc.

During the year under review four meetings were held on 25th April, 2007, 24th July, 2007, 27th October, 2007 and 29th January, 2008 and one Circular Resolution was passed on 27th December, 2007.

Mr. Arun Nanda, Mr. Sanjiv Kapoor and Mr. Shailesh Haribhakti attended all the meetings and Mr. Anil Harish attended three meetings.

Loans & Investment Committee

The Loans & Investment Committee of the Company comprises three non-executive Directors, viz; Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Hemant Luthra.

The Committee's objective is to finalize within the parameters set by the Board, the terms on which the borrowings / investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee. During the year under review four meetings of the Committee were held on 1st June, 2007, 15th June, 2007, 15th February, 2008 and 13th March, 2008. Mr. Nanda, Mr. Phadke and Mr. Luthra attended all the meetings.

Capital Issue Committee

The Capital Issue Committee of the Company consists of three non-executive Directors i.e. Mr. Arun Nanda, Mr. Hemant Luthra, Mr. Uday Y. Phadke, one independent Director Mr. Anil Harish and the Managing Director, Mr. Pawan Malhotra.

The terms of reference of the Committee authorizes the Committee to decide within pre-determined parameters, matters related to issue and allotment of securities from time to time including delegation of powers to any member(s) / sub-committee of the Committee.

The Committee met once during the year on 31st January, 2008.

Mr. Arun Nanda, Mr. Hemant Luthra, Mr. Uday Y. Phadke, and Mr. Pawan Malhotra attended the meeting.

6. General Shareholder Information

• Ninth Annual General Meeting

Day / Date : Monday, 28th July, 2008

Time : 3.00 p.m.

Venue : Y.B. Chavan Centre,
Gen. Jagannathrao Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai 400 021.

• Details of Annual/Extraordinary General Meetings held during past three years

Year	Date	Time	Venue
2005	10th August, 2005 6 th AGM	3.00 p.m	Y B Chavan Centre, Mumbai
2006	21st July, 2006 7 th AGM	3.00 p.m	Y B Chavan Centre, Mumbai
2007	17th September, 2007 8 th AGM	3.00 p.m	Y B Chavan Centre, Mumbai

• Details of special resolutions passed in Annual / Extraordinary General Meetings held during past three years

6 th AGM 10th August, 2005	<ul style="list-style-type: none"> For increasing the limit of investment by FII's including their sub-accounts in the equity shares of the Company upto 30% of the paid-up equity share capital of the Company
7 th AGM 21st July, 2006	<ul style="list-style-type: none"> For Appointment & remuneration of Managing Director subject to the approval of the Central Government For Issue of Shares to Qualified Institutional Buyers pursuant to the provisions of Sections 81 (1A) of the Companies Act, 1956 and pursuant to the provisions of Chapter XIII-A of

8th AGM 17th September, 2007	the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 [SEBI (DIP) Guidelines].
	<ul style="list-style-type: none"> For Issue of Warrants pursuant to the provisions of Sections 81 (1A) of the Companies Act, 1956 and pursuant to the provisions of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 [SEBI (DIP) Guidelines].
	<ul style="list-style-type: none"> For Further Issue of Capital pursuant to the provisions of Sections 81 (1A) of the Companies Act, 1956.
	<ul style="list-style-type: none"> For (a) Employees Stock Option Scheme (ESOS) to the Employees of the Company and (b) ESOS to employees / Directors of Holding / Subsidiary Companies pursuant to Sections 79A, 81 and other applicable provisions of the Companies Act, 1956 and the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
	<ul style="list-style-type: none"> For Change in name of the Company from "Mahindra Gesco Developers Limited" to "Mahindra Lifespace Developers Limited", subject to the provisions of Section 21 of the Companies Act, 1956 and the approval of the Registrar of Companies For Appointment & remuneration of Managing Director For Modification to Employees Stock Option Scheme w.r.t. the Fringe Benefit Tax (FBT)

No Extraordinary General Meeting (EGM) was held during the last three years. No special resolution was passed last year through postal ballot. No special resolution is proposed to be conducted through postal ballot.

• Dates of Book Closure

Monday, 21st July, 2008 to Monday, 28th July, 2008
(both days inclusive)

• Dividend Payment Date

On or after 29th July, 2008

• Financial Year

The financial year covers the period from 1st April, 2007 to 31st March, 2008

• Financial reporting for 2008 – 09 (Tentative)

The First Quarter Results – 30th June, 2008	By end of July, 2008
The Half Yearly Results – 30th September, 2008	By end of October, 2008
Third Quarter Results – 31st December, 2008	By end of January, 2009
Approval of Annual Accounts 31st March, 2009	By end of April, 2009

• Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to the Stock Exchanges for the period upto 31st March, 2009.

• Mahindra Lifespace Developers Limited's (MLDL) Stock Exchange Codes

BSE	532313
NSE	MAHLIFE
Demat ISIN in NSDL and in CDSL for Equity Shares	INE813A01018

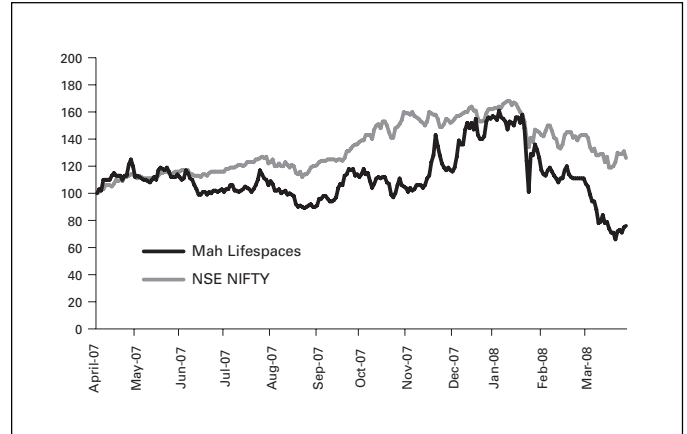
• BSE and NSE – Monthly High / Low and Volumes

Year	Month	BSE			NSE		
		High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
2007	April	706.90	520.95	5500956	707.80	519.00	10732096
2007	May	668.00	570.00	3593775	669.85	556.70	8141708
2007	June	647.10	510.25	3704801	648.00	520.00	8237159
2007	July	638.50	541.00	4005896	639.85	541.00	8959449
2007	August	575.00	475.00	1931182	576.90	472.25	2451502
2007	September	667.80	503.05	3619244	667.00	499.00	6412200
2007	October	655.95	515.00	1681533	658.70	506.05	4077457
2007	November	814.70	547.50	1356052	814.70	542.15	3432334
2007	December	860.00	645.25	1891854	860.25	644.05	4846299
2008	January	907.00	435.00	2059633	906.00	400.00	6151811
2008	February	660.00	555.20	481802	699.00	558.00	1656566
2008	March	566.00	336.00	614392	573.00	336.10	2120269

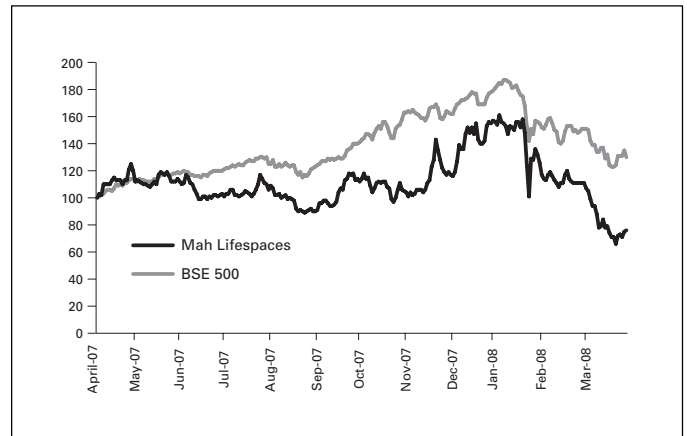
• Performance in comparison to BSE – Sensex, NSE Nifty and BSE 500 Index,

Year	Month	MLDL's Share's Closing Prices on the last trading day of the 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
2007	April	609.80	13872.37	4934.46	5311.03
2007	May	597.40	14544.46	5185.95	5646.90
2007	June	555.40	14650.51	5223.82	5781.37
2007	July	579.15	15550.99	5483.25	6063.20
2007	August	518.65	15318.60	5411.29	5950.11
2007	September	618.60	17291.10	6094.11	6773.54
2007	October	548.65	19837.99	7163.30	7785.22
2007	November	642.55	19363.19	6997.60	7865.98
2007	December	843.45	20286.99	7461.48	8592.43
2008	January	615.55	17648.71	6245.45	7160.03
2008	February	570.50	17578.72	6356.92	7108.12
2008	March	413.20	15644.44	5762.88	6597.44

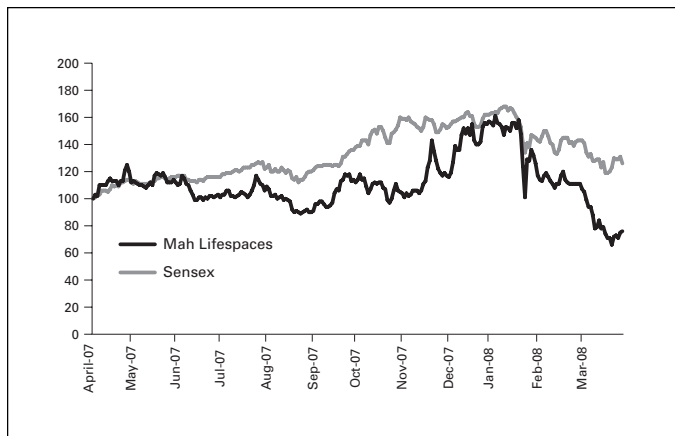
Note: Share prices and BSE Sensex, NSE Nifty and BSE 500 indexed to 100 as on the first working day of the financial year 2007-08 i.e. 2nd April, 2007



Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 2nd April, 2007.



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 2nd April, 2007.



Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 2nd April, 2007.

- **Registrar and Share Transfer Agents**
Sharepro Services (India) Pvt. Limited
Registered Office
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai – 400 099.
Tel : 28329828, 67720300, 67720351
Fax : 28375646
[E-mail:sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

Investor Relation Centre

Sharepro Services (India) Pvt. Limited
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400021.
Tel : 66134700

- Share Transfer System**

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. With a view to expediting the process of share transfers, Mr. Suhas Kulkarni, Company Secretary has been authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer provided that the transferee does not hold 100,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2008

No. of Equity shares	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
1 - 100	81966	91.48	1827590	4.48
101 - 200	3917	4.37	582413	1.43
201 - 300	1310	1.46	332430	0.81
301 - 400	617	0.69	220678	0.54
401 - 500	532	0.59	250952	0.62
501 - 1,000	713	0.80	524993	1.29
1,001 - 2,000	265	0.30	384784	0.94
2,001 - 3,000	85	0.10	211749	0.52
3,001 - 4,000	44	0.05	157789	0.38
4,001 - 5,000	28	0.03	127230	0.31
5,001 - 10,000	36	0.04	258130	0.63
10,001 & above	85	0.10	35929612	88.05
Total	89598	100.00	40808350	100.00

- Shareholding Pattern as on 31st March, 2008**

Category	No. of Equity shares held	% of shareholding
Promoters	20846126	51.08
Insurance Companies & Banks	472076	1.16
UTI and Mutual Funds	3976330	9.74
FII's	8683100	21.28
NRIs/OBC/GDR	319211	0.78
Domestic Companies	1724884	4.23
Resident Individuals	4786623	11.73
Total	40808350	100.00

- Dematerialisation of Shares**

As of 31st March, 2008 - 39,906,283 shares (97.79%) of total equity capital were held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

- Outstanding GDRs/ ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity**

As of 31st March, 2008 outstanding GDR's represent 118,370 equity shares. Since the underlying Equity Shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the Equity Share Capital of the Company.

- Offices of the Company**

Registered Office:

5th Floor, Mahindra Towers
Worli, Mumbai - 400 018
Tel: 022-24929353/54

Branch Offices:

- Mahindra Towers, 2A, Bhikaji Cama Place, New Delhi -110 066
Tel: 011-26173787/26194977
- City Point, 2nd Floor, Office No. 215-A, B & C Boat Club Road, Pune-411 001, Maharashtra
Tel: 95-20-66010142 / 43, 26114471, 26113198
- The Canopy, II Floor, Unit.No-II Mahindra World City Special Economic Zone, Natham Sub P.O, Near Parnur Rly Station Chengelpet-603002, Tamilnadu
Tel : 044-43510000

Shareholders may correspond with the Company at its Registered Office and / or with the Registrars and Share Transfer Agents, Sharepro Services (I) Pvt. Limited

- Compliance Officer**

Mr. Suhas Kulkarni
Vice President – Legal & Company Secretary
Mahindra Lifespace Developers Limited
5th Floor, Mahindra Towers
Worli, Mumbai - 400 018
Tel : 022-24929353
Fax : 022-24975084
E-mail : sk@mahindralifespaces.com

- Company's investor email ID**

investor@mahindralifespaces.com

- Company's website**

www.mahindralifespaces.com

- **Status of Investors Complaints received during the period 1st April, 2007 to 31st March, 2008**

1. Number of complaints received from the investors comprising of Non-receipt of Dividend, Non-receipt of Shares lodged for transfer, Non-Receipt of Annual Report, etc.	14
2. Number of complaints resolved	14
3. Complaints Pending as at 31st March, 2008	Nil
4. Number of Share transfers pending for approval as at 31st March, 2008	Nil

There are no pending complaints as on 31st March, 2008.

- 7. **Disclosure of Accounting Treatment**

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

- 8. **Materially Significant Related Party Transactions**

During the financial year 2007-08, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Further details of related party transactions are presented in Note No. 19 in Schedule 21 to Annual Accounts of the Annual Report.

- 9. **Compliance with Clause 49**

- **Mandatory Requirements**

As of 31st March, 2008, the Company is fully compliant with all applicable mandatory requirements of the revised Clause 49.

- **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".
- The financial statements of the Company are unqualified.
- The Company has not adopted other non-mandatory requirements.

- 10. **Other Disclosures**

- **Details of Non-compliance Relating to Capital Markets**

The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related

to capital market since the listing of the Company's equity shares.

- **Code of Conduct**

The Board of Directors of the Company has laid down two separate Codes of Conduct - one for Directors and other for Senior Management and Employees. These codes are posted on the Company's website, www.mahindralifespaces.com.

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect is annexed to this report.

- **Code for Prevention of Insider-Trading Practices**

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violations.

- **Risk Assessment and Minimisation** procedures are in existence and are reviewed periodically.

- **Material Non-listed Indian Subsidiary Company**

Mahindra World City Developers Limited, is a 'material non-listed Indian subsidiary' under the revised Clause 49. Mr. Sanjiv Kapoor, Independent Director of the Company, is on the Board of above referred material non-listed Indian subsidiary. The Audit Committee of the Company has periodically reviewed financial statements of subsidiary companies.

- **Means of Communication**

The quarterly, half-yearly and yearly results are published in national and local dailies. The quarterly and half-yearly results are not sent individually to the shareholders. The Company also informs stock exchanges in a prompt manner, all price sensitive information or such other matters which in its opinion, are material and relevant for the shareholders and subsequently issues a press release on the said matters. Further, Company has also been complying with the listing requirement for filing of its financial results under the EDIFAR system of SEBI and/or at www.corpfiling.co.in, the common platform launched by BSE and NSE for electronic filing by Listed Companies. The Company's official presentations, news and releases are displayed on the Company's website www.mahindralifespaces.com.

Declaration on Codes of Conduct

As required by Clause 49 of the Listing Agreement the Declaration for Codes of Conduct is given below:

To
The Members of
Mahindra Lifespace Developers Limited

I, Pawan Malhotra, Managing Director & CEO of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Codes of Conduct.

For **Mahindra Lifespace Developers Limited**

Pawan Malhotra
Managing Director & CEO

Mumbai, 25th April, 2008

Auditors' Certificate on Corporate Governance

To The Members of Mahindra Lifespace Developers Limited,
Mumbai

1. We have examined the compliance of the conditions of Corporate Governance by Mahindra Lifespace Developers Limited ('the Company') for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. The financial statements and other matters prescribed in para V of Clause 49 of the Listing Agreement, which are required to be certified by the CEO & CFO, have been certified by the Managing Director & CEO and the G.M. – Finance & Accounts of the Company respectively, on account of vacancy of CFO position as on the date of signing of the financial statements.

4. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
M. No. 32083

Mumbai
Dated: 25th April, 2008

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Dated: 25th April, 2008

AUDITORS' REPORT

To the Members of Mahindra Litespace Developers Limited

1. We have audited the attached Balance Sheet of **Mahindra Litespace Developers Limited** as at 31st March, 2008 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to:

Note No. 7 (c) of Schedule 21 of the accounts, in respect of which, we have relied on management representation regarding realisability of construction work in progress, project advances and interest accrued thereon of Rs. 6,873.11 lakh on account of a project, where commencement of construction has been delayed on account of a dispute between the land owner and the Company, which is in the process of being referred to arbitration.
- f) *In respect of projects under long term contracts undertaken and/or financed by the Company [Note no. 1(f), 7(a) & 7(b)], we have relied upon the management's estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realisability of the construction work in progress and project advances determined.*
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and *subject to the matter referred to in paragraph (f) above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. 32083

Mumbai: 25th April, 2008

For and on behalf of

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Mumbai: 25th April, 2008

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of the Auditors' Report of even date to the Members of Mahindra Lifespace Developers Limited.

- 1) (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the periodicity of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- (iii) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) The Management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5) (i) In our opinion and according to the information and explanations given to us, there were no transactions with any party that needed to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (ii) As there are no transactions that need to be entered in the register maintained pursuant to section 301 of the Companies Act, 1956, sub-clause (b) of sub-para (v) of Para 4 of the Order is not applicable.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
- 7) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and nature of its business.
- 8) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (i) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- (ii) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess outstanding on account of any dispute.
- 10) The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to banks.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Companies Act, 1956.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans

taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.

- 16) As informed to us, the term loans were applied for the purpose for which the loans were obtained.
- 17) According to the information and explanations given to us on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long term investment.
- 18) There was no preferential allotment of shares during the year.
- 19) The Company did not issue any debentures during the year.
- 20) The management has disclosed in the annual accounts, the end use of monies raised through the issue of shares

to Qualified Institutional Buyers and the same has been verified by us.

- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
M. No. 32083

Mumbai: 25th April, 2008

For and on behalf of

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai: 25th April, 2008

Balance Sheet as at 31st March, 2008

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	5,080.84	4,994.74
Application monies for Warrants		—	452.89
Reserves & Surplus	2	81,293.82	71,628.92
		<u>86,374.66</u>	<u>77,076.55</u>
Loan Funds			
Secured Loans	3	—	28.61
Unsecured Loans	4	—	60.00
		<u>—</u>	<u>88.61</u>
Deferred Tax Liability (Net)	5	168.77	22.18
TOTAL		<u>86,543.43</u>	<u>77,187.34</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	6	4,800.80	5,706.50
Less : Depreciation		2,112.65	2,425.59
Net Block		<u>2,688.15</u>	<u>3,280.91</u>
Investments	7	50,291.36	32,577.67
Current Assets, Loans and Advances :			
Inventories	8	24,374.01	21,537.48
Sundry Debtors	9	3,700.91	1,954.71
Cash and Bank Balances	10	1,366.99	12,247.52
Other Current Assets	11	2,603.92	2,598.43
Loans and Advances	12	11,558.52	12,298.61
		<u>43,604.35</u>	<u>50,636.75</u>
Less : Current Liabilities and Provisions :			
Current Liabilities	13	7,418.00	7,202.24
Provisions	14	2,622.43	2,105.75
		<u>10,040.43</u>	<u>9,307.99</u>
Net Current Assets		<u>33,563.92</u>	<u>41,328.76</u>
TOTAL		<u>86,543.43</u>	<u>77,187.34</u>
Notes to Accounts	21		

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

Signatures to the Balance Sheet
and Schedules 1 to 14 and 21

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Profit and Loss Account for the year ended 31st March, 2008

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income.....	15	17,212.13	15,551.62
Other Income	16	4,783.66	773.30
		<u>21,995.79</u>	<u>16,324.92</u>
EXPENDITURE			
Operating Expenses	17	11,180.78	11,981.09
Employee Remuneration & Benefits	18	813.00	695.65
Administration & Other Expenses	19	1,417.93	847.19
Interest & Finance charges	20	9.18	471.97
Depreciation		196.57	224.01
		<u>13,617.46</u>	<u>14,219.91</u>
Profit before Tax		8,378.33	2,105.01
Less : Provision for Current Tax		(1,359.10)	(433.73)
Less : Provision for Deferred Tax		(146.59)	(22.04)
Profit for the year after Tax		6,872.64	1,649.24
Less : Provision for Tax for earlier years		(334.06)	(232.26)
Profit after Tax		6,538.58	1,416.98
Add : Balance brought forward from previous year ..		2,091.14	1,967.72
Amount Available for Appropriation		<u>8,629.72</u>	<u>3,384.70</u>
APPROPRIATIONS			
Proposed Dividend :			
On Equity Shares		1,020.21	599.21
On Preference Shares		105.00	105.00
Tax on distributed profit		191.23	119.68
Transfer to Capital Redemption Reserve		—	398.82
Transfer to General Reserve		653.86	70.85
Balance Carried to Balance Sheet		6,659.42	2,091.14
		<u>8,629.72</u>	<u>3,384.70</u>
Basic Earnings Per Share		16.00	3.82
Diluted Earnings Per Share (Refer Note 21, Schedule 21)		16.00	3.81
Notes to Accounts	21		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our Report attached hereto

Signatures to the Profit and Loss Account
and Schedules 15 to 21

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Cash Flow Statement for the year ended 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	8,378.33	2,105.01
Adjustments for :		
Depreciation	196.57	224.01
Profit on Sale of Current Investments	(115.03)	(0.92)
Profit on Sale of Long Term Investment	(600.00)	—
Considered separately:		
Interest Income	(800.39)	(110.49)
Interest Expense	9.18	471.97
Dividend Income	(3,125.58)	(574.56)
Loss on sale of Fixed assets (Net)	5.29	0.74
Operating Profit Before Working Capital Changes	3,948.27	2,115.76
Adjustments for :		
Trade and Other Receivables	(1,260.13)	(54.39)
Inventories	(2,836.52)	(4,923.11)
Trade Payables and Other Liabilities	240.49	(2,590.38)
Proceeds from Sale of Properties	514.60	—
Cash Generated from Operations	606.81	(5,452.12)
Income taxes (paid) / received	(1,259.05)	(927.69)
Net Cash (used in) / from operating activities	(652.24)	(6,379.81)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(130.47)	(90.71)
Proceeds from Sale of Fixed Assets	6.77	11.51
Proceeds / (Investment) in Others (Net)	(8,598.64)	(15,732.63)
Investment in Subsidiaries	(8,400.00)	(7,266.64)
Interest received	794.89	74.45
Dividend received	3,125.58	574.57
Income taxes paid	(180.10)	(13.97)
Deposits / Advances with Companies	—	(3,281.61)
Net Cash (used in) / from investing activities	(13,381.97)	(25,725.03)
C. Cash flow from financing activities		
Increase / (Decrease) in borrowings	—	(12,640.60)
Repayment of Loan	(88.61)	—
Interest paid	(9.79)	(527.95)
Dividend Paid	(823.89)	(1,295.08)
Redemption of Preference shares	—	(5,500.00)
Issue of Equity Share Capital	86.10	891.90

Cash Flow Statement for the year ended 31st March, 2008 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Share Premium Proceeds	3,989.87	62,462.04
Issue Expenses	—	(1,102.05)
Advances - Share Warrants	—	452.89
Net Cash (used in) / from financing activities	3,153.68	42,741.15
Net Increase/(Decrease) in Cash and Cash Equivalents	(10,880.53)	10,636.31
Cash and Cash Equivalents (Opening)	12,247.52	1,611.21
Cash and Cash Equivalents (Closing)	1,366.99	12,247.52

Notes:

1. Profit on sale of properties is considered as operating activity while purchase of and proceeds from sale of other fixed assets is included in investing activities.
2. To finance working capital requirements, the Company's bankers have sanctioned a total fund based limit of Rs. 7,000 lakh (Previous Year Rs. 7,000 lakh). The said limits have not been utilised as on March 31, 2008 (Previous year Rs. Nil).
3. The figures for the previous year have been regrouped wherever necessary to conform to current year's classification.

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "1"			
SHARE CAPITAL			
Authorised			
50,000,000	(Previous year 50,000,000) Equity Shares of Rs.10 each	5,000.00	5,000.00
6,500,000	(Previous year 6,500,000) Preference Shares of Rs.100 each	6,500.00	6,500.00
6,000,000	(Previous year 6,000,000) Unclassified Shares of Rs.10 each	600.00	600.00
		12,100.00	12,100.00
Issued			
40,854,501	(Previous year 39,993,501) Equity Shares of Rs.10 each	4,085.45	3,999.35
1,000,000	(Previous year 1,000,000) .. 10.50% Non Cumulative Redeemable Preference Shares of Rs.100 each (Refer Note 3)	1,000.00	1,000.00
		5,085.45	4,999.35
Subscribed and Paid-up			
40,808,350	(Previous year 39,947,350) Equity Shares of Rs.10 each fully paid up	4,080.84	3,994.74
1,000,000	(Previous year 1,000,000) 10.50 % Non Cumulative Redeemable Preference Shares of Rs.100 each fully paid up	1,000.00	1,000.00
	(Refer Note 3)	5,080.84	4,994.74
Of the above :			
a) 31,074,051	Equity Shares of Rs. 10 each		
1,000,000	10.50% Non-Cumulative Redeemable Preference Shares of Rs. 100 each		
	have been issued for consideration other than cash pursuant to two Schemes of Arrangement		
b) 15,401,126	(Previous year 15,401,126) Equity shares are held by Mahindra & Mahindra Limited, the ultimate Holding Company		
5,445,000	(Previous year 4,584,000) Equity shares are held by Mahindra Holdings & Finance Limited, a subsidiary of Mahindra & Mahindra Limited, the ultimate Holding Company		
1,000,000	10.50 % Non Cumulative Redeemable Preference Shares are held by Mahindra Holdings & Finance Limited, a subsidiary of Mahindra & Mahindra Limited, the ultimate Holding Company		
c)	A petition for the merger of Mahindra Holdings & Finance Limited with Mahindra & Mahindra Limited with effect from 1st February 2008 is pending before the Bombay High Court.		
	Mahindra & Mahindra Limited and Mahindra Holdings & Finance Limited are constituents of the Mahindra & Mahindra group as defined in section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969 (Repealed) in relation to the Company.		

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "2" :		
RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as per last Balance Sheet	6,353.58	853.58
Add:- Transfer from General Reserve	—	5,101.18
Add:- Transfer from Profit & Loss Account	—	398.82
	6,353.58	6,353.58
Share Premium Account		
Balance as per last Balance Sheet	63,113.35	1,753.36
Add: Premium on shares issued during the year	4,442.76	62,462.04
Less: Issue Expenses	—	(1,102.05)
	67,556.11	63,113.35
General Reserve		
Balance as per last Balance Sheet	70.85	5,101.18
Add:- Transfer from Profit & Loss Account	653.86	70.85
Less:- Transfer to Capital Redemption Reserve	—	(5,101.18)
	724.71	70.85
Profit and Loss Account	6,659.42	2,091.14
	81,293.82	71,628.92
SCHEDULE "3" :		
SECURED LOANS (Refer Note 4)		
Overdrafts from Banks	—	28.61
	—	28.61
SCHEDULE "4" :		
UNSECURED LOANS (Refer Note 5)		
Other Loans	—	60.00
	—	60.00
SCHEDULE "5" :		
DEFERRED TAX LIABILITY (NET):		
Deferred Tax Asset		
Relating to :		
Provision for impairment in asset value	526.90	521.78
Expenses allowable on actual payment	26.80	19.34
	553.70	541.12
Deferred Tax Liability		
Relating to :		
Difference between book and tax depreciation	722.47	563.30
	168.77	22.18

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE "6"

FIXED ASSETS :

Rupees in Lakh

	COST				DEPRECIATION				NET BLOCK	
	As at March 31, 2007	Additions	Deductions	As at March 31, 2008	Up to March 31, 2007	Deductions	For the year	Up to March 31, 2008	As at March 31, 2008	As at March 31, 2007
Particulars										
Land	184.74	—	—	184.74	—	—	—	—	184.74	184.74
Building	4,881.83	30.71	954.93	3,957.61	2,013.11	447.51	119.60	1,685.20	2,272.41	2,868.72
Furniture & Fixtures	140.69	1.42	28.58	113.53	95.52	22.82	7.77	80.47	33.06	45.17
Plant & Machinery	237.91	23.75	26.54	235.12	147.43	19.68	15.24	142.99	92.13	90.48
Computers	181.70	37.87	8.03	211.54	133.54	7.37	34.70	160.87	50.67	48.16
Vehicles	79.63	36.72	18.09	98.26	35.99	12.13	19.26	43.12	55.14	43.64
Total	5,706.50	130.47	1,036.17	4,800.80	2,425.59	509.51	196.57	2,112.65	2,688.15	3,280.91
Previous year total	5,678.86	90.71	63.07	5,706.50	2,252.39	50.81	224.01	2,425.59	3,280.91	

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "7" :				
INVESTMENTS (Refer Note 6)				
Long—term Investments (At Cost)				
Unquoted, Trade				
Equity Shares				
In Subsidiary Companies				
Mahindra Infrastructure Developers Limited	10	14,400,000	1,440.00	1,440.00
Mahindra World City Developers Limited	10	16,524,993	2,254.51	2,254.51
Mahindra World City (Jaipur) Limited	10	99,900,000	9,990.00	2,590.00
(74,000,000 Shares acquired during the year)				
Mahindra World City (Maharashtra) Limited	10	350,000	35.00	35.00
Mahindra Integrated Township Limited	10	37,000,000	3,700.00	3,700.00
Mahindra Technology Park Limited	10	10,000,000	1,000.00	—
(10,000,000 Shares acquired during the year) (Refer Note 6(b))				
In Others				
Deepmangal Developers Private Limited	100	177	284.61	284.61
Knight Frank (I) Pvt. Limited	10	—	—	40.00
(400,000 shares sold during the year)				
New Tirupur Area Development Corporation Limited	10	500,000	50.63	—
(500,000 Shares acquired during the year)				
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
Preference Shares				
In Subsidiary Company				
Mahindra World City Developers Limited	100	6,500,000	6,500.00	6,500.00
(6% Cumulative Redeemable Preference Shares)				
In Others				
Mahindra Knowledge Park (Mohali) Limited	10	50,000	5.00	5.00
(7% Non Cumulative Redeemable Participating Optionally Convertible Preference Shares)				
Current Investments, Unquoted, Non Trade				
(At lower of cost and fair value)				
In Units of Mutual Fund				
Redeemed during the year				
Reliance Liquidity Fund – Daily Dividend Reinvestment Option		1,565,213	—	156.57
ICICI Prudential Sweep Cash Option – Daily Dividend		3,252,016	—	325.20
UTI-Fixed Maturity Plan Quarterly Series QFMP-0207/1 – Dividend Plan Reinvestment		46,279,748	—	4,627.98
Kotak FMP 3M Series 10 – Dividend		3,115,580	—	311.56
DWS Fixed Term Fund - Series - 23		3,033,371	—	303.34
Reliance Monthly Interval Fund - Series II		100,089,023	—	10,008.90
Acquired during the year				
DWS Money Plus Fund - Institutional Plan - Daily Dividend		75,928,203	7,599.05	—
Kotak Flexi Debt Scheme - Daily Dividend		13,850,524	1,389.37	—
Tata Floating Rate Fund Long Term - Income / Bonus		29,727,509	3,006.29	—
Birla Sun Life Qtrly Interval-Series 2 -Dividend		35,188,249	3,518.83	—
Birla Sun Life Interval Income - Instl. - Monthly - Series 1 Dividend		20,038,387	2,003.84	—
Birla Sun Life Qtrly Interval-Series 1 - Dividend		25,110,720	2,511.08	—
Birla Sun Life Qtrly Interval-Series 9 - Dividend		25,081,379	2,508.15	—
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Dividend		25,000,000	2,500.00	—
			50,296.36	32,582.67
Less : Provision for Diminution in Value of Investments ..			(5.00)	(5.00)
			50,291.36	32,577.67

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "8" : INVENTORIES		
(At lower of cost and net realisable value)		
Raw material	492.65	421.64
Stock-in-trade	380.71	380.71
Construction Work in Progress	23,500.65	20,735.13
(Refer Notes 7(a) & 7(c))		
	<u>24,374.01</u>	<u>21,537.48</u>
SCHEDULE "9" : SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding over six months	940.77	723.19
Other debts	2,760.14	1,231.52
	<u>3,700.91</u>	<u>1,954.71</u>
SCHEDULE "10" : CASH AND BANK BALANCES		
Cash on hand	1.45	1.01
Balances with Scheduled Banks	—	—
— On Current Accounts	648.77	639.26
— On Deposit Accounts	716.77	11,607.25
	<u>1,366.99</u>	<u>12,247.52</u>
SCHEDULE "11" : OTHER CURRENT ASSETS		
Interest accrued on Project advances (Refer Note 7b)	4,070.30	4,070.30
Less: Provision for impairment in asset value	(1,550.15)	(1,550.15)
	<u>2,520.15</u>	<u>2,520.15</u>
Interest accrued — Others	83.77	78.28
(Including Rs. 42.08 lakh, Previous year Rs. 19.41 lakh due from subsidiaries)		
	<u>2,603.92</u>	<u>2,598.43</u>

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "12" : LOANS AND ADVANCES		
(Unsecured, Considered Good, unless otherwise stated)		
Advances and Loan given to Subsidiary Companies	4,148.50	3,327.29
Advances Recoverable in Cash or in Kind or for Value to be received	452.70	432.92
Project Advances (Refer Note 7b & 7c)		
Considered Good	5,191.09	6,679.82
Considered Doubtful	121.25	121.25
	<u>5,312.34</u>	<u>6,801.07</u>
Less : Provision for doubtful advances	(121.25)	(121.25)
	<u>5,191.09</u>	<u>6,679.82</u>
Intercompany Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax	1,155.39	1,410.57
Rs. 2,942.65 lakh; Previous Year Rs. 1,248.33 lakh).		
Staff Loans & Advances	15.74	35.19
Deposits	421.06	238.78
	<u>11,558.52</u>	<u>12,298.61</u>
SCHEDULE "13" : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 8 a)		
— Total Outstanding Dues of Micro Enterprises & Small Enterprises	5.90	—
— Others	1,698.82	2,515.79
Due to Subsidiary Company	34.00	34.00
Advances and Deposits	3,991.22	2,377.48
Unclaimed Dividends (Refer Note 8 b)	17.66	14.35
Other Liabilities	1,670.40	2,260.01
Interest accrued but not due on loans	—	0.61
	<u>7,418.00</u>	<u>7,202.24</u>
SCHEDULE "14" : PROVISIONS		
Proposed Dividend	1,316.44	823.89
Provision for Losses to project Completion (Refer Note 8 c) ...	1,241.03	1,241.03
Provision for Leave Encashment Benefits	47.63	25.28
Provision for Gratuity	17.33	15.55
	<u>2,622.43</u>	<u>2,105.75</u>

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "15"		
OPERATING INCOME		
Income from Projects	12,584.31	13,571.31
Project Management Fees (gross)*	38.04	305.75
Income from Operation of Commercial Complexes (gross)*	1,434.21	1,189.01
Business Centre Revenues (gross)*	847.92	485.55
Profit on Sale of Properties	2,307.65	—
	<u>17,212.13</u>	<u>15,551.62</u>
* (Income Tax deducted at source — Rs. 459.86 lakh; Previous Year — Rs. 257.71 lakh).		
SCHEDULE "16" :		
OTHER INCOME		
Interest Income (Gross) *		
— On Inter Corporate Deposits	743.91	25.03
— On Bank Deposits	40.13	38.82
— Others	16.34	46.63
Dividend on Long Term Investments	1,558.25	24.00
Dividend on Current Investments	1,567.33	550.56
Profit on Sale of Long Term Investments	600.00	—
Profit on Sale of Current investments	115.03	0.92
Miscellaneous Income	142.67	87.34
	<u>4,783.66</u>	<u>773.30</u>
* (Income Tax deducted at source — Rs. 89.96 lakh; Previous Year — Rs. 13.97 lakh).		

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2008

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "17" : OPERATING EXPENSES			
Cost of Projects			
Opening Stock			
— Stock in trade		380.71	387.51
— Work-in-progress		20,735.13	15,918.38
— Raw Material		421.64	308.48
		<u>21,537.48</u>	<u>16,614.37</u>
Add: Expenses incurred during the year :			
Premium for Development Rights	751.27		352.40
Architect Fees	119.40		186.13
Preliminaries & Site Expenses	7.79		44.53
Civil, Electrical, Contracting etc.	7,459.33		13,476.96
Interest allocated	—		414.56
Overheads allocated	461.92		371.82
Payment to Local Agencies	3,344.11		443.42
Insurance	31.22		27.75
Legal & Professional Fees	50.10		110.91
		<u>12,225.14</u>	<u>15,428.48</u>
		<u>33,762.62</u>	<u>32,042.85</u>
Less: Closing Stock			
Stock in trade	380.71		380.71
Work-in-progress	23,500.65		20,735.13
Raw Material	492.65		421.64
		<u>24,374.01</u>	<u>21,537.48</u>
		<u>9,388.61</u>	<u>10,505.37</u>
Project Management Fees		—	0.85
Rent, Rates & Taxes		309.68	257.64
Insurance		—	0.99
Repairs & Maintenance — Commercial Properties		232.01	157.27
Brokerage		85.97	77.52
Advertisement, Marketing & Business Development		314.85	372.01
Electricity		258.89	383.78
Other Operating Expenses		590.77	225.66
		<u>11,180.78</u>	<u>11,981.09</u>
SCHEDULE "18" : EMPLOYEE REMUNERATION & BENEFITS			
Salaries, Allowances & Bonus		1,118.39	941.57
Contribution to Provident & Other Funds		59.52	63.51
Staff Welfare Expenses		97.01	62.39
		<u>1,274.92</u>	<u>1,067.47</u>
Less: Allocated to projects		<u>(461.92)</u>	<u>(371.82)</u>
		<u>813.00</u>	<u>695.65</u>

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2008

**SCHEDULE "19" :
ADMINISTRATION & OTHER EXPENSES**

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Rent, Rates and Taxes	418.91	200.75
Insurance	4.06	4.10
Repairs and Maintenance		
— Buildings	70.87	54.48
— Others	50.20	42.33
Electricity Charges	10.33	3.29
Travelling & Conveyance	129.68	118.52
Legal & Professional Fees	183.18	217.86
Printing & Stationery	58.68	43.18
Communication	55.76	48.31
Advertisement, Marketing & Business Development	285.40	12.62
Auditors Remuneration	38.86	24.93
Loss on Sale of Fixed Assets (Net)	5.29	0.74
Miscellaneous Expenses	106.71	76.08
	1,417.93	847.19

**SCHEDULE "20" :
INTEREST**

On Fixed Loans	0.19	244.29
On other deposits	8.99	642.24
	9.18	886.53
Less : Allocated to projects	—	(414.56)
	9.18	471.97

Schedules Annexed to and forming part of Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended 31st March, 2008.

SCHEDULE "21"

NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Accounting Convention:

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and the relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c) Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on fixed assets is provided on the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets acquired during the year is provided for the full year and no depreciation is provided in the year of disposal.

d) Investments:

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) Inventories:

Inventories are valued at lower of cost and net realisable value. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

f) Revenue Recognition:

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the management fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

Income from services rendered in respect of projects is inclusive of service tax recoverable from the clients.

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established.

g) Retirement benefits:

(i) Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

h) Borrowing Costs:

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

i) Provision for taxation:

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that 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. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

j) Segment Information:

The Company operates in three main segments; namely, Projects, Project Management and Development activities, Operating of Commercial Complexes and Business Centers. The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

k) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2. Equity Share Capital and Warrants:

- a) The allotment of 46,151 (Previous Year 46,151) Equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).
- b) The Company had allotted 3,780,000 Warrants on August 4, 2006 to the promoters under chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 on the terms and conditions approved by the members at the 7th Annual General Meeting held on July 21, 2006. During the year, Mahindra Holdings & Finance Limited converted the remaining 861,000 Warrants into equal number of equity shares of face value of Rs. 10/- each at Rs. 526 per equity share (including share premium of Rs. 516 per equity share) as per the conditions of the issue by tendering balance payment @ Rs. 473.40 per equity share (after adjusting 10% consideration @ Rs. 52.60 per equity share received earlier).

c) The utilisation of the funds received from the QIP issue and the conversion of the above Warrants is as under:

	Current Year Rs Lakh	Previous Year Rs Lakh
Sources of Funds		
QIP Proceeds	48,000.00	48,000.00
Conversion of Warrants to Equity Shares	19,882.80	15,353.94
Advance against Warrants	—	452.89
	67,882.80	63,806.83
Utilisation of Funds		
Repayment of working capital facilities	8,548.28	8,548.28
Prepayment /Repayment of Loans	19,249.51	19,189.51
QIP Issue Expenses	1,102.05	1,102.05
Land Purchase	8,617.03	6,513.61
TDR Purchase	1,335.20	578.46
Investment /Advances	14,709.11	5,461.61
Balance Funds Deployed		
Fixed Deposit with Banks	—	11,000.00
Investments in Schemes of Mutual Funds (pending utilization towards objects of the issue)	14,321.62	11,413.30
	67,882.80	63,806.83

d) The Remuneration Committee of the Company has approved grant of 678,359 Stock Options at the exercise price of Rs. 428 per share to the Employees / Directors under the Employee Stock Option Scheme which was approved by the shareholders at their meeting held on 21st July, 2006.

3. Preference Share Capital

The 10.50 % Non Cumulative Redeemable Preference Shares are redeemable at par at the option of the Company at any time upto 22nd March, 2011.

4. Secured Loans

Overdrafts facility from banks is secured by hypothecation of the entire current assets of the Company and mortgage of immovable properties of a third party.

5. Unsecured Loans

Unsecured Loans is Rs Nil (Previous Year Rs. 30.00 Lakh - repayable on call or by 31st March, 2008).

6. Investments

- In the opinion of the Management, no loss is expected to arise in respect of Investments for which an additional provision is required to be made in the accounts.
- During the year the Company has subscribed to 10,000,000 equity shares of Mahindra Technology Park Limited (MTPL) thereby making it a 100% subsidiary with effect from 28th September, 2007.
- Mutual Fund Units purchased and sold during the year are as under:

	Current Year		Previous Year	
	No of Units	Rs Lakh	No of Units	Rs Lakh
DWS Insta Cash Plus Fund- Institutional Plan - Daily Dividend	75,145,348.335	7,529.19	—	—
DWS Insta Cash Plus Fund Super Institutional - Daily Dividend	16,985,278.556	1,701.92	—	—
DWS Fixed Term Series - 23 (110 days) - Growth option	3,000,000.000	300.00	—	—
DWS Fixed Term Series - 36 (90 days) - Dividend Payout Plan	3,086,790.000	308.68	—	—
DWS Money Plus - Institutional Plan - Daily Dividend	49,959,033.592	5,000.00	52,419,650.221	5,246.26
Kotak FMP 3M - Series 10	3,142,335.196	314.24	—	—
Kotak FMP 3M - Series 17	3,207,175.596	320.72	—	—
Kotak Flexi Debt Fund - Daily Dividend	139,456,762.793	13,989.05	—	—
UTI - Fixed Maturity Plan Qtly - QFMP/0207/ 1- Daily Dividend	46,663,064.576	4,666.31	—	—
UTI - FMP Qtly 05 / 07/ 1- Institutional Dividend Plan	47,598,349.653	4,759.83	—	—
UTI - Liquid Fund - Cash Plan - Daily Dividend	271,366.317	2,766.43	442,065.562	4,506.62
UTI - FMP Qtly 08 / 07/ 1- Institutional Dividend Plan	20,311,593.000	2,031.16	—	—
Reliance Monthly Interval Fund SERIES-II - Institutional Growth Plan	100,000,000.000	10,000.00	—	—

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

	Current Year		Previous Year	
	No of Units	Rs Lakh	No of Units	Rs Lakh
Reliance Liquidity Fund - Daily Dividend Reinvestment Option .	175,437,540.648	17,549.19	58,190,193.416	5,820.82
Reliance Monthly Interval Fund SERIES-II - Institutional Dividend Plan	105,767,463.443	10,579.54	—	—
Reliance Quarterly Interval Fund -Series II - Institutional Dividend Plan	25,465,747.695	2,546.68	—	—
DSP Merrill Lynch Cash Plus Fund - Daily Dividend	400,581.039	4,006.21	—	—
DSP Merrill Lynch Liquid Plus - Institutional Plan - Daily Dividend	400,800.754	4,009.53	505,161.338	5,052.62
ICICI Prudential Sweep Cash Option - Daily Dividend	3,255,115.377	325.51	—	—
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	9,920,041.651	992.00	85,267,619.302	8,526.76
Fidelity Liquid Plus Super Institutional - Daily Dividend	10,033,758.599	1,003.50	—	—
Birla Cash Plus - Institutional Premium	—	—	20,014,916.183	2,005.39
DWS Money Plus Fund Regular Plan	—	—	50,060,680.105	5,019.03
Kotak (Liquid) Institutional Premium	—	—	24,562,220.717	3,003.49
Kotak FMP 3M - Series 6 - Dividend	—	—	3,082,227.144	308.22
Pru-ICICI FMP Series - 3 Month Plan - Daily Dividend	—	—	42,717,918.618	4,271.79
Reliance Liquid Fund - Cash Plan - Daily Dividend	—	—	2,246,603.190	250.30
Standard Chartered Liquidity Manager Fund	—	—	588,442.230	5,885.01
UTI-FMP-QS/0207/1	—	—	45,769,560.296	4,576.96
	839,508,146.820	94,699.69	385,867,258.321	54,473.29

- d) Investments in units of Mutual fund include the unutilised monies amounting to Rs. 14,321.62 lakh (Previous Year Rs. 11,413.30 lakh) out of the issue of equity shares to Qualified Institutional Buyers and the issue of equity shares / warrants to the promoters.

7. Inventories, Current Assets, Loans and Advances:

- Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory have been made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.
- Project advances and interest accrued thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.
- Construction Work-in-Progress, Project Advances and interest accrued thereon referred to in 7(a) and 7 (b) above include Rs. 6,873.11 lakh (previous year Rs. 7,612.59 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, which is in the process of being referred to arbitration.

8. Sundry Creditors and Provisions:

- Disclosure as per Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006.

Sr. No.	Particulars	Amount (Rs. lakh)
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier:-	
	- Principal Amount	5.90
	- Interest thereon	Nil
(ii)	The amount of interest paid by the buyer in terms of Section 16, along with the amounts of payment made to the supplier beyond the due date	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of accounting year	Nil
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act	Nil

Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the company regarding the status of suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006

- There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

- c) The Company has, in case of certain projects, provided for Rs. 1,241.03 Lakh (Previous year Rs. 1,241.03 Lakh) as provision for losses to project completion. The amount has been determined using best estimates with regard to percentage of completion, foreseeable costs to completion and revenues from the project activity. However, considering future business scenario, inflation in construction costs and market movement causing changes in realisations, which cannot be presently quantified, the final outcome may differ from that presently estimated.

9. Leases:

The Company's significant leasing arrangements are in respect of operating leases for Commercial & Residential premises.

- a) Lease income from operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Gross Carrying Amount of premises	2,914.50	3,595.24
Accumulated Depreciation	1,167.96	1,513.58
Depreciation for the year	87.33	109.56
Future minimum lease payments under Non-cancellable operating leases		
➤ Not later than 1 year	856.64	199.32
➤ Later than 1 year and not later than 5 years	1,592.03	—
➤ Later than 5 years	—	—

- b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Future minimum lease payments under Non-cancellable operating leases		
➤ Not later than 1 year	158.34	348.60
➤ Later than 1 year and not later than 5 years	—	—
➤ Later than 5 years	—	—

10. Contingent Liabilities:

Matter

- a) Claims against the Company not acknowledged as debts represent :
- A suit filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management, the above claim is not sustainable.
 - Claims raised by a civil contractor in respect of a project at Mumbai
 - Demand from local authorities for transfer fees on transfer of property, disputed by the Company
- b) Income tax matters under appeal :

The Income tax Department has sought to re-classify certain business income as income from house property, in respect of which the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities

The liability net of Deferred Tax Asset/Deferred Tax Liability would be Rs. 195.45 lakh (previous year Rs. 358.72 lakh)

	Current Year Rs. Lakh	Previous Year Rs. Lakh
	42.67	42.67
	79.69	79.69
	123.99	123.99
	1,243.46	965.39

11. The Company has filed its detailed reply before the learned Arbitrator, refuting a claim by a land-owner against the Company amounting to Rs. 3,040.52 Lakh in respect of a project management agreement, pending arbitration. The Company has been legally advised that the claim invoked by the land-owner is unsustainable.

12. Managerial Remuneration:

	Current Year* Rs. Lakh	Previous Year Rs. Lakh
Salaries and Allowances	45.01	51.47
Contribution to Provident, Gratuity and Superannuation Funds	6.36	5.86
Perquisites (estimated monetary value)	3.60	6.82
Total :	54.97	64.15

* The remuneration to the Managing Director for the current year is for the period 11th June, 2007 to 31st March, 2008.

13. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

	Rs. Lakh	Current Year Rs. Lakh	Previous Year Rs. Lakh
Profit before Tax		8,378.33	2,105.01
Add :			
Depreciation as per accounts	196.57		224.01
Managerial remuneration	54.97		64.15
Director's fees	3.90		3.20
Loss on disposal of fixed assets not allowable as per proviso to Section 349	13.69	269.13	0.74
		8,647.46	2,397.11
Less :			
Depreciation under Section 350	196.57		224.01
Loss on disposal of fixed assets allowable as per proviso to Section 349	13.69		0.74
Profit on sale of fixed assets not allowable as per proviso to Section 349	1,867.32	2,077.58	—
Net Profit as per Section 349 of the Companies Act, 1956		6,569.88	2,172.36
5% of Net Profit as computed above		328.49	108.61

14. Retirement Benefits:

(a) Gratuity:

(1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

(2) Principal actuarial assumptions:

	Current Year	Previous Year
Discount rate	8.00%	8.00%
Rate of Return on Plan Assets	9.00%	6.00%

(3) Reconciliation of Benefit Obligation:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Liability at the beginning of the year	53.99	56.01
Interest Cost	3.97	3.21
Current Service Cost	19.31	12.46
Benefit Paid	(8.70)	(13.35)
Actuarial (Gain) / Loss on Obligations	(8.89)	(4.32)
Liability at the end of the year	59.68	53.99
Fair Value of Plan Assets at the end of the year	42.35	38.44
Amount recognised and disclosed under the head "Provisions for Gratuity"	17.33	15.55

(4) Reconciliation of Fair value of Plan Assets:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Fair Value of Plan Assets at the beginning of the year	38.44	41.37
Adjustment to the opening balance	4.09	—
Transfer from MRIDL *	6.50	—
Expected Return on Plan Assets	3.60	3.58
Contributions	2.02	10.43
Benefit Paid	(8.70)	(13.35)
Actuarial (Gain) / Loss on Obligations	(3.60)	(3.58)
Fair Value of Plan Assets at the end of the year	42.35	38.44

*Transfer from the Gratuity Trust of erstwhile Mahindra Realty and Infrastructure Developers Limited.

(5) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Current Service Cost	19.31	12.46
Interest Cost	3.97	3.21
Expected Return on Plan Assets	(3.60)	(3.58)
Net Actuarial (Gain) / Loss recognised	(5.29)	(0.74)
Expenses recognised in Profit and Loss Account	14.39	11.34

(b) Leave Encashment:

- (1) The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

- (2) Principal actuarial assumptions:

	Current Year	Previous Year
Discount rate	8.00%	8.00%

- (3) Reconciliation of Benefit Obligation:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Liability at the beginning of the year	25.28	24.58
Interest Cost	1.49	1.35
Current Service Cost	21.06	14.55
Benefit Paid	(13.23)	(13.14)
Actuarial (Gain) / Loss on Obligations	(6.05)	(2.06)
Liability at the end of the year recognised and disclosed under the head "Provisions for Leave Encashment"	28.55	25.28

- (4) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Current Service Cost	21.06	14.55
Interest Cost	1.49	1.35
Net Actuarial (Gain) / Loss recognized	(6.05)	(2.06)
Expenses to be recognised in Profit and Loss Account ...	16.50	13.84

15. Auditors' Remuneration (including service tax):

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Audit Fees	12.37	11.33
Tax Audit Fees	1.97	2.08
Tax matters	14.41	3.06
Certification and Other Services	10.11	19.69
Total	38.86	36.16

16. Earnings in Foreign Currency:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Consideration received on sale of residential units	196.09	94.90
Total	196.09	94.90

17. Expenditure in Foreign Currency:

- a) Value of Imports on C.I.F basis accounted for during the year:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Civil cost	103.97	—
Total	103.97	—

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

b) Other expenditure:

- i) Travelling
- ii) Legal & professional charges
- iii) Marketing expenses
- iv) Others

Total

Current Year
Rs. Lakh

Previous Year
Rs. Lakh

8.61

3.88

—

75.00

6.66

—

39.42

—

54.70

78.88

c) Value of Imported and Indigenous Consumption:

- i) Imported
 - ii) Indigenous obtained
- Total

Current Year
% Rs. Lakh

Previous Year
% Rs. Lakh

7.21

103.97

—

—

92.79

1337.53

100.00

1793.25

100.00

1441.50

100.00

1793.25

18. Segmental Reporting (Rs. Lakh):

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,811.68	12,622.35	2,778.10	17,212.13
Previous Year	1,189.01	13,877.06	485.55	15,551.62
Inter—segment Revenues	—	—	—	—
Previous Year	—	—	—	—
TOTAL REVENUE	1,811.68	12,622.35	2,778.10	17,212.13
Previous Year	1,189.01	13,877.06	485.55	15,551.62
SEGMENT RESULT	1,251.65	2,396.90	2,275.92	5,924.46
Previous Year	553.27	2,842.88	76.55	3,472.71
Unallocated Corporate Expenses (net)	—	—	—	1,663.59
Previous Year	—	—	—	(1,006.21)
Operating profit	—	—	—	7,588.05
Previous Year	—	—	—	2,466.49
Interest expense	—	—	—	(9.18)
Previous Year	—	—	—	(471.97)
Interest income	—	—	—	799.46
Previous Year	—	—	—	110.48
Income taxes	—	—	—	(1,839.75)
Previous Year	—	—	—	(688.04)
Net Profit	—	—	—	6,538.58
Previous Year	—	—	—	1,416.98
OTHER INFORMATION				
Segment Assets	2,098.48	59,540.86	316.51	61,955.86
Previous Year	2,984.30	47,483.92	313.69	50,781.91
Unallocated Corporate Assets	—	—	—	34,628.00
Previous Year	—	—	—	35,713.43
TOTAL ASSETS	—	—	—	96,583.86
Previous Year	—	—	—	86,495.34
Segment Liabilities	898.08	6,732.64	288.73	7,919.44
Previous Year	689.75	6,764.62	159.77	7,614.14
Unallocated Corporate Liabilities	—	—	—	2,289.76
Previous Year	—	—	—	1,804.66
TOTAL LIABILITIES	—	—	—	10,209.20
Previous Year	—	—	—	9,418.80
Capital Expenditure	—	9.91	3.16	130.47
Previous Year	—	6.31	—	90.71
Depreciation	99.08	8.62	5.74	196.57
Previous Year	125.93	6.27	12.30	224.01

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of Rs. 62.73 Lakh (Previous year Rs. 130.65 Lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

19. Related Party Transactions:

List of related parties

Enterprises Controlling the Company

Mahindra & Mahindra Limited

Ultimate Holding Company

Enterprises under the control of the Company

Mahindra Infrastructure Developers Limited

Mahindra World City (Maharashtra) Limited

Mahindra World City Developers Limited

Mahindra Integrated Township Limited

Mahindra World City (Jaipur) Limited

Mahindra Residential Developers Limited (w.e.f. 1-2-08)

Mahindra Technology Park Limited.(w.e.f 28-9-07)

Fellow Subsidiaries

First Choice Wheels Limited

Stokes Group Limited

Bristlecone Limited

Jensand Limited

Bristlecone Inc.

Stokes Forgings Dudley Limited

Mahindra Consulting Engineers Limited

Stokes Forgings Limited

Tech Mahindra Limited

Plexion Technologies (UK) Limited

Tech Mahindra GmbH

Plexion Technologies GmbH

Tech Mahindra (Americas) Inc

Plexion Technologies Incorporated

Mahindra-BT Investment Company (Mauritius) Limited

Tech Mahindra Foundation

Tech Mahindra (Singapore) Pte. Limited

PT Tech Mahindra Indonesia

Tech Mahindra (Thailand) Limited

CanvasM Technologies Limited

Bristlecone India Limited

Mahindra Forgings International Limited

Bristlecone GmbH

Mahindra Forgings Global Limited

Bristlecone Singapore Pte. Limited

Gesenkschmiede Schneider GmbH

Mahindra (China) Tractor Company Limited

Falkenroth Umformtechnik GmbH

Mahindra Engg & Chem Products Limited

Jeco-Jellinghaus GmbH

Mahindra Engineering Design & Development Company Limited

Mahindra Forgings Europe AG

Mahindra Europe s.r.l.

Mahindra Hinoday Industries Limited

Mahindra Gujarat Tractor Limited

Schöneeweiss & Co. GmbH

Mahindra Holidays & Resorts India Limited

iPolicy Networks Private Limited

Mahindra Holidays & Resorts (USA) Inc.

CanvasM (Americas) Inc

Mahindra Insurance Brokers Limited

MHR Hotel Management GmbH

Mahindra Intertrade Limited

Bristlecone (Malaysia) SDN. BHD (w.e.f. 30-5-07)

Bristlecone UK Limited

Mahindra Automotive Limited (w.e.f. 25-5-07)

Mahindra International Limited

Mahindra Castings Private Limited (w.e.f. 30-8-07)

Mahindra Logisoft Business Solutions Limited

Mahindra Forgings Limited. (w.e.f. 1-4-07)

Mahindra Middleeast Electrical Steel Service Centre (FZE)

Mahindra Hotels and Residences India Limited (w.e.f. 26-4-07)

Mahindra & Mahindra Financial Services Limited

Mahindra Holdings Limited (w.e.f. 2-11-07)

Mahindra & Mahindra South Africa (Pty) Limited

Mahindra Logistics Limited (w.e.f. 12-12-07)

Mahindra Overseas Investment Company (Mauritius) Limited

Mahindra Rural Housing Finance Limited (w.e.f. 9-4-07)

Mahindra Renault Pvt. Limited

Mahindra Retail Private Limited (w.e.f. 3-9-07)

Mahindra Steel Service Centre Limited

Punjab Tractors Limited.(w.e.f. 6-7-07)

Mahindra Shubhlabh Services Limited

Tech Mahindra (Beijing) IT Services Limited (w.e.f. 21-12-07)

Mahindra SAR Transmission Pvt. Limited

Tech Mahindra (Malaysia) SDN. BHD (w.e.f. 11-6-07)

Mahindra USA Inc.

Mahindra Aerospace Pvt Limited (w.e.f. 25-2-08)

Mahindra Ugine Steel Company Limited

Heritage Bird (M) Sdn Bhd (w.e.f. 3-3-08)

NBS International Limited

Mahindra First Choice Services Limited (w.e.f. 24-3-08)

Tech Mahindra (R & D Services) Limited

Mahindra Graphic Research Design srl (w.e.f. 20-2-08)

Tech Mahindra (R & D Services) Inc.

Mahindra Navistar Engines Private Limited (w.e.f. 24-3-08)

Mahindra Holdings & Finance Limited

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Key Management Personnel

Mr. Pawan Malhotra – Managing Director & Chief Executive Officer

Enterprises over which key management personnel are able to exercise significant influence:

Nil

Transactions with related parties during the year and balance as on 31st March, 2008:

Rs Lakh

Nature of Transactions	Enterprise Controlling the Company	Enterprises under the Control of the Company	Companies under common control including Fellow Subsidiaries	Investing Party	Key Management Personnel
Rendering of Services	674.43	38.93	—	—	—
<i>Previous Year</i>	174.68	54.27	—	173.57	—
Purchase of Goods	—	—	—	—	—
<i>Previous Year</i>	—	—	—	622.66	—
Receiving of services	378.37	40.66	—	—	—
<i>Previous Year</i>	78.78	28.10	0.85	75.33	—
Sale of Goods	—	—	—	—	—
<i>Previous Year</i>	—	—	—	161.48	—
Purchase of Fixed Assets	—	—	—	—	—
<i>Previous Year</i>	—	—	—	—	—
Remuneration	—	—	—	—	54.97
<i>Previous Year</i>	—	—	—	—	64.15
Expense Reimbursement	3.76	—	0.53	—	—
<i>Previous Year</i>	2.62	1.58	2.07	8.03	—
Redemption of Preference Shares	—	—	—	—	—
<i>Previous Year</i>	5,500.00	—	—	—	—
Finance given during the year	—	847.50	—	—	—
<i>Previous Year</i>	—	9,551.91	—	—	—
Finance taken during the year	—	—	4,075.97	—	—
<i>Previous Year</i>	1,491.21	—	6,394.73	13,420.89	—
Sale of Shares	—	—	—	—	—
<i>Previous Year</i>	—	—	—	—	—
Purchase of Shares	—	8,400.00	—	—	—
<i>Previous Year</i>	—	992.86	—	—	—
ICD refunded	—	—	—	—	—
<i>Previous Year</i>	—	—	5,500.00	—	—
Interest paid	—	—	—	—	—
<i>Previous Year</i>	—	—	19.51	—	—
Interest received	—	397.81	—	—	—
<i>Previous Year</i>	—	25.03	—	—	—
Dividend Paid	231.02	—	173.76	—	—
<i>Previous Year</i>	846.16	—	150.00	—	—
Dividend Received	—	1,530.25	—	—	—
<i>Previous Year</i>	—	—	—	—	—
Receivables	22.01	4,216.12	2.46	—	—
<i>Previous Year</i>	228.97	3,353.21	7.69	—	—
Payables	769.82	34.00	5.25	—	—
<i>Previous Year</i>	1,305.27	34.68	4.87	—	—

The significant related party transactions are as under:

Nature of Transactions	Enterprises controlling the Company	Amount Rs. Lakh	Enterprises under the control of the Company	Amount Rs. Lakh	Enterprises under the common control of the Company/Fellow Subsidiaries	Amount Rs. Lakh
Rendering of services	Mahindra & Mahindra Limited	674.43	—	—	—	—
Receiving of services	Mahindra & Mahindra Limited	378.37	Mahindra World City Developers Limited	40.66	—	—
Purchase of Goods	—	—	—	—	—	—
Sale of Goods	—	—	—	—	—	—
Remuneration	—	—	—	—	—	—
Expense Reimbursement	Mahindra & Mahindra Limited	3.76	—	—	Mahindra Holidays & Resorts India Limited	0.53
Finance given during the year	—	—	Mahindra World City (Jaipur) Limited	8,140.00	—	—
	—	—	Mahindra Technology Park Limited	1,000.00	—	—
Redemption of Preference Shares	—	—	—	—	—	—
Sale of Shares	—	—	—	—	—	—
Finance taken during the year	—	—	—	—	Mahindra Holdings & Finance Limited	4,075.97
Interest received	—	—	Mahindra Integrated Township Limited	396.46	—	—
Dividend paid during the year	Mahindra & Mahindra Limited	231.02	—	—	Mahindra Holdings & Finance Limited	173.76
Dividend received during the year	—	—	Mahindra World City Developers Limited	1,530.25	—	—
Receivables	—	—	Mahindra World City Jaipur Limited	740.65	—	—
	—	—	Mahindra Integrated Township Limited	3,372.64	—	—
Payables	Mahindra & Mahindra Limited	769.82	—	—	—	—

20. Information in respect of Jointly Controlled Operations:

- Development of the following residential projects:
G.E. Gardens, Mumbai
Project at Byculla, Mumbai
Central Park, Gurgaon
- Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

21. Earnings per share:

Calculation of Net Profit available for Equity Shareholders:

- Net Profit After Tax
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)
Profit available for Equity Shareholders
- Weighted Average number of Equity Shares of Rs. 10/- each
- Basic Earnings Per Share (Rs.)
- Effect of Potential Equity Shares on Conversion of Warrants
- Weighted Average number of Equity Shares for diluted Earnings Per Share
- Diluted Earnings Per Share (Rs.)

Current Year Rs Lakh	Previous Year Rs Lakh
6,538.58	1,416.98
122.84	122.84
6,415.74	1,294.14
400.91	338.72
16.00	3.82
—	0.98
400.91	339.70
16.00	3.81

22. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 is annexed to the “Notes to Accounts”.

23. The figures for the previous year have been regrouped wherever necessary to conform to current year’s classification.

24. THE ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 IS AS UNDER:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:

Registration No.	1	1	8	9	4	9	o	f	1	9	9	9
State Code										1	1	
Balance Sheet Date:			3	1	-	0	3	-	2	0	0	8

II. Capital raised during the year (amount in Rs. thousand):

Public Issue										N	I	L
Rights Issue										N	I	L
Bonus Issue										N	I	L
Private Placement									8	6	1	0

III. Position of mobilisation and deployment of funds (amount in Rs. thousand):

Total Liabilities						9	6	5	8	3	8	6
Total Assets						9	6	5	8	3	8	6
Sources of Funds												
Paid-Up-Capital							5	0	8	0	8	4
Reserves & Surplus						8	1	2	9	3	8	2
Secured Loans										N	I	L
Deferred tax Liability							1	6	8	7	7	
Unsecured Loans										N	I	L
Application of Funds												
Net Fixed Assets							2	6	8	8	1	5
Investments							5	0	2	9	1	3
Net Current Assets							3	3	5	6	3	9
Misc. Expenditure												-
Accumulated Losses												-

IV. Performance of the Company (amount in Rs. thousand): Refer Notes 1(d) and 1(e)

Turnover (Including Other Income)						2	1	9	9	5	7	9
Total Expenditure						1	3	6	1	7	4	6
Profit(+)/Loss(-) before tax						+	8	3	7	8	3	3
Profit(+)/Loss(-) after tax						+	6	5	3	8	5	8
Earnings per share in Rupees											1	6
Dividend rate (%)											2	5

V. Generic name of principal product/service of Company (as per monetary items)

ITC Code	NOT APPLICABLE
Product description	PROJECTS, PROJECT MANAGEMENT & DEVELOPMENT
Product description	OPERATING OF COMMERCIAL COMPLEXES
Product description	BUSINESS CENTRE

Signatures to Schedules 1 to 21

For and on behalf of the Board

Anand G. Mahindra

Chairman

Arun Nanda

Vice-Chairman

Uday Y. Phadke

Director

Sanjiv Kapoor

Director

Shailesh Haribhakti

Director

Anil Harish

Director

Pawan Malhotra

Managing Director & CEO

Suhas Kulkarni
*Vice President-Legal &
Company Secretary*

Mumbai : 25th April, 2008

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies:

Rs. Lakh							
Particulars	Name of the Subsidiary Company Mahindra Infrastructure Developers Limited (MIDL)	Name of the Subsidiary Company Mahindra World City Developers Limited (MWC DL)	Name of the Subsidiary Company Mahindra World City (Jaipur) Limited (MWCJL)	Name of the Subsidiary Company Mahindra World City (Maharashtra) Limited (MWCML)	Name of the Subsidiary Company Mahindra Integrated Township Limited (MITL)	Name of the Subsidiary Company Mahindra Technology Park Limited (MTPL)	Name of the Subsidiary Company Mahindra Residential Developers Limited (MRDL)«
The Financial Year of the Subsidiary Company ended on	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
Number of Shares in the Subsidiary Company held by Mahindra Lifespace Developers Limited (Formerly Mahindra Gesco Developers Limited) at the above date :							
Equity	14,400,000	16,524,993	99,900,000	350,000	37,000,000	10,000,000	—
Extent of holding	80.00%	82.62%	74.00%	100.00%	95.48%	100.00%	95.48%
The net aggregate of profits/(losses) of the Subsidiary Company for its financial year so far as they concern the members of Mahindra Lifespace Developers Limited. (Formerly Mahindra Gesco Developers Limited):							
1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. (Formerly Mahindra Gesco Developers Limited) for the year ended 31st March, 2008.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited (Formerly Mahindra Gesco Developers Limited) for the year ended 31st March, 2008.	(19.98)	943.78	(58.31)	(0.59)	(17.46)	(19.70)	(1.64)
The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial years so far as they concern the members of Mahindra Lifespace Developers Limited (Formerly Mahindra Gesco Developers Limited):							
1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. (Formerly Mahindra Gesco Developers Limited) for the year ended 31st March, 2007.	Nil	1,530.25	Nil	Nil	Nil	Not Applicable	Not Applicable
2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited (Formerly Mahindra Gesco Developers Limited) for the year ended 31st March, 2007.	39.88	1,715.48	(206.40)	(6.04)	(45.35)	Not Applicable	Not Applicable

« a subsidiary of MITL

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Summary of financial performance of the subsidiary companies for the year April 2007 - March 2008

	Mahindra Infrastructure Developers Limited	Mahindra World City Developers Limited	Mahindra World City (Jaipur) Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Mahindra Technology Park Limited	Mahindra Residential Developers Limited
	MIDL	MWCDL	MWCJL	MWCML	MITL	MTPL	MRDL
Particulars	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh
Capital	1,800.00	8,500.00	13,500.00	35.00	5,000.00	1,000.00	5.00
Reserves/(Debit balance as per Profit & Loss A/c)	30.08	(450.65)	(322.06)	(6.73)	(65.79)	(19.70)	(1.71)
Total Assets	1,949.61	14,812.51	41,316.60	87.84	9,460.75	981.19	3.62
Total Liabilities	1,949.61	14,812.51	41,316.60	87.84	9,460.75	981.19	3.62
Investments-(except in case of investment in subsidiaries)	1,531.40	26.00	6,020.42	—	—	38.34	—
Turnover	108.26	2,857.96	717.47	—	1.47	1.35	—
Profit before Tax	5.23	1,431.75	(75.17)	(0.59)	(18.20)	(19.70)	(1.71)
Provision for Tax	30.20	289.43	3.63	—	0.08	—	—
Profit after Tax	(24.97)	1,142.32	(78.80)	(0.59)	(18.28)	(19.70)	(1.71)
Proposed Dividend	—	590.00	—	—	—	—	—

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Mahindra Lifespace Developers Limited and its subsidiaries as at March 31, 2008 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of Mahindra Lifespace Developers Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, joint ventures and associates, whose financial statements reflect the Group's share of total assets of Rs. 39,414.08 lakh as at March 31, 2008 and the Group's share of total revenues of Rs. 4,464.13 lakh and net cash inflows amounting to Rs. 439.23 lakh for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited (except for one joint venture) by the other auditors whose report has been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, joint ventures and associates, is based solely on the report of the other auditors. In respect of one joint venture, the financial statements are unaudited, which reflect the Group's share of total assets of Rs. 1,760.54 lakh as at March 31, 2008 and the Group's share of total revenues of Rs. 2,164.28 lakh and net cash inflows amounting to Rs. 777.45 lakh for the year ended on that date as considered in the consolidated financial statements.
4. We report that consolidated financial statements have been prepared by the management of Mahindra Lifespace Developers Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27- Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India.
5. Without qualifying our opinion, we draw attention to :
 - a. Note 7 (c) of Schedule 22 of the accounts, in respect of which, we have relied on management representation regarding realisability of construction work in progress, project advances and interest accrued thereon of Rs. 6873.11 lakh on account of a project, where commencement of construction has been delayed on account of a dispute between the land owner and the Company, which is in the process of being referred to arbitration.
 - b. Note 1(a)(iii) of Schedule 22 which states that the accounts of a Joint Venture Company have been prepared on the basis that the current activities no longer qualify it to be regarded as a going concern.
6. *In respect of projects under long term contracts undertaken and/or financed by the Company [Note no 1 (h), 7(a) & 7(b) of Schedule 22], we have relied upon the management's estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects, owing to the technical nature of such estimates, on the basis of which profits/ losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.*
7. Based on our audit and on the consideration of the separate audit reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to the matter referred to in paragraph 6 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of Mahindra Lifespace Developers Limited, its subsidiaries and its interests in joint ventures and associates as at March 31, 2008,
 - ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Mahindra Lifespace Developers Limited, its subsidiaries and its interests in joint ventures and associates for the year ended on that date, and
 - iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Mahindra Lifespace Developers Limited, its subsidiaries and its interests in joint ventures and associates for the year ended on that date.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. 32083

Mumbai :

25th April, 2008

For and on behalf of

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Mumbai :

25th April, 2008

Consolidated Balance Sheet as at 31st March, 2008

	Schedule	Current Year Rupees in lakh	Previous Year Rupees in lakh
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,080.84	4,994.74
Application Monies for Warrants		—	452.89
Reserves & Surplus	2	80,493.39	70,726.23
		85,574.23	76,173.86
Preference Capital of Joint Venture		392.34	392.34
Loan Funds			
Secured Loans	3	28,551.80	752.61
Unsecured Loans	4	—	4,060.00
		28,551.80	4,812.61
Deferred Tax Liability (Net)	5	334.09	74.89
Minority Interest	6	4,486.73	1,372.21
TOTAL...		119,339.19	82,825.91
APPLICATION OF FUNDS			
Fixed Assets :			
Goodwill on Consolidation		2,900.95	2,900.95
Gross Block	7	9,900.26	7,334.99
Less : Depreciation		2,444.23	2,538.83
Net Block		7,456.03	4,796.16
Capital Work in Progress		3,323.66	1,282.93
		13,680.64	8,980.04
Investments	8	33,042.85	17,582.01
Current Assets, Loans and Advances :			
Inventories	9	66,258.60	38,951.46
Sundry Debtors	10	4,470.84	2,280.23
Cash and Bank Balances	11	4,610.92	15,052.21
Other Current Assets	12	2,582.62	2,578.14
Loans and Advances	13	11,351.47	9,337.03
		89,274.45	68,199.07
Less : Current Liabilities and Provisions :			
Current Liabilities	14	13,977.81	9,771.30
Provisions	15	2,680.94	2,163.91
		16,658.75	11,935.21
Net Current Assets		72,615.70	56,263.86
TOTAL...		119,339.19	82,825.91
Notes to Accounts :	22		

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

Signatures to the Balance Sheet and Schedules 1 to 15 and 22

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Consolidated Profit and Loss Account for the year ended 31st March, 2008

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income	16	23,108.12	21,634.61
Other Income	17	3,351.80	764.30
		<u>26,459.92</u>	<u>22,398.91</u>
EXPENDITURE			
Operating Expenses	18	13,121.09	16,149.72
Employee Remuneration & Benefits	19	1,211.25	954.50
Administration & Other Expenses	20	2,234.74	1,446.87
Interest & Finance charges	21	212.44	860.79
Depreciation		415.55	264.34
		<u>17,195.07</u>	<u>19,676.22</u>
Profit before Tax		<u>9,264.85</u>	<u>2,722.69</u>
Less : Provision for Current Tax		(1,731.76)	(581.52)
Less : Provision for Deferred Tax		(303.76)	(78.11)
Profit for the year after Tax		<u>7,229.33</u>	<u>2,063.06</u>
Add : Excess Provision for Tax for earlier years		0.08	0.76
Less : Short Provision for Tax for earlier years		(334.06)	(232.26)
Profit after tax		<u>6,895.35</u>	<u>1,831.56</u>
Less: Minority Interest		(254.51)	(41.21)
Consolidated Net Profit		<u>6,640.84</u>	<u>1,790.35</u>
Add : Balance brought forward from previous year		1,259.30	1,277.66
Less: Adjustment on account of Leave Encashment and Gratuity (Net of deferred Tax)		—	(5.43)
Amount Available for Appropriation		<u>7,900.14</u>	<u>3,062.58</u>
APPROPRIATIONS			
Proposed Dividend :			
On Equity Shares		1,020.21	633.96
On Preference Shares		105.00	105.00
Tax on distributed profit		191.23	119.68
Transfer to Capital Redemption Reserve		—	398.82
Transfer to General Reserve		653.86	70.85
Debit balance in General Reserve		—	474.97
Balance Carried Forward to Balance Sheet		<u>5,929.84</u>	<u>1,259.30</u>
		<u>7,900.14</u>	<u>3,062.58</u>
Basic Earnings per Share		<u>16.26</u>	<u>4.92</u>
Diluted Earnings per Share (Refer Note 18, Schedule 22)		<u>16.26</u>	<u>4.91</u>
Notes to Accounts :	22		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our Report attached hereto

Signatures to the Profit and Loss Account and Schedules 16 to 22

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
Company Secretary

For and on behalf of the Board

Anand G. Mahindra Chairman

Arun Nanda Vice-Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Consolidated Cash Flow Statement for the year ended 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	9,264.85	2,722.69
Adjustments for :		
Depreciation	415.55	264.34
Amortisation of expenses	—	1.83
Profit on Sale of Investments	(1,037.35)	(0.92)
Considered separately:		
Interest Income	(424.15)	(96.06)
Interest Expense	212.44	860.79
Dividend	(1,600.79)	(574.57)
Loss on Sale of Fixed Assets (Net)	6.15	1.43
Operating Profit Before Working Capital Changes	6,836.70	3,179.53
Adjustments for :		
Trade and Other Receivables	(4,372.02)	331.79
Inventories	(27,307.14)	(12,191.08)
Trade Payables and Other Liabilities	4,269.87	(2,332.89)
Proceeds from Sale of Properties	514.60	—
Cash Generated from Operations	(20,058.00)	(11,012.65)
Income taxes received / (paid)	(1,944.50)	(1,136.96)
Net Cash (used in) / from operating activities	(22,002.50)	(12,149.61)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(3,603.47)	(1,054.27)
Proceeds from Sale of Fixed Assets	7.30	12.18
Purchase of Capital WIP	(2,040.73)	(667.47)
Proceeds / (Investment) in Others (Net)	(14,423.49)	(15,733.54)
Goodwill on acquisition	—	(995.34)
Minority interest	2,600.01	910.00
Interest received	419.67	0.92
Dividend received	1,600.79	80.32
Deposits / Advances with Companies	—	574.57
Net Cash (used in) / from investing activities	(15,439.92)	(16,872.63)
C. Cash flow from financing activities		
Increase in borrowings	23,739.19	(13,266.60)
Share Application money	260.00	—
Interest paid	(215.41)	(926.57)
Dividend paid	(858.64)	(1,295.08)
Redemption of Preference Shares	—	(5,500.00)
Issue of Equity Share Capital	86.10	891.90
Share Premium Proceeds	3,989.88	62,462.04
Preference Share Capital of Joint Venture	—	392.34
Issue Expenses	—	(1,102.05)
Proceeds from Share warrant	—	452.89
Net Cash (used in) / from financing activities	27,001.12	42,108.87
Net Increase/(Decrease) in Cash and Cash Equivalents	(10,441.30)	13,086.63

Consolidated Cash Flow Statement for the year ended 31st March, 2008 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Cash and Cash Equivalents (Opening)	15,052.21	1,965.58
Cash and Cash Equivalents (Closing)	4,610.92	15,052.21

Notes:

1. Profit on sale of properties is considered as operating activity while purchase of and proceed from sale of other fixed assets is included in investing activities.
2. To finance working capital requirements, the Company's bankers have sanctioned a total fund based limit of Rs. 7,000 lakh (Previous Year Rs. 7,000 lakh). The said limits have not been utilised as on March 31, 2008 (Previous year Rs. Nil).
3. The figures for the previous year have been regrouped wherever necessary to conform to current year's classification.

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 25th April, 2008

Suhas Kulkarni
Vice President-Legal &
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For and on behalf of the Board

Anand G. Mahindra Chairman

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Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Pawan Malhotra Managing Director & CEO

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SHARE CAPITAL			
Authorised			
50,000,000	(Previous year 50,000,000) Equity Shares of Rs.10 each	5,000.00	5,000.00
6,500,000	(Previous year 6,500,000) Preference Shares of Rs.100 each	6,500.00	6,500.00
6,000,000	(Previous year 6,000,000) Unclassified Shares of Rs.10 each	600.00	600.00
		12,100.00	12,100.00
Issued			
40,854,501	(Previous year 39,993,501) Equity Shares of Rs.10 each	4,085.45	3,999.35
1,000,000	(Previous year 1,000,000) 10.50% Non Cumulative Redeemable Preference Shares of Rs.100 each (Refer Note 3)	1,000.00	1,000.00
		5,085.45	4,999.35
Subscribed and Paid-up			
40,808,350	(Previous year 39,947,350) Equity Shares of Rs.10 each fully paid up	4,080.84	3,994.74
1,000,000	(Previous year 1,000,000) 10.50 % Non Cumulative Redeemable Preference Shares of Rs.100 each fully paid up (Refer Note 3)	1,000.00	1,000.00
		5,080.84	4,994.74

Of the above :

- a) 31,074,501 Equity Shares of Rs.10 each
1,000,000 10.50 % Non Cumulative Redeemable Preference Shares of Rs.100 each
have been issued for consideration other than cash pursuant to two Schemes of Arrangement
- b) 15,401,126 (Previous year 15,401,126) Equity shares are held by Mahindra & Mahindra Limited, the ultimate Holding Company.
5,445,000 (Previous year 4,584,000) Equity shares are held by Mahindra Holdings & Finance Limited, a Subsidiary of of Mahindra & Mahindra Limited, the ultimate Holding Company.
1,000,000 10.50 % Non Cumulative Redeemable Preference Shares are held by Mahindra Holdings & Finance Limited, a subsidiary of Mahindra & Mahindra Limited, the ultimate Holding Company.
- c) A petition for the merger of Mahindra Holdings & Finance Limited with Mahindra & Mahindra Limited with effect from 1st February, 2008 is pending before the Bombay High Court.
Mahindra & Mahindra Limited and Mahindra Holdings & Finance Limited are constituents of the Mahindra & Mahindra group as defined in section 2(ef) of the Monopolies and Restrictive Trade Practices Act, 1969 (Repealed) in relation to the Company.

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "2" :		
RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as per last Balance Sheet	6,353.58	853.58
Transfer from General Reserve	—	5,101.18
Transfer from Profit & Loss Account	—	398.82
	6,353.58	6,353.58
Share Premium Account		
Balance as per last Balance Sheet	63,113.35	1,753.36
Add: Premium on shares issued during the year	4,442.76	62,462.04
Less: Issue Expenses	—	(1,102.05)
	67,556.11	63,113.35
General Reserve		
Balance as per last Balance Sheet	—	4,555.36
Add: Transfer from Profit & Loss Account	653.86	70.85
Less: Transfer to Capital Redemption Reserve	—	(5,101.18)
	653.86	(474.97)
Add: Profit and Loss Account	—	474.97
	653.86	—
Profit and Loss Account	5,929.84	1,259.30
	80,493.39	70,726.23
SCHEDULE "3" :		
SECURED LOANS (Refer Note 4)		
Overdrafts from Banks	—	28.61
Term loans from others	27,959.00	100.00
	27,959.00	128.61
Add: Share of Jointly controlled entities	592.80	624.00
	28,551.80	752.61
SCHEDULE "4" :		
UNSECURED LOANS (Refer Note 5)		
Other Loans	—	4,060.00
	—	4,060.00
Add: Share of Jointly controlled entities	—	—
	—	4,060.00

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

SCHEDULE "5" :

DEFERRED TAX LIABILITY (NET):

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Deferred Tax Asset		
Relating to :		
Provision for impairment in asset value	526.90	521.78
Expenses allowable on actual payment	26.80	24.34
	553.70	546.12
Add: Share in Jointly controlled entities	22.43	15.10
	576.13	561.22
Deferred Tax Liability		
Relating to :		
Difference between book and tax depreciation	906.25	633.47
	906.25	633.47
Add: Share in Jointly controlled entities	3.97	2.64
	910.22	636.11
	334.09	74.89

SCHEDULE "6" :

MINORITY INTEREST

Shares held by Minorities in Subsidiaries	4,486.73	1,372.21
	4,486.73	1,372.21

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

SCHEDULE " 7 "

FIXED ASSETS (CONSOLIDATED) :

Rupees in Lakh

Particulars	COST			DEPRECIATION				NET BLOCK	
	As at March 31, 2007	Additions	Deductions	As at March, 31 2008	Up to March 31, 2007	Deductions	For the Year	Up to March, 31 2008	As at March, 31 2007
Land	292.54	422.53	-	715.07	-	-	6.40	6.40	292.54
Building	5,262.07	1,643.31	954.93	5,950.45	2,053.20	447.52	164.82	1,770.50	3,208.87
Furniture & Fixtures	168.55	32.74	28.58	172.71	104.19	22.82	19.29	100.66	64.36
Plant & Machinery	1,015.30	498.00	27.86	1,485.44	159.61	20.12	63.68	203.17	855.69
Computers	232.32	61.24	8.51	285.05	159.06	7.51	45.53	197.08	73.26
Vehicles	152.10	44.13	18.09	178.14	44.35	12.13	31.21	63.43	107.75
Total	7,122.88	2,701.95	1,037.96	8,786.86	2,520.41	510.10	330.93	2,341.24	4,602.47
Add: Share in Jointly Controlled Entities									
	212.11	901.52	0.23	1,113.40	18.42	0.05	84.62	102.99	193.69
Grand Total	7,334.99	3,603.47	1,038.20	9,900.26	2,538.83	510.15	415.55	2,444.23	4,796.16
<i>Previous year total</i>	6,345.83	1,054.26	65.10	7,334.99	2,325.04	51.43	265.22	2,538.83	4,796.16

Note : Depreciation for the year Rs. Nil in respect of subsidiaries has been capitalised to the project (Previous Year Rs 0.88 Lakh)

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "8" :				
INVESTMENTS				
Long Term Investments				
(At Cost, Unquoted, Trade) (Refer Note 6)				
In Others				
Deepmangal Developers Private Limited	100	177	284.61	284.61
Knight Frank India Pvt Limited			-	40.00
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
New Tirupur Area Development Corporation Limited	10	15,500,000	1,550.63	1,500.00
Preference Shares				
Rathna Bhoomi Enterprises Private Limited	10	238,500	23.85	23.85
(10% Non Cumulative Redeemable Participating Optionally Convertible Preference Shares)				
Mahindra Knowledge Park (Mohali) Limited	10	50,000	5.00	5.00
(7% Non Cumulative Redeemable Participating Optionally Convertible Preference Shares)				
Current Investments, Unquoted, Non Trade				
(At lower of cost and fair value)				
In Units of Mutual Fund				
Redeemed during the year				
Reliance Liquidity Fund-Daily Dividend Reinvestment Option			-	156.57
ICICI Prudential Sweep Plan Cash Option- Daily Dividend			-	325.20
UTI- Fixed Maturity Plan Quarterly Ser PFMP-QS/0207/1			-	4,627.98
Kotak FMP Series 10			-	311.56
DWS Fixed Term Sr-23 -FMP			-	303.34
Reliance Interval Fund - Series II - FMP				10,008.90
Acquired during the year				
DWS Money Plus Fund- Institutional Plan- Growth		9,546,631	1,000.00	-
Reliance Liquid Fund-Treasury Plan-Institutional option- Growth Option		7,616,627	1,500.00	-
SBI- Magnum Insta Cash Fund-Daily Dividend		3,883,023	650.42	-
SBI- Magnum Insta Cash Fund- Cash option		10,323,051	1,870.00	-
Templeton-Floating rate Income Fund-Long term (Super IP)		9,268,012	1,000.00	-
DWS Money Plus Fund - Institutional Plan - Daily dividend		76,093,121	7,615.58	-
Kotak Flexi Debt Scheme - Daily dividend		13,850,524	1,389.36	-
Tata Floating Rate Fund Long Term - Income / Bonus		29,727,509	3,006.29	-
Birla Sun Life Qtrly Interval-Series 2 -Dividend		35,188,249	3,518.83	-
Birla Sun Life Interval Income - INSTL - Monthly - Series 1 Dividend		20,038,387	2,003.84	-
Birla Sun Life Qtrly Interval-Series 1 -Dividend		25,110,720	2,511.08	-
Birla Sun Life Qtrly Interval-Series 9 -Dividend		25,081,379	2,508.15	-
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I		25,000,000	2,500.00	-
JM Money Manager Fund Super Plus Plan - Daily dividend		218,017	21.81	-
			32,959.45	17,587.01
Less : Provision for Diminution in Value of Investments ..			(5.00)	(5.00)
			32,954.45	17,582.01
Add : Share of Jointly controlled entities			88.40	-
			33,042.85	17,582.01
SCHEDULE "9" :				
INVENTORIES				
(At lower of cost and net realisable value)				
Raw Material			494.21	423.10
Stock-in-trade			385.58	380.71
Construction Work in Progress (Refer Note 7a & 7c)			65,378.81	38,147.65
			66,258.60	38,951.46
Add : Share of Jointly controlled entities			-	-
			66,258.60	38,951.46

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "10" :		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding over six months	960.03	723.46
Other debts,	3,120.66	1,308.16
	4,080.69	2,031.62
Add : Share of Jointly controlled entities	390.15	248.61
	4,470.84	2,280.23
SCHEDULE "11" :		
CASH AND BANK BALANCES		
Cash on hand	1.89	1.26
Cheques on hand	-	488.93
Balances with Scheduled Banks		
- On Current Accounts	1,104.99	1,353.77
- On Deposit Accounts	1,834.12	12,321.40
	2,941.00	14,165.36
Add : Share of Jointly controlled entities	1,669.92	886.85
	4,610.92	15,052.21
SCHEDULE "12" :		
OTHER CURRENT ASSETS		
Interest accrued on Project advances (Refer Note 7b)	4,112.38	4,070.30
Less : Provision for impairment in asset value	(1,550.15)	(1,550.15)
	2,562.23	2,520.15
Interest accrued on deposits	20.39	57.99
	2,582.62	2,578.14
Add : Share of Jointly controlled entities	—	—
	2,582.62	2,578.14
SCHEDULE "13" :		
LOANS AND ADVANCES		
(Unsecured, Considered Good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	1,152.99	706.29
Project Advances (Refer Note 7b & 7c)		
Considered good	8,389.84	6,679.82
Considered doubtful	121.25	121.25
	8,511.09	6,801.07
Less : Provision for doubtful advances	(121.25)	(121.25)
	8,389.84	6,679.82
Inter Corporate Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax Rs.3,176.60 lakh, Previous year Rs. 1,504.06 lakh)	1,317.93	1,462.03
Staff Loans / Advances	15.74	35.19
Deposits	232.67	260.61
	11,283.21	9,317.98
Add : Share of Jointly controlled entities	68.26	19.05
	11,351.47	9,337.03

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "14" :		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 8a)		—
— Total outstanding dues of micro enterprises & small enterprises	5.90	—
— Others	4,210.69	4,151.08
Advances and Deposits	7,050.94	2,656.71
Unclaimed Dividends (Refer Note 8b)	17.66	14.36
Other Liabilities	1,680.27	2,339.14
Interest accrued but not due on loans	34.40	37.37
	12,999.86	9,198.66
Add : Share of Jointly controlled entities	977.95	572.64
	13,977.81	9,771.30
SCHEDULE "15" :		
PROVISIONS		
Proposed Dividend	1,316.44	858.64
Provision for losses to project completion (Refer Note 8c)	1,241.03	1,241.03
Provision for Leave Encashment Benefits	73.46	25.22
Provision for Gratuity	37.85	30.35
	2,668.78	2,155.24
Add : Share of Jointly controlled entities	12.16	8.67
	2,680.94	2,163.91

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2008

SCHEDULE "16" :

OPERATING INCOME

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Income from Projects	15,553.04	18,834.59
Project Management Fees (gross)*	38.05	304.77
Income from Operation of Commercial Complexes (gross)*	1,434.21	1,189.01
Business Centre Revenues (gross)*	847.92	485.55
Profit on sale of properties	2,307.65	—
	20,180.87	20,813.92
Add : Share in Jointly controlled entities	2,927.25	820.69
	23,108.12	21,634.61

* (Income Tax deducted at source-Rs.459.86 Lakh
Previous Year - Rs. 257.71 lakh)

SCHEDULE "17" :

OTHER INCOME

Interest Earned (gross) *		
— On InterCorporate Deposits	358.85	—
— On Bank Deposits	47.60	50.18
— Others	17.70	45.87
Dividend on Long Term Trade Investments	28.00	24.00
Dividend on Current Investments	1,572.79	550.57
Profit on Sale of Current Investments	437.35	0.92
Profit on Sale of Long Term investments	600.00	—
Miscellaneous Income	198.35	68.95
	3,260.64	740.49
Add: Share in Jointly controlled entities	91.16	23.81
	3,351.80	764.30

* (Income Tax deducted at source-Rs.89.96 Lakh
Previous Year - Rs. 13.97 Lakh)

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2008

SCHEDULE "18" :

OPERATING EXPENSES

Cost of Projects

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Opening Stock in trade	384.31	387.51
Opening Work-in-progress	38,144.05	26,125.47
Opening Raw Material	423.10	308.48
	38,951.46	26,821.46
Add: Expenses incurred during the year :		
Land Cost / Premium for Development Rights	22,356.18	6,494.81
Architect Fees	185.37	186.13
Preliminaries & Site Expenses	8.68	44.53
Civil, Electrical, Contracting etc.	7,806.05	17,831.00
Interest (net)	1,749.52	737.84
Overheads allocated	675.01	446.92
Payment to Local Agencies	5,484.43	443.43
Insurance	31.22	27.75
Legal & Professional Fees	180.89	266.39
Other Expenses	171.83	6.39
	38,649.18	26,485.19
	77,600.64	53,306.65
Less :-Closing Work-in-progress	(65,378.81)	(38,144.05)
Closing Raw Material	(494.21)	(423.10)
Closing Stock in trade	(385.58)	(384.31)
Capital Work in Progress	(1,917.38)	—
	(68,175.98)	(38,951.46)
	9,424.66	14,355.19
Project Management Fees	1.40	0.85
Rent, Rates & Taxes	309.68	257.64
Insurance	—	0.99
Repairs & Maintenance - Commercial Properties	232.01	157.27
Professional Fees	463.66	130.02
Brokerage	85.97	77.52
Advertisement, Marketing & Business Development	314.85	444.55
Electricity	258.89	383.78
Other Operating Expenses	845.15	114.65
	11,936.27	15,922.46
Add : Share in Jointly controlled entities	1,184.82	227.26
	13,121.09	16,149.72

SCHEDULE "19" :

EMPLOYEE REMUNERATION & BENEFITS

Salaries, Allowances & Bonus	1,519.30	1,132.70
Contribution to Provident & Other Funds.	91.47	67.67
Staff Welfare Expenses	119.27	73.60
	1,730.04	1,273.97
Less :- Allocated to projects	(675.01)	(446.91)
	1,055.03	827.06
Add : Share in Jointly controlled entities	156.22	127.44
	1,211.25	954.50

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2008

SCHEDULE "20" :

ADMINISTRATION & OTHER EXPENSES

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Rent, Rates and Taxes	458.52	326.01
Insurance	11.17	9.34
Repairs and Maintenance		
- Buildings	70.87	54.48
- Others	97.08	63.27
Electricity Charges	77.97	32.56
Travelling & Conveyance	268.25	173.16
Legal & Professional Fees	183.89	341.02
Printing & Stationery	59.40	50.55
Communication	75.64	60.05
Advertisement, Marketing & Business Development	440.57	12.62
Auditors Remuneration	45.03	27.60
Loss on Sale of other Fixed Assets (Net)	6.15	0.74
Miscellaneous Expenses	244.97	144.54
	2,039.51	1,295.94
Add : Share in Jointly controlled entities	195.23	150.93
	2,234.74	1,446.87

SCHEDULE "21" :

INTEREST & FINANCE CHARGES

Interest		
On Fixed Loans	1,904.23	244.28
On Other Deposits	8.99	1,031.07
	1,913.22	1,275.35
Less : Allocated to projects	(1,749.90)	(414.56)
	163.32	860.79
Add : Share in Jointly controlled entities	49.12	-
	212.44	860.79

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended 31st March, 2008.

SCHEDULE: "22"

NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Accounting Convention :

- i. The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India as applicable and the relevant provisions of the Companies Act, 1956.
- ii. The accounts of a joint venture company have been prepared on the basis that the company is not regarded as a going concern.

b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c) Basis of consolidation :

The consolidation of accounts is done for Mahindra Lifespace Developers Limited (formerly known as Mahindra Gesco Developers Limited), the parent company, with its subsidiaries incorporated in India in accordance with the requirements of Accounting Standard (AS) 21- 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

Name of Subsidiary

Mahindra Infrastructure Developers Limited
Mahindra World City Developers Limited
Mahindra World City (Jaipur) Limited
Mahindra World City (Maharashtra) Limited
Mahindra Integrated Township Limited
Mahindra Technology Park Limited (with effect from 28th September, 2007).
Mahindra Residential Developers Limited (with effect from 1st February, 2008).

Proportion of Ownership Interest	
Current Year	Previous Year
80.00%	80.00%
82.62%	82.62%
74.00%	74.00%
100.00%	100.00%
95.48%	95.48%
100.00%	—
95.48%	—

Investments in Joint Ventures are dealt with in accordance with the Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

Name of Joint Ventures

Mahindra Water Utilities Limited
Mahindra Inframan Water Utilities Private Limited
Ascendas Mahindra IT Park Limited

Proportion of Ownership Interest	
Current Year	Previous Year
40.00%	40.00%
39.99%	39.99%
21.48%	21.48%

Investments in the following Associates have been dealt with in accordance with the Accounting Standard (AS) 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. Effect has been given to the carrying amount of investments in the associates using the "Equity Method". The Company's share of the post acquisition profits/ (losses) is included in the carrying cost of investments (Refer Note 15).

Name of Associate

Rathna Bhoomi Enterprises Private Limited

Proportion of Ownership Interest
50.00%

The accounting year of the Company, its subsidiary, jointly controlled entities and associates ends on March 31, 2008. The accounts of all the subsidiaries, the Joint Ventures and Associates have been audited except for Ascendas Mahindra IT Park Limited. Depreciation in the subsidiaries, jointly controlled entities and associates is provided for on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as compared to the Company's policy of providing depreciation on written down value method. However, the impact not being material, the same has not been restated in the consolidated financial statements.

d) Fixed Assets :

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.

Depreciation on fixed assets is provided on the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets acquired during the year is provided for the full year and no depreciation is provided in the year of disposal.

e) Fixed Assets held for disposal:

Fixed Assets held for disposal are valued at estimated net realizable value.

f) Investments:

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

g) Inventories :

Inventories are valued at lower of cost and net realisable value. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

h) Revenue Recognition:

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long-term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the management fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

Income from services rendered in respect of projects is inclusive of service tax recoverable from the clients

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection.

Land lease premium is recognised as income upon creation of leasehold rights in favor of the lessee or upon an agreement to create leasehold rights with handing over possession.

Property Lease rentals, income from operations and maintenance charges and water charges are recognised on accrual basis as per terms of agreement with the lessee.

Dividend income is recognised when the right to receive the same is established.

i) Retirement benefits:

(i) Defined contribution Plans

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value

j) Borrowing Costs:

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of the project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

k) Foreign Currency Transactions:

Foreign Currency assets and liabilities are translated at the relevant rates of exchange prevailing at the year end and the translation differences are recognised in the Profit and Loss account. The exchange gain or loss on settlement is also recognised in the Profit and Loss account.

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

l) Provision for taxation:

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that 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. Deferred Tax assets are not recognised unless, in the management judgement, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each Balance Sheet date.

m) Segment Information:

The Company operates in three main segments; namely, Projects, Project Management and Development activities, Operating of commercial complexes and Business Centers. The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

n) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2. Equity Share Capital and Warrants:

- a) The allotment of 46,151 (*Previous Year 46,151*) Equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).
- b) The Company had allotted 3,780,000 warrants on August 4, 2006 to the promoters under chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 on the terms and conditions approved by the members at the 7th Annual General Meeting held on July 21, 2006. During the year, Mahindra Holdings & Finance Limited converted the remaining 861,000 warrants into equal number of equity shares of face value of Rs. 10/- each at Rs. 526 per equity share (including share premium of Rs. 516 per equity share) as per the conditions of the issue by tendering balance payment @ Rs. 473.40 per equity share (after adjusting 10% consideration @ Rs. 52.60 per equity share received earlier).
- c) The utilization of the funds received from the QIP and the conversion of the above warrants is as under:

	Current Year	Previous Year
	Rs. Lakh	Rs. Lakh
Sources of Funds		
QIP Proceeds	48,000.00	48,000.00
Conversion of Warrants to Equity Shares	19,882.80	15,353.94
Advance against Warrants	—	452.89
	67,882.80	63,806.83
Utilisation of Funds		
Repayment of working capital facilities	8,548.28	8,548.28
Prepayment /Repayment of Loans	19,249.51	19,189.51
QIP Issue Expenses	1,102.05	1,102.05
Land Purchase	8,617.03	6,513.61
TDR Purchase	1,335.20	578.46
Investment /Advances	14,709.11	5461.62
Balance Funds Deployed		
Fixed Deposit with Banks	—	11,000.00
Investments in Schemes of Mutual Funds	14,321.62	11,413.30
	67,882.80	63,806.83

- d) The Remuneration Committee of the Company has approved grant of 678,359 Stock Options at an exercise price of Rs. 428 per share to the Employees / Directors under the Employee Stock Option Scheme which was approved by the shareholders at their meeting held on 21st July, 2006.

3. Preference Share Capital

The 10.50 % Non Cumulative Redeemable Preference Shares are redeemable at par at the option of the Company at any time upto 22nd March, 2011.

4. Secured Loans

Overdrafts facility from banks are secured by hypothecation of entire current assets of the Company and mortgage of immovable properties of a third party.

5. Unsecured Loans

Unsecured Loans of Rs. NIL (*Previous Year Rs. 30.00 Lakh are repayable on call or by 31st March, 2008.*)

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

6. Investments

- a) In the opinion of the Management, no loss is expected to arise in respect of Investments for which an additional provision is required to be made in the accounts.
- b) During the year the Company has subscribed to 10,000,000 equity shares of Mahindra Technology Park Limited (MTPL) thereby making it a 100% subsidiary of the Company with effect from 28th September, 2007. During the year, Mahindra Integrated Township Limited, has subscribed to 50,000 equity shares of Mahindra Residential Developers Limited, thereby making it a subsidiary of the Company with effect from 1st February, 2008.
- c) Mutual Fund Units purchased and sold during the year are as under:

	Current Year		Previous Year	
	No of Units	Rs. Lakh	No of Units	Rs. Lakh
DWS Insta Cash Plus Fund- Institutional Plan - Daily Dividend	75,145,348.335	7,529.19	—	—
DWS Insta Cash Plus Fund Super Institutional - Daily Dividend	16,985,278.556	1,701.92	—	—
DWS Fixed Term Series - 23 (110 days) - Growth option	3,000,000.000	300.00	—	—
DWS Fixed Term Series - 36 (90 days) - Dividend Payout Plan	3,086,790.000	308.68	—	—
DWS Money Plus - Institutional Plan - Daily Dividend	49,959,033.592	5,000.00	52,419,650.221	5,246.26
Kotak FMP 3M - Series 10	3,142,335.196	314.24	—	—
Kotak FMP 3M - Series 17	3,207,175.596	320.72	—	—
Kotak Flexi Debt Fund - Daily Dividend	139,456,762.793	13,989.05	—	—
UTI - Fixed Maturity Plan Qlty - QFMP/0207/ 1- Daily Dividend	46,663,064.576	4,666.31	—	—
UTI - FMP Qlty 05 / 07/ 1- Institutional Dividend Plan	47,598,349.653	4,759.83	—	—
UTI - Liquid Fund - Cash Plan - Daily Dividend	271,366.317	2,766.43	442,065.562	4,506.62
UTI - FMP Qlty 08 / 07/ 1- Institutional Dividend Plan	20,311,593.000	2,031.16	—	—
Reliance Monthly Interval Fund SERIES-II - Institutional Growth Plan	100,000,000.000	10,000.00	—	—
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	175,437,540.648	17,549.19	58,190,193.416	5,820.82
Reliance Monthly Interval Fund SERIES-II - Institutional Dividend Plan	105,767,463.443	10,579.54	—	—
Reliance Quarterly Interval Fund -Series II - Institutional Dividend Plan	25,465,747.695	2,546.68	—	—
DSP Merrill Lynch Cash Plus Fund - Daily Dividend	400,581.039	4,006.21	—	—
DSP Merrill Lynch Liquid Plus - Institutional Plan - Daily Dividend	400,800.754	4,009.53	505,161.338	5,052.62
ICICI Prudential Sweep Cash Option - Daily Dividend	3,255,115.377	325.51	—	—
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	9,920,041.651	992.00	85,267,619.302	8,526.76
Fidelity Liquid Plus Super Institutional - Daily Dividend	10,033,758.599	1,003.50	—	—
Birla Cash Plus - Institutional Premium	—	—	20,014,916.183	2,005.39
DWS Money Plus Fund Regular Plan	—	—	50,060,680.105	5,019.03
Kotak (Liquid) Institutional Premium	—	—	24,562,220.717	3,003.49
Kotak FMP 3M - Series 6 - Dividend	—	—	3,082,227.144	308.22
Pru-ICICI FMP Series - 3 Month Plan - Daily Dividend	—	—	42,717,918.618	4,271.79
Reliance Liquid Fund - Cash Plan - Daily Dividend	—	—	2,246,603.190	250.30
Standard Chartered Liquidity Manager Fund	—	—	588,442.230	5,885.01
UTI-FMP-QS/0207/1	—	—	45,769,560.296	4,576.96
ICICI Prudential Liquid Plus fund	17,961,237.767	2,056.00		
Reliance Liquid Fund	7,162,516.667	2,033.06		
Birla Sun Life Cash Plus IP Mutual Fund	1,204,205.456	260.00		
Deutsche Mutual Fund	18,001,411.021	2,000.00		
HDFC Mutual Fund 1	3,113,809.746	500.00		
HDFC Mutual Fund 2	2,083,147.338	210.00		
SBI Mutual Fund	146,920,198.555	19,346.00		
TATA Treasury Manager fund -SHIP	37,404.506	375.00		
	1,035,992,077.87	121,479.75	385,867,258.321	54,473.29

- d) Investments in units of Mutual fund include the unutilised monies amounting to Rs. 14,321.62 lakh (Previous Year Rs. 11,413.30 lakh) out of the issue of equity shares to Qualified Institutional Buyers and the issue of equity shares / warrants to the promoters.

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

7. Inventories, Current Assets, Loans and Advances:

- Construction Work in Progress represents materials at site & unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory have been made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.
- Project advances and interest accrued thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.
- Construction Work-in-Progress, Project Advances and interest accrued thereon referred to in 6(a) and 6 (b) above include Rs. 6,873.11 lakh (previous year 7,612.59 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, which is in the process of being referred to arbitration

8. Sundry Creditors and Provisions:

- Disclosure as per Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006.

Sr. No.	Particulars	Amount Rs lakh
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier:- Principal Amount- Interest thereon	5.90 Nil
(ii)	The amount of interest paid by the buyer in terms of Section 16, along with the amounts of payment made to the supplier beyond the due date	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of accounting year.	Nil
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	Nil

Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the company regarding the status of suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006

- There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
- The Company has, in case of certain projects, provided for Rs. 1,241.03 Lakh (*previous year Rs. 1,241.03 Lakh*) as provision for losses to project completion. The amount has been determined using best estimates with regard to percentage of completion, foreseeable costs to completion and revenues from the project activity. However, considering future business scenario, inflation in construction costs and market movement causing changes in realisations, which cannot be presently quantified, the final outcome may differ from that presently estimated.

9. The estimated amount of the contracts entered into and remaining to be executed on Capital account and not provided for (net of advances) as at 31st March, 2008 is Rs. 3,890.15 Lakh (*Previous year: Rs.483. 34 Lakh*).

10. Leases:

The Company's significant leasing arrangements are in respect of operating leases for Commercial & Residential premises.

- Lease income from operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Gross Carrying Amount of premises	2,914.50	3,595.24
Accumulated Depreciation	1,167.96	1,513.58
Depreciation for the period	87.33	109.56
Future minimum lease payments under Non-cancellable operating leases		
• Not later than 1 year	856.64	199.32
• Later than 1 year and not later than 5 years	1,592.03	—
• Later than 5 years	—	—

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

- b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
Future minimum lease payments under Non-cancellable operating leases		
• Not later than 1 year	158.34	348.60
• Later than 1 year and not later than 5 years	—	—
• Later than 5 years	—	—

11. Contingent Liabilities:

Matter	As at 31st March, 2008 Rs Lakh	As at 31st March, 2007 Rs Lakh
a) Claims against the Company not acknowledged as debts represent		
i) A suit filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management the above claim is not sustainable.	42.67	42.67
ii) Claims raised by a civil contractor in respect of a project at Mumbai	79.69	79.69
iii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company .	123.99	123.99
b) Income tax matters under appeal		
The Income tax Department has sought to re-classify certain business income as income from house property, in respect of which the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities. The liability net of Deferred Tax Asset/Deferred Tax Liability would be Rs. 195.45 lakh (<i>previous year Rs. 358.72 lakh</i>).	1,243.46	965.39
c) Guarantee/ Counter guarantee given for Joint Venture.	900.00	900.00

12. The Company has filed its detailed reply before the learned Arbitrator refuting a claim by a land-owner against the Company amounting to Rs. 3,040.52 lakh in respect of a project management agreement, pending arbitration. The Company has been legally advised that the claim invoked by the land-owner is unsustainable.

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

13. Segmental Reporting:

Rs. Lakh

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,811.68	1,8518.34	2,778.10	23,108.12
<i>Previous Year</i>	1,189.01	19,960.05	485.55	21,634.61
Inter-segment Revenues	—	—	—	—
<i>Previous Year</i>	—	—	—	—
TOTAL REVENUE	1,811.68	18,518.34	2,778.10	23,108.12
<i>Previous Year</i>	1,189.01	19,960.05	485.55	21,634.61
SEGMENT RESULT	1,250.59	6,105.82	2,277.44	9,633.85
<i>Previous Year</i>	553.27	3,460.56	76.55	4,090.38
Unallocated Corporate	—	—	—	—
Expenses (net)	—	—	—	(580.63)
<i>Previous Year</i>	—	—	—	(602.96)
Operating profit	—	—	—	9,053.22
<i>Previous Year</i>	—	—	—	3,487.43
Interest expense	—	—	—	(212.44)
<i>Previous Year</i>	—	—	—	(860.79)
Interest income	—	—	—	424.15
<i>Previous Year</i>	—	—	—	96.06
Income taxes	—	—	—	(2,369.58)
<i>Previous Year</i>	—	—	—	(891.13)
Net Profit	—	—	—	6,895.35
<i>Previous Year</i>	—	—	—	1,831.56
OTHER INFORMATION				
Segment Assets	2,098.48	82,068.55	316.51	84,483.54
<i>Previous Year</i>	2,984.30	55,749.71	313.68	59,047.69
Unallocated Corporate Assets	—	—	—	51,514.41
<i>Previous Year</i>	—	—	—	35,713.43
TOTAL ASSETS	—	—	—	135,997.95
<i>Previous Year</i>	—	—	—	94,761.12
Segment Liabilities	898.08	33,337.56	288.73	34,524.37
<i>Previous Year</i>	689.75	15,540.76	159.76	16,390.27
Unallocated Corporate Liabilities	—	—	—	15,247.76
<i>Previous Year</i>	—	—	—	1,804.66
TOTAL LIABILITIES	—	—	—	49,772.13
<i>Previous Year</i>	—	—	—	18,194.93
Capital Expenditure	—	3,482.91	3.16	3,603.47
<i>Previous Year</i>	—	969.87	—	1,054.27
Depreciation	99.08	227.61	5.74	415.55
<i>Previous Year</i>	125.93	46.60	12.30	264.34

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of Rs. 62.73 Lakh (Previous year Rs 130.65 Lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

14. Related Parties

List of related parties:

Enterprise Controlling the Company Mahindra & Mahindra Limited	Ultimate Holding Company
Fellow Subsidiaries First Choice Wheels Limited Bristlecone Limited Bristlecone Inc. Mahindra Consulting Engineers Limited Tech Mahindra Limited Tech Mahindra GmbH Tech Mahindra (Americas) Inc. Mahindra-BT Investment Company (Mauritius) Limited Tech Mahindra (Singapore) Pte. Limited Tech Mahindra (Thailand) Limited Bristlecone India Limited Bristlecone GmbH Bristlecone Singapore Pte. Limited Mahindra (China) Tractor Company Limited Mahindra Engg & Chem Products Limited Mahindra Engineering Design & Development Company Limited Mahindra Europe s.r.l. Mahindra Gujarat Tractor Limited Mahindra Holidays & Resorts India Limited Mahindra Holidays & Resorts (USA) Inc. Mahindra Insurance Brokers Limited Mahindra Intertrade Limited Bristlecone UK Limited Mahindra International Limited Mahindra Logisoft Business Solutions Limited Mahindra Middleeast Electrical Steel Service Centre (FZE) Mahindra & Mahindra Financial Services Limited Mahindra & Mahindra South Africa (Pty) Limited Mahindra Overseas Investment Company (Mauritius) Limited Mahindra Renault Pvt. Limited Mahindra Steel Service Centre Limited Mahindra Shubhlabh Services Limited Mahindra SAR Transmission Pvt. Limited Mahindra USA Inc. Mahindra Ugine Steel Company Limited NBS International Limited Tech Mahindra (R & D Services) Limited Tech Mahindra (R & D Services) Inc.	Stokes Group Limited Jensand Limited Stokes Forgings Dudley Limited Stokes Forgings Limited Plexion Technologies (UK) Limited Plexion Technologies GmbH Plexion Technologies Incorporated Tech Mahindra Foundation PT Tech Mahindra Indonesia CanvasM Technologies Limited Mahindra Forgings International Limited Mahindra Forgings Global Limited Gesensschmiede Schneider GmbH Falkenroth Umformtechnik GmbH Jeco-Jellinghaus GmbH Mahindra Forgings Europe AG Mahindra Hinoday Industries Limited Schöneweiss & Co. GmbH iPolicy Networks Private Limited CanvasM (Americas) Inc MHR Hotel Management GmbH Bristlecone (Malaysia) SDN. BHD (w.e.f. 30-5-07) Mahindra Automotive Limited (w.e.f. 25-5-07) Mahindra Castings Private Limited (w.e.f. 30-8-07) Mahindra Forgings Limited. (w.e.f. 1-4-07) Mahindra Hotels and Residences India Limited (w.e.f. 26-4-07) Mahindra Holdings Limited (w.e.f. 2-11-07) Mahindra Logistics Limited (w.e.f. 12-12-07) Mahindra Rural Housing Finance Limited (w.e.f. 9-4-07) Mahindra Retail Private Limited (w.e.f. 3-9-07) Punjab Tractors Limited.(w.e.f. 6-7-07) Tech Mahindra (Beijing) IT Services Limited (w.e.f. 21-12-07) Tech Mahindra (Malaysia) SDN. BHD (w.e.f. 11-6-07) Mahindra Aerospace Pvt Limited (w.e.f. 25-2-08) Heritage Bird (M) Sdn Bhd (w.e.f. 3-3-08) Mahindra First Choice Services Limited (w.e.f. 24-3-08) Mahindra Graphic Research Design srl (w.e.f. 20-2-08) Mahindra Navistar Engines Private Limited (w.e.f. 24-3-08) Mahindra Holdings & Finance Limited

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

Joint Ventures & Associates of the Company

Mahindra Water Utilities Limited (Joint Venture)

Mahindra Inframan Water Utilities Pvt. Limited (Joint Venture)

Ascendas Mahindra IT Park Pvt. Limited (Joint Venture)

Rathna Bhoomi Enterprises Pvt. Limited (Associate)

Key Management Personnel

Mr. Pawan Malhotra, Ms. Anita Arjundas and Mr. B. K. Subbaiah.

Enterprises over which key management personnel are able to exercise significant influence: Nil

Transactions with related parties during the year and balance as on 31st March, 2008 (Rs. lakh):

Nature of Transactions	Enterprise controlling the Company	Companies under common control including Fellow Subsidiaries	Investing Party	Key Management Personnel
Rendering of Services	787.71	1.71	—	—
<i>Previous Year</i>	174.68	—	173.57	—
Purchase of Goods	—	—	—	—
<i>Previous Year</i>	—	—	622.66	—
Receiving of services	386.45	66.74	—	—
<i>Previous Year</i>	78.78	0.85	75.33	—
Sale of Goods	—	—	—	—
<i>Previous Year</i>	—	—	161.48	—
Remuneration	—	—	—	132.86
<i>Previous Year</i>	—	—	—	134.89
Expense Reimbursement	4.87	2.46	—	—
<i>Previous Year</i>	2.62	2.07	8.03	—
Redemption of Preference Shares	—	—	—	—
<i>Previous Year</i>	5,500.00	—	—	—
Finance taken during the year	—	4,645.97	—	—
<i>Previous Year</i>	1,491.21	6,394.73	13,420.89	—
ICD refunded	—	—	—	—
<i>Previous Year</i>	—	5,500.00	—	—
Interest paid	—	—	—	—
<i>Previous Year</i>	—	19.51	—	—
Dividend Paid	231.02	173.76	—	—
<i>Previous Year</i>	846.16	150.00	—	—
Receivables	22.01	4.58	—	—
<i>Previous Year</i>	228.97	7.69	—	—
Payables	806.66	578.22	—	—
<i>Previous Year</i>	1,305.27	4.87	—	—

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)
(formerly Mahindra Gesco Developers Limited)

The significant related party transactions are as under:

Nature of Transactions	Enterprises controlling the Company	Amount Rs. lakh	Enterprises under the Common control of the Company/ Fellow Subsidiaries	Amount Rs. lakh	Key Management Personnel	Amount Rs. lakh
Rendering of services	<i>Mahindra & Mahindra Limited</i>	787.71	—	—	—	—
Receiving of services	<i>Mahindra & Mahindra Limited</i>	386.45	<i>Mahindra Consulting Engineers Limited</i>	66.74	—	—
Expense Reimbursement	<i>Mahindra & Mahindra Limited</i>	4.87	<i>Mahindra Consulting Engineers Limited</i>	1.75	—	—
Remuneration	— — —	— — —	— — —	— — —	Mr. Pawan Malhotra Mr. B.K. Subbaiah Ms. Anita Arjundas	54.97 47.24 30.65
Finance taken during the year	—	—	<i>Mahindra Holdings & Finance Limited</i> <i>Tech Mahindra Limited</i>	4,075.97 570.00	— —	— —
Receivables	<i>Mahindra & Mahindra Limited</i>	22.01	—	—	—	—
Payables	<i>Mahindra & Mahindra Limited</i>	806.66	<i>Tech Mahindra Limited</i>	570.00	—	—
Dividend Paid	<i>Mahindra & Mahindra Limited</i>	231.02	<i>Mahindra Holdings & Finance Limited</i>	173.76	—	—

15. Information in respect of Joint Ventures and Jointly Controlled Operations

a) Jointly Controlled operations

i) Development of the following residential projects:

G.E. Gardens, Mumbai

Project at Byculla, Mumbai

Central Park, Gurgaon

ii) Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

b) Jointly controlled entities

Name	Country of Incorporation	Business Activity	Proportion of Ownership interest
Mahindra Water Utilities Limited	India	O&M of water & sewerage facilities at Tirupur	40.00%
Mahindra Inframan Water Utilities Pvt. Limited	India	O&M of water & sewerage facilities at Navi Mumbai	39.99%
Ascendas Mahindra IT Park Limited	India	Develop IT parks	21.48%

c) Interest in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities

	Current Year Rs Lakh	Previous Year Rs Lakh
Assets	3,489.14	1,443.73
Liabilities	1,999.57	781.92
Income	3,018.41	673.93
Expenses	1,764.40	403.85

16. Details of Associates

Name of Associate	Country of Incorporation	Proportion of Ownership interest
Rathna Bhoomi Enterprises Pvt. Limited	India	50.00%

17. Goodwill/ Capital Reserve arising out of Investment in Associates

The share of losses in Rathna Bhoomi Enterprises Pvt. Limited, exceeds the carrying cost of the investments. As per the requirements of the Accounting Standard (AS) – 23, the Company has not recognised its shares in further losses and accordingly, the investments are carried at Nil value.

18. Earnings per share

Calculation of Net Profit (including extraordinary item) available for Equity Shareholders:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
A. Net Profit After Tax	6,640.84	1,790.35
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	122.84	122.84
Profit available for Equity Shareholders	6,518.00	1,667.51
B. Weighted Average number of Equity Shares of Rs. 10/- each	400.91	338.72
C. Basic Earnings per Share (Rs.)	16.26	4.92
D. Effect of Potential Equity Shares on Conversion of Warrants	—	0.98
E. Weighted Average number of Equity Shares for diluted Earnings per Share	400.91	339.70
F. Diluted Earnings per Share (Rs.)	16.26	4.91

19. The figures for the previous year have been regrouped wherever necessary to conform to current year's classification



ATTENDANCE SLIP

MAHINDRA LIFESPACE DEVELOPERS LIMITED

Registered Office: 5th Floor, Mahindra Towers, Worli, Mumbai – 400 018.

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

Joint shareholders may obtain additional slip on request.

DP Id*

Registered Folio No.

Client Id*

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the **Ninth Annual General Meeting** of the Company held on Monday, 28th July, 2008 at 3.00 p.m. at Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Near Sachivalya Gymkhana, Mumbai – 400 021.

Signature of the shareholder or proxy _____

* Applicable for investors holding shares in electronic form.

TEAR HERE



PROXY FORM

MAHINDRA LIFESPACE DEVELOPERS LIMITED

Registered Office: 5th Floor, Mahindra Towers, Worli, Mumbai – 400 018.

DP Id*

Registered Folio No.

Client Id*

I/Weof
being a member/members of MAHINDRA LIFESPACE DEVELOPERS LIMITED hereby appoint
..... of or failing him
..... of as my/our proxy
to vote for me / us and on my / our behalf at the **Ninth Annual General Meeting** to be held on Monday,
28th July, 2008 at 3.00 p.m. or at any adjournments thereof.

Signed this day of 2008.

Place:

Affix a
30 Paise
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Going beyond construction
to better our world



Free medical health camp at Mumbai Central



Support for Nanhi Kali - the group's CSR initiative



Mahindra Hariyali initiative - tree plantation at Titwala





- Honour Award for Mahindra World City Master Plan (Residential Community Plan)
- Award of Excellence in the Planning and Analysis Category (Mahindra World City Community Development Plan)
- Economic Times Employer Branding Award 2008
- PCMC Best Horticulture Award for The Woods, project in Wakad, Pune
- AESA Gold Award for The Woods, project in Wakad, Pune
- Best Project of the Year Award by the Accommodation Times for The Woods, project in Wakad, Pune
- Golden Peacock National Quality Award 2007 for Mahindra Royale, project in Pimpri, Pune



*First residential developer to apply for LEED-CS pre-certification

Mahindra Lifespace Developers Limited (Formerly known as Mahindra Gesco Developers Limited)

Mumbai: Mahindra Towers, 5th Floor, Worli, Mumbai 400 018. Tel: 022-2496 7000, 2492 9353/54 Fax: 022-2497 5084

Website: www.mahindralifespaces.com