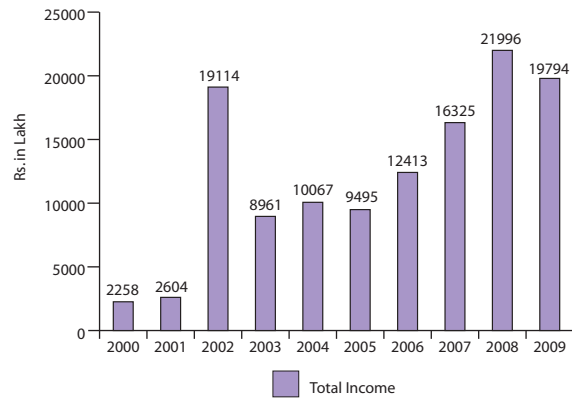


Spaces that
renew you.

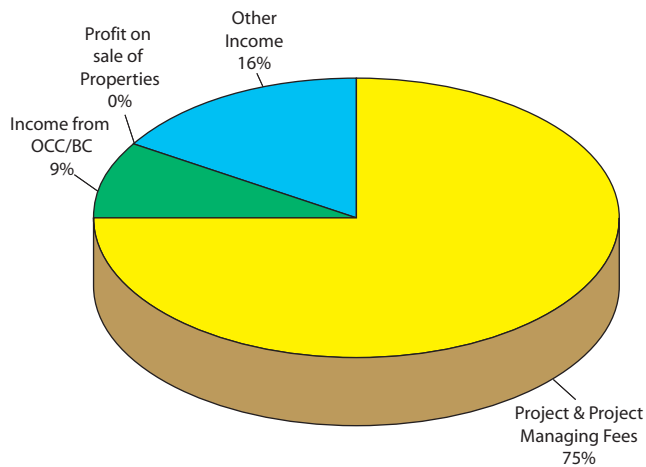
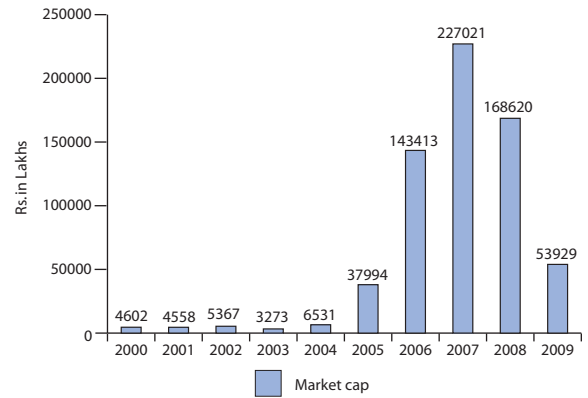


Annual Report 2008-2009

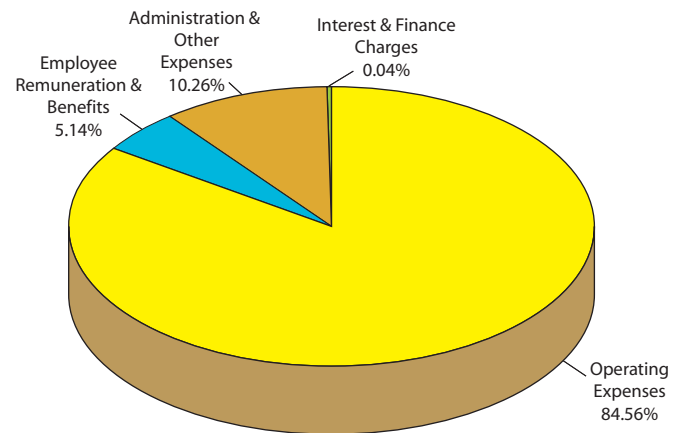
Total Income



Market Capitalisation

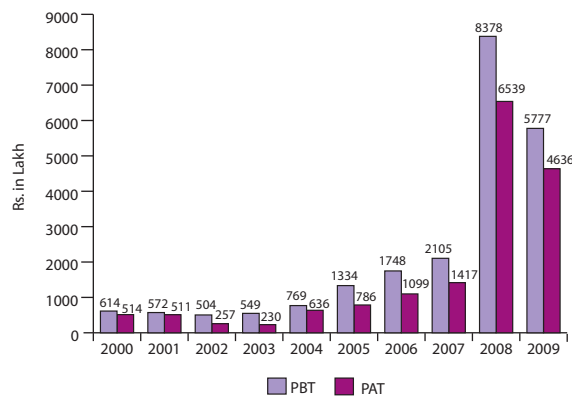


Break up of Total Income

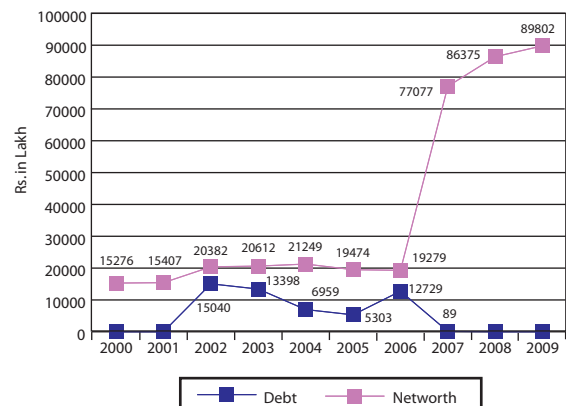


Break up of Expenses

PBT & PAT



Debt & Network



FINANCIAL HIGHLIGHTS

Rs. In Lakh

	F - 2009	F - 2008	F - 2007	F - 2006	F - 2005	F - 2004	F - 2003	F - 2002	F - 2001	F - 2000
Net Worth	89,802	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	3,982	2,688	3,282	3,427	3,758	4,259	9,394	9,937	10,624	9,125
Investments	36,153	50,291	32,578	9,577	9,364	8,399	1,010	1,010	504	3,797
Net Current Assets	50,194	33,565	41,328	19,004	11,026	14,478	22,101	22,533	2,685	(693)
Book Value per Equity Share (Rs.)	218	209	190	41	42	45	43	42	26	26
Operating Income	16,540	17,212	15,552	12,113	9,146	7,139	5,928	16,997	2,191	1,675
Other Income	3,254	4,784	773	300	349	2,928	3,033	2,117	413	583
Operating Expenses	12,433	11,181	11,981	8,660	6,212	6,199	2,833	12,585	587	359
Other Expenses	1,585	2,437	2,239	2,005	1,949	3,099	5,748	6,025	1,445	1,285
Profit Before Tax	5,777	8,378	2,105	1,748	1,334	769	549	504	572	614
Profit After Tax	4,636	6,539	1,417	1,099	786	636	230	257	511	514
Basic Earning per Share (Rs.)	11.06	16.00	3.82	0.51	2.53	1.78	0.47	(2.09)	1.78	1.78
Diluted Earning per Share (Rs.)	11.06	16.00	3.81	0.51	—	—	—	—	—	—
Equity Dividend per Share (Rs.)	2.50	2.50	1.50	1.00	—	—	—	1.00	1.20	1.00

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Board of Directors

Mr. Anand G. Mahindra
Mr. Arun Nanda
Mr. Uday Y. Phadke
Mr. Sanjiv Kapoor
Mr. Shailesh Haribhakti
Mr. Anil Harish
Dr. Prakash Hebalkar
Mr. Pawan Malhotra

Chairman
Vice-Chairman

Managing Director

Leadership Team

Mr. Pawan Malhotra
Ms. Anita Arjundas
Mr. Rajan Narayan
Mr. Suhas Kulkarni

Managing Director
President & Chief Executive Officer
Advisor – Projects
Company Secretary & Head Operations – Mahindra Eminente
Vice President – Business Development
Vice President – Marketing
Vice President – Projects
General Manager – Facility Management
General Manager – Legal
General Manager – Human Resource
General Manager – QA & Innovation
General Manager – Projects
General Manager – Finance

Mr. Basant Jain
Mr. Rajendra Joshi
Mr. K S Gnanaseelan
Mr. Madhusudan Deokar
Mr. Ulhas Bhosale
Mr. Ajay Reche
Mr. Amit Pal
Mr. Narendra Karkhanis
Mr. Vishnu Banka

Company Secretary

Mr. Suhas Kulkarni

Auditors

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

Bankers

Citibank N.A.
AXIS Bank Limited
ING Vysya Bank Limited

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 411001. Maharashtra
- The Canopy, II Floor, Unit No. II Mahindra World City, Special Economic Zone Natham Sub P.O., Near Parnur Railway Station, Chengalpet 603 002, Tamilnadu

NOTICE

The Tenth 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 Bhonsale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Friday 24th day of July, 2009 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit & 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 and Equity Shares.
3. To appoint a Director in place of Mr. Sanjiv Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arun Nanda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

6. Appointment of Auditor

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

"RESOLVED THAT M/s. B. K. Khare & Co., Chartered Accountants, one of the retiring Joint Auditor, be re-appointed as 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.

RESOLVED FURTHER THAT no other Auditor be appointed as Joint Auditor in place of M/s. Kalyaniwalla & Mistry, Chartered Accountants, who have expressed their inability to continue as joint statutory auditors of the Company for the year ending March 31, 2010."

7. Appointment of Director

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Prakash Hebalkar who was appointed as an Additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Appointment of Director

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Ms. Anita Arjundas who was appointed as an Additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. Appointment of Managing Director & Chief Executive Officer

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Ms. Anita Arjundas as the Managing Director & Chief Executive Officer under the Companies Act, 1956 for a period of five years with effect from 23rd June, 2009 and approval of the Company be and is hereby accorded to her remuneration for a period of three years with effect from 23rd June, 2009, on a basic salary of Rs. 237,500 per month, in the scale of Rs.100,000 per month to Rs.400,000 per month.

RESOLVED FURTHER THAT the perquisites (including allowances) payable or allowable to the Managing Director & Chief Executive Officer be as follows :

- | | | |
|------------------------------|---|---|
| 1. Housing | : | Furnished/unfurnished accommodation or House Rent Allowance in lieu thereof not exceeding 60% of the basic salary |
| 2. Special/ Other Allowances | : | Not exceeding 25% of the basic salary |
| 3. Performance Pay | : | Such amount as may be determined by the Remuneration Committee for each year, not exceeding 1.3 times of the basic salary per annum |

4. Medical Expenses : Medical Expenses incurred for self and family as per the Company's rules.
5. Personal Accident : Premium as per the Insurance Company's rules
6. The Managing Director & Chief Executive Officer shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund as per Company's Rules. Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of her tenure shall not be included in computation of limits for the remuneration and perquisites.
7. Leave Travel Allowance for self and family not exceeding Rs.220,000 per annum.
8. Such other allowances, benefits, amenities, and facilities as per the Company's rules.
9. Provision of car for use on Company's business, mobile phone and telephone at residence would not be considered as perquisites.
10. The value of the perquisites and Company furnished accommodation would be evaluated as per the Income-tax Rules, 1962 wherever applicable and at cost in absence of such Rule.
11. Ms. Arjundas prior to her appointment as Managing Director & Chief Executive Officer in the Company, in her capacity as an employee of the Company, is in receipt of 50,000 Stock Options granted to her on 25th April, 2008 which she will continue to hold in terms of the grant. She shall be eligible for additional Stock Options, as and when the event happens.

Provided that the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Section 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Managing Director & Chief Executive Officer, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director & Chief Executive Officer the above remuneration as the minimum remuneration for a period not exceeding three years by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the nature of employment of the Managing Director & Chief Executive Officer with the Company shall be contractual and can be terminated by giving three month's notice from either party.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include Remuneration Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to vary, increase, enhance, or widen from time to time the terms of appointment and remuneration of the Managing Director & CEO and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

10. **Maintenance of the Register of Members and related books at a place other than the Registered Office of the Company.**

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

"RESOLVED THAT in supersession of the Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 16th November, 1999 and pursuant to the provisions of Section 163 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that register of members, index of members, the register and index of debenture holders, and copies of all annual returns prepared under Sections 159 and 160, together with the copies of certificates and documents required to be annexed there to under Section 160 and 161 and other related books be kept at the premises of the Company's Registrar and Transfer Agents viz. Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072 and also at 912, Raheja Center, Free Press Journal Road, Nariman Point, Mumbai – 400 021."

RESOLVED FURTHER THAT the Registers, Indexes, Returns, etc. as aforesaid be kept open for inspection between the hours of 2.00 P.M. and 4.00 P.M. on any working day of the Registrars except when the Registers and Books are closed.

NOTES:

- A. As of 31st March, 2009 :

Mr. Arun Nanda Non-Executive Director is holding 42,500 equity shares of the Company and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company. Mr. Shailesh Haribhakti, Non-Executive Independent Director is holding 100 equity shares of the Company. Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar Non-Executive Independent 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 Friday, 17th July, 2009 to Friday, 24th July, 2009 (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 on 31st March, 2000 and 2001 have been transferred to the Investor Education & Protection Fund (IE & PF) on 19th September, 2007 and 24th October, 2008 respectively. 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
2001-2002	15th October, 2009	16th October, 2009 to 27th November, 2009
2005-2006	15th August, 2013	16th August, 2013 to 23rd September, 2013
2006-2007	15th October, 2014	16th October, 2014 to 15th November, 2014
2007-2008	15th August, 2015	16th August, 2015 to 26th September, 2015

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, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

- 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 Ministry of Corporate Affairs 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, (i) Mahindra World City Developers Limited, (ii) Mahindra Integrated Township Limited, (iii) Mahindra Residential Developers Limited, (iv) Mahindra World City (Jaipur) Limited, (v) Mahindra World City (Maharashtra) Limited, (vi) Mahindra Knowledge City Limited (vii) Industrial Township (Maharashtra) Limited, (formerly Mahindra Industrial Township Limited) (viii) Mahindra Bebanko Developers Limited and (ix) Mahindra Infrastructure 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 (MWCDL)	Mahindra Towers, Ground Floor, 17/18, Pattullous Road, Chennai – 600 002
Mahindra Integrated Township Limited (MITL)	Administrative Block, Central Avenue, Mahindra World City, Natham Sub (PO); Chengalpet Taluk, Kancheepuram Dist: Tamil Nadu - 603 002

Name of Subsidiary Company	Address of the Registered office of the Subsidiary Company
Mahindra Residential Developers Limited (MRDL) (Subsidiary of MITL)	Administrative Block, Central Avenue, Mahindra World City, Natham Sub (PO); Chengalpet Taluk, Kancheepuram, Dist: Tamil Nadu – 603 002
Mahindra World City (Jaipur) Limited (MWCJL)	4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur - 302 001
Mahindra World City (Maharashtra) Limited (MWCML)	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018.
Mahindra Knowledge City Limited (MKCL)	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018
Industrial Township (Maharashtra) Limited (ITML) (Incorporated on 2nd July, 2008)	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018
Mahindra Bebanco Developers Limited (MBDL) (Incorporated on 3rd June, 2008)	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018

Name of Subsidiary Company	Address of the Registered office of the Subsidiary Company
Mahindra Infrastructure Developers Limited (MIDL)	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018

- M. Dividend, if approved, shall be paid on or after 27th July, 2009 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 Thursday, 16th July, 2009.

By Order of the Board
For **Mahindra Litespace Developers Limited**

Suhas Kulkarni
Company Secretary

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

Date: 23rd June, 2009

ANNEXURE TO NOTICE

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

Item No. 6

The Company's Auditors M/s. B K Khare & Co., Chartered Accountants and M/s. Kalyaniwalla and Mistry, Chartered Accountants, retire at the ensuing Annual General Meeting (AGM) of the Company. However, M/s. Kalyaniwalla and Mistry, have expressed their inability to continue as joint statutory auditors of the Company for the year ending March 31, 2010.

In view of the above, the Board of Directors has at its Meeting held on 24th April, 2009 proposed the appointment of M/s. B K Khare & Co., Chartered Accountants as single Statutory Auditors for the Financial Year 2009-10 and decided not to recommend appointment of any other Auditor as Joint Auditor in place of M/s. Kalyaniwalla and Mistry, Chartered Accountants.

The Members approval is being sought for the appointment of M/s. B K Khare & Co., Chartered Accountants as the Statutory Auditors and to authorize the Board of Directors to determine the remuneration payable to the Auditors.

The Directors recommend the passing of the Resolution by the Members as an Ordinary Resolution.

None of the Directors of the Company is deemed to be concerned or interested in this business.

Item No. 7

Dr. Prakash Hebalkar is Founder President of the corporate strategy consulting organisation ProfiTech. ProfiTech are International Business Consultants focused on providing Strategic Advice to Corporates from the US Fortune Global1000 list and the Indian ET500 list of companies. Dr. Hebalkar brings with him over 30 years of international senior executive experience following a Doctorate in Computer Science and Economics from Massachusetts Institute of Technology in the U.S.A.

Dr. Hebalkar pioneered software exports from India in the mid-1970s at TCS and later developed Tata Burroughs (now known as Tata Infotech) from its inception in 1978 into the nation's largest software exporter in just five years.

Dr. Hebalkar is the author of several innovative Economic and Public-policy concepts.

Dr. Hebalkar's initiatives in the Infrastructure area include numerous pioneering projects done through his own erstwhile company MaxReach Consultants Limited. This includes the conception of the International Air cargo and Passenger Hub at Nagpur, now being implemented as MIHAN.

Dr. Hebalkar's International work experience has taken him from IBM Research in the U.S.A. (where he managed and participated in software research for the Research Division) to the house of Tata, the leading industrial house in India.

Dr. Hebalkar has served as international adviser on public policy to the United Nations and WIPO as well as to the Government of India and has actively participated in several bilateral business councils and chambers of commerce (such as the Indo-U.S., Indo-Japan, Indo-U.K., Indo-German and Indo-EEC Business Councils) in promotion of bilateral trade and technology co-operation as well as in major national business organizations in India such as the Confederation of Indian Industry(CII), Associated Chambers of Commerce (ASSOCHAM) and the National Association of Software and Service Companies(NASSCOM). He is a former President of the Western Region of the Indo-American Chamber of Commerce. He has served in the Expert Group at WIPO on the Semiconductor Chip Protection Treaty as well as on the editorial advisory board of the International Computer Law Advisor and participated in the Salzburg Seminar on Intellectual Property Rights in 1995, where he was awarded a unique prize.

He has been associated with several leading Venture Finance Organizations and takes a keen interest in advising technology start-ups. He currently works with Dr. Partho Shome on development and implementation of the IT strategy of the Ministry of Finance.

Dr. Hebalkar writes frequently on matters of economic policy and international trade for leading publications, and for some 15 years wrote a regular column entitled "Strategic Perspectives" in Business India.

The Board of Directors has appointed Dr. Prakash Hebalkar, as an Additional Director of the Company in the category of Non-Executive Independent Director on 30th March, 2009.

He holds office upto the date of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company.

The Board is of the view that Dr. Prakash Hebalkar's knowledge and experience will be of benefit and value to the Company, and therefore, recommends his appointment as a Director of your Company.

Your Directors recommend this resolution as an Ordinary Resolution for approval of the Members.

Apart from Dr. Prakash Hebalkar, no other Director is deemed to be concerned or interested in this item of business.

Item No. 8 & 9

Ms. Anita Arjundas, holding Masters in Business Administration from the 1989 batch of BIM, has two decades of corporate experience across the Fast Moving Consumer Goods (FMCG), Information Technology (IT) and Infrastructure / Real Estate sectors.

Ms. Arjundas joined the Mahindra Group in 2002 as Vice - President - Marketing for Mahindra World City, Chennai. In her capacity as Vice - President - Marketing she has lead a team that has been instrumental in bringing many leading Indian and international names like Infosys, BMW, Shell, B Braun, Timken, the TVS Group and Wipro to set up their

campuses at Mahindra World City, Chennai. Later, as COO of Mahindra World City Developers Limited (MWC, Chennai), and thereafter as COO of Mahindra Lifespace Developers Limited, she has been responsible for the successful development and management of the Mahindra World Cities at Chennai and Jaipur and for the residential operations of the Company in South India. In April, 2009, Ms. Arjundas was promoted as the President and Chief Executive Officer of Mahindra Lifespace Developers Limited (MLDL) and has been responsible for the business of Residential, Commercial, and Special Economic Zones / Industrial Parks of the Company.

The Board of Directors in its meeting held on 23rd June, 2009 appointed Ms. Anita Arjundas, as an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, she holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Ms. Anita Arjundas's knowledge and experience will be of benefit and value to the Company, and therefore, recommend the resolution at Item No. 8 of the Notice as an Ordinary Resolution for approval of the Members.

As the services of Mr. Pawan Malhotra were transferred to the holding company Mahindra & Mahindra Limited, he has submitted his resignation from the post of Managing Director and also as a Director of the Company w.e.f. close of business hours as on 23rd June, 2009. The Board of Directors at its meeting held on 23rd June, 2009, while accepting resignation of Mr. Malhotra, put on record its sincere appreciation for the contribution made by him during his tenure with the Company. The Board of Directors at the same meeting, subject to requisite approvals, appointed Ms. Anita Arjundas as the "Managing Director" under the Companies Act, 1956 and designated her as "Managing Director & Chief Executive Officer" for a period of five years from 23rd June, 2009. She will be responsible for day-to-day management of the Company, subject to overall superintendence, control and direction of the Board of Directors.

The Board at the same meeting, subject to requisite approvals and in accordance with the recommendations of the Remuneration Committee, approved the appointment and remuneration payable to Ms. Anita Arjundas for a period of three years from 23rd June, 2009.

The Board is of the opinion that the appointment of Ms. Anita Arjundas as "Managing Director & Chief Executive Officer" under the Companies Act, 1956, is in the interest of the Company and the remuneration as proposed is in accordance with market trends and industry standards.

The terms of remuneration payable to Ms. Anita Arjundas are set out in the Special Resolution under Item No. 9.

Pursuant to Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act), including Schedule XIII to the Act, remuneration of Ms. Anita Arjundas, as "Managing Director & Chief Executive Officer"

under the Companies Act, 1956 is now being placed before the Members in the Annual General Meeting for their approval by way of a Special Resolution.

Your Directors recommend the resolution at Item No.9 of the Notice as a Special Resolution for approval of the Members.

Apart from Ms. Anita Arjundas, no other Director is deemed to be concerned or interested in the Item Nos. 8 & 9 of business.

This may also be considered as an abstract of terms of her appointment and remuneration, as contemplated under Section 302 of the Companies Act, 1956.

Although the remuneration proposed to the Managing Director & Chief Executive Officer by way of salary, allowances, perquisites and benefits is within the limit prescribed under Section I of Part II of Schedule XIII to the Companies Act, 1956 i.e. within 5% of the net profit of the Company, the following additional information as required by Section II of Part II of Schedule XIII to the Companies Act, 1956 is given below by way of abundant caution:

I. General Information :

(i) Nature of Industry :

The Company is directly engaged in the business of development of real estate, residential facilities, commercial complexes and through its subsidiary companies is involved in various infrastructure projects including development of Special Economic Zones.

(ii) Date or expected date of Commencement of Commercial production :

The Company was incorporated on 16th March, 1999 as a Private Limited Company. Hence, Commencement Certificate was not required.

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

Not Applicable

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

Particulars	Rupees in Lakh
Turnover & Other Income	19,794
Net profit as per Profit & Loss Account (after tax)	4,636
Profit as computed under Section 309 (5) read with Section 198 of the Companies Act, 1956	6,016
Net worth	89,802

(v) Export performance and Net foreign exchange collaborations :

Not Applicable

(vi) Foreign Investment of collaborators, if any :

Not Applicable

II. Information about the appointee

(i) Background details :

The background details of Ms. Anita Arjundas are covered in the earlier part of the Explanatory Statement

(ii) Past remuneration:

Prior to appointment as Managing Director & Chief Executive Officer, Ms. Anita Arjundas was holding the position of President & Chief Executive Officer of the Company. Remuneration drawn by Ms. Anita Arjundas for the period 1st April, 2008 to 31st March, 2009 is Rs.70 lakh.

(iii) Job profile and her suitability :

The job profile and her suitability are covered in the earlier part of the Explanatory Statement.

(iv) Remuneration proposed :

Salary of Rs. 237,500 per month, in the scale of Rs.100,000 per month to Rs. 400,000 per month and other perquisites and allowances as fully set out in Item No.9 of the Notice.

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

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

(vi) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :

Besides the remuneration proposed to be paid to her, Ms. Anita Arjundas does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information

As the remuneration proposed to Ms. Anita Arjundas is within the prescribed limit under the Companies Act, 1956, when calculated w.r.t. the last audited balance sheet i.e. as of 31st March 2009, the information w.r.t. :

- Reasons of loss or inadequate profits
- Steps taken or proposed to be taken for improvement
- Expected increase in productivity and profits in measurable terms etc. is not applicable.

Item No. 10

Under the provisions of the Companies Act, 1956, (the "Act") certain documents such as the register of members, index of members, the register and index of debenture holders, and copies of all annual returns prepared under Sections 159 and 160, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161, and other related books, are required to be kept at the Registered Office of your Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of your Company is situated, with the approval of Members to be accorded by a Special Resolution.

M/s. Sharepro Services (India) Private Limited, Mumbai is Company's Registrar and Share Transfer Agent (RTA), who have been providing depository related services for the shares held in demat mode and also acting as the Share Transfer Agent for the shares held in physical segment.

The members at the Extra Ordinary General Meeting of the Company held on 16th November, 1999, had passed a Special Resolution under Section 163 of the Companies Act, 1956 approving keeping of Register of Members, Index of Members, Register and Index of Debenture holders, copies of Annual Return and other related books at the office of the Registrars & Transfer Agents (R &T Agents) M/s. Sharepro Services (India) Private Limited situated at Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

The R & T Agent, M/s. Sharepro Services (India) Private Limited have communicated to the Company that due to

redevelopment of the property situated at Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099, they have shifted their Registered Office to 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Andheri (East), Mumbai – 400 072.

In view of the shifting of Registered Office of R & T Agent as explained above, the approval of the Members is sought in terms of Section 163(1) of the Act, for keeping the aforementioned Registers and documents at the premises of the RTA as stated in the resolution.

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

None of the Directors of the Company is deemed to be concerned or interested in this business.

By Order of the Board

For **Mahindra Litespace Developers Limited**

Suhas Kulkarni
Company Secretary

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

Date: 23rd June, 2009

Directors' Report to the Members

Your Directors present their Tenth report together with the audited accounts of your Company for the year ended 31st March, 2009.

Financial Highlights

	2009	(Rs. lakh) 2008
Operating Income	16,540	17,212
Other Income	3,254	4,784
Total Income	19,794	21,996
Profit Before Depreciation, Interest and Taxation	5,097	8,584
Less : Depreciation	(686)	197
Profit Before Interest and Taxation	5,783	8,387
Less : Interest	6	9
Profit Before Taxation	5,777	8,378
Less : Provision for Taxation		
Current Tax	948	1,359
Deferred Tax (including MAT Credit)	193	147
Profit for the year After Tax	4,636	6,872
Less: Provision for tax for earlier year	—	334
Profit After Tax	4,636	6,538
Add : Balance of Profit for earlier years	6,659	2,091
Amount available for appropriation	11,295	8,629
Less : Proposed Dividend (including tax on distributed profits)	1,316	1,316
Less : Transfer to General Reserve	463	654
Less : Transfer to Capital Redemption Reserve	—	—
Balance carried forward	9,516	6,659

Dividend

Your Directors have recommended a dividend of Rs.2.50 per equity share of the Company for the year 2008-09. 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, (previous year Rs. 1,316 lakh) and shall be paid out of profits for the current year.

Operations

The global economic situation witnessed significant adverse changes during the year. By the middle of the financial year 2008-09, the major advanced economies, led by the US, were already in or nearing recession. Overall growth in world output came down from over 4.5 per cent in the last few years to around 3 per cent during the year. With contraction in world output, the situation is expected to be worse during the current year. Emerging markets, which are now much more linked to the fortunes of the global economy, too, felt the impact.

Even in this environment, the Indian economy has shown tremendous resilience. According to the latest estimates, India's GDP grew at 6.7 per cent during 2008-09. The performance of the construction sector also witnessed a marked correction, with growth coming down to 7.2 per cent as compared to over 13 per cent during the last few years. The sector has also been hit by a major liquidity crunch with the virtual drying-up of enormous inflows of risk capital by way of IPOs, FDI and Private Equity, and easy availability of credit, which was an important driver of the boom in the sector.

However, the fundamentals of the Indian economy are still strong and the domestic growth story is largely unaffected. Although the growth is expected to decelerate to around 6 per cent during 2009-10, it would still be much better than many important emerging markets. With swift action from the RBI, the liquidity situation has eased considerably and interest rates have already started to come down. The Indian economy is expected to start its recovery sooner than the advanced economies, hopefully in the second half of 2009-10.

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

During the year under review, the Company initiated the handover of residential units to customers in three of its projects — 'Sylvan County' at Mahindra World City, Chennai, 'Mahindra Royale' near Pimpri, Pune and 'Mahindra Eminente' at Goregaon, Mumbai. Work on the second phase of Sylvan County started during the year and is expected to be completed in the year 2009-10. The second phases of Mahindra Royale and Mahindra Eminente are also expected to commence in 2009-10. In 'Mahindra Chloris', Faridabad, and in 'Mahindra Splendour' phase I, Mumbai work is in progress in line with the scheduled time lines.

During the previous year, the Company through its subsidiary 'Mahindra Residential Developers Limited' (MRDL) had entered into a joint venture agreement for residential development with an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines, to undertake the development of a gated residential community together with retail, recreational facilities and other supporting infrastructure in approximately 55 acres within Mahindra World City, Chennai. The master planning for the project with approximately 1.52 million square feet of saleable area is now complete and the first phase of the project is expected to be launched in 2009-10.

The Company has many other projects which are in different stages of planning. These include a commercial building in the central suburbs of Mumbai, a residential project at Palam Vihar, Gurgaon in the National Capital Region, a residential project at Mahindra World City, Chennai and a residential complex with a joint venture project in Nagpur. Some of these projects will be launched in 2009-10.

Mahindra Lifespaces is the first residential developer in the country to take the initiative "Go Green" for its residential projects. Four of the Company's projects are now registered for the prestigious CII-IGBC Green Home Rating System, out of which three Projects 'Mahindra Splendour', Mumbai, 'Mahindra Royale', Pune, 'Mahindra Chloris', Faridabad have already achieved the Platinum Rating in pre-certification. Your 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.

In the integrated infrastructure development space, the Company's second business city project, in the Special Economic Zone (SEZ) segment, Mahindra World City, Jaipur, became operational during the year. This was achieved in a record period of 19 months from ground breaking. The land acquisition efforts for this 3000 acre project continued during the year. The Company has already acquired about 2600 acres of land and hopes to acquire the balance 400 acres during 2009-10. At the end of 2008-09, the project had 28 customers.

In 'Mahindra World City', Chennai, the most recent round of expansion to add around 180 acres taking the total area to 1550 acres was very successful with many new companies leasing land for their manufacturing facilities. Another key development during the year was the inauguration of the CBSE affiliated Mahindra World School which commenced academic sessions for the year 2008-09 with 140 students.

As mentioned in the previous year's report, the Company is looking at other opportunities for setting up integrated development projects. The Company is actively considering the launch of a proposed 52 acre bio-technology park in Thane, Maharashtra. The Company is also in different stages of planning for its other large developments in Maharashtra. The Company had signed a MoU with the Board of Investments (BOI) of Sri Lanka to develop a Special Economic Zone (SEZ) near Bandarnayake International Airport, Colombo in Sri Lanka. However, the Company has been informed by the Sri Lankan authorities that the land identified for the project was needed for infrastructure development and expansion of the airport and hence not conducive to any development activity.

Your Company has always followed conservative and prudent financial management practices and was not impacted by the liquidity crisis the domestic industry faced during the second half of 2008-09. The Company remained debt free through out the year. During the year, although the Company's performance was not immune to the changing market realities, the Company was able to weather these pressures, and sustain its operations comfortably. Your Company is well positioned to benefit as and when there is an improvement in the consumer confidence and a recovery in demand in the future.

The total income of Mahindra Lifespaces was Rs.19,794 lakh in 2008-09 as compared to Rs.21,996 lakh in 2007-08. Profit Before Tax (PBT) was Rs.5,777 lakh in 2008-09 as compared to Rs.8,378 lakh in 2007-08, whereas Profit After Tax (PAT) was Rs.4,636 lakh as compared to Rs.6,538 lakh in 2007-08.

During the year, subsidiaries of your Company contributed significantly to its performance. The consolidated total income of your Company increased from Rs.26,460 lakh in 2007-08 to Rs.37,118 lakh in 2008-09. The consolidated Profit Before Tax (PBT) grew by 10 per cent from Rs.9,265 lakh in 2007-08 to Rs.10,209 lakh in 2008-09, whereas consolidated Profit After Tax (PAT) and minority Interest, marginally decreased to Rs.6,564 lakh from Rs.6,641 lakh during 2007-08. During the year, the Company also received a dividend income of Rs. 555 lakh from its subsidiary Mahindra World City Developers Limited.

Demand from Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)

During the year MSEDCL has raised on the Company an assessment bill for Rs. 2,164 lakh pertaining to a commercial complex at Pune, for the period 2002-09. The Company is in the process of filing a writ petition with Hon'ble High Court at Mumbai for squashing the said demand.

Demand from Income Tax Department

In respect of income earned from commercial complexes earned by the Company, the Income Tax Department has assessed the income under the head "income from house property" against the Company's stand that it should be considered as "business income". As a result, after considering the associated disallowances and other expense disallowances, the Income Tax Department has raised a tax demand of Rs. 2,133 lakh (previous year Rs. 1,243 lakh). In response to the appeal filed against these demands, the Company has partially succeeded and it is pursuing the matter

further with the higher appellate authorities. However, after giving effect to the Deferred Tax Asset / Liability impact for these items, the liability would stand reduced to Rs. 1013 lakhs (previous year Rs. 195 lakhs)

Capital

During the year, the Company allotted 800 equity shares of Rs. 10 each out of 46,151 equity shares of Rs. 10 each which were held in abeyance, pursuant to the Order of the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992. Accordingly, the paid up capital of the Company has increased from 40,808,350 equity shares to 40,809,150 equity shares of Rs.10 each aggregating to Rs.408,091,500.

The allotment of 45,351 equity shares of the Company have 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 offenses relating to transactions in Securities).

The proceeds from the QIP issue and conversion of Warrants issued to promoters have been fully utilised. In line with its objectives, they 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.

Employee Stock Options Scheme

In accordance with the Employee Stock Option Scheme the Remuneration Committee, on 25th April, 2008 approved grant of 678,359 Stock Options at an exercise price of Rs.428 per share. On 24th April, 2009, the first tranche of Stock Options consisting of 25 per cent of the total options granted under the ESOP scheme vested in the employees. None of the employees have exercised the option for first tranche of Stock Options.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided as Annexure 1 to this Report.

Holding Company

The promoters of the Company i.e. Mahindra & Mahindra Limited (M&M) and erstwhile Mahindra Holdings & Finance Limited (MHFL) held 15,401,126 equity shares and 5,445,000 equity shares respectively representing 37.74 per cent and 13.34 per cent of paid-up equity capital of the Company. The aggregate holding of the promoters was 20,846,126 equity shares (51.08 per cent). Pursuant to the Scheme of Amalgamation of Mahindra Holdings & Finance Limited with Mahindra & Mahindra Limited and their respective shareholders ["the Scheme"], 5,445,000 equity shares of Rs.10 each representing 13.34 per cent of the paid-up equity capital of the Company and 1,000,000 – 10.50 per cent non-cumulative redeemable preference shares of Rs.100 each held by MHFL, vested in M&M upon the Scheme having been approved by the High Court of Judicature at Bombay on 18th July, 2008, the effective date of which was 11th August,2008. With this,

the equity holding of M & M stands at 20,846,126 equity shares which represents 51.08 per cent of the paid-up equity capital of the Company. Your Company continues to be a subsidiary company of Mahindra & Mahindra 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.

A joint venture agreement for residential development was executed between Mahindra Residential Developers Limited (MRDL) a subsidiary of Mahindra Integrated Township Limited (MITL) and in turn of your Company 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 has undertaken the development of a gated residential community together with support, retail and recreational facilities in approximately 55 acres within pioneering Special Economic Zone (SEZ) at Mahindra World City, New 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 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 completed development of phase I of the IT-SEZ and has started development of the Light Engineering and Handicrafts SEZs.

Mahindra World City (Maharashtra) Limited (MWCML) will be developing a multi-product SEZ at Karla, near Pune in collaboration with Maharashtra Industrial Development Corporation (MIDC). Social Impact Assessment (SIA) study has been completed for this project.

Mahindra Knowledge City Limited (MKCL) (formerly Mahindra Technology Park Limited) will be developing an Integrated Township across approximately 3000 acres of land in Maharashtra. The initial process for land acquisition has started and the Company expects to acquire approximately 1000 acres of land in 2009-10.

Industrial Township (Maharashtra) Limited (ITML) (formerly Mahindra Industrial Township Limited) was incorporated on 2nd July, 2008. This company will undertake development of approximately 2000 acres of land in Maharashtra.

Mahindra Bebanco Developers Limited (MBDL) was incorporated on 3rd June, 2008. It is a 70-30 joint venture between the Company and B. E. Billimoria & Co. Limited, one of the leading construction companies in India. This company

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will develop (design, finance, construct, maintain and market) a residential complex on approximately 10.2 hectares (25.2 acres) at Multi-nodal International Hub Airport at Nagpur (MIHAN). MBDL has carried out soil investigation, land survey and finalised the co-ordinates of the plot. In addition a detailed market survey has also been conducted. Maharashtra Airport Development Company Limited (MADC) who is the Developer of the MIHAN SEZ at Nagpur, Maharashtra, has executed a Co-developer Agreement with MBDL as a precursor for obtaining approval as a Co-developer from Board of Approval, Ministry of Commerce, New Delhi. After according of the Co-developer status, MBDL will take possession of land from MADC and initiate the project planning and development process.

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. The project is a 30 year BOOT concession for building and managing water supply to serve industrial and domestic consumers. The design and construction phase of the project is complete and now the project is into commercial operations supplying high quality water to the consumers. MIDL has formed a separate entity "Mahindra Water Utilities Limited" (MWUL), a 50-50 joint venture with M/s United Utilities International Limited. MWUL has been awarded O&M contract for a 30 year period. The scheme also envisages setting up a sewage treatment plant of 15 million litres per day (MLD) capacity, the construction of which is nearing its completion. Commissioning of this sewage treatment plant is expected to happen during 2009-10.

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 Residential Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Mahindra Knowledge City Limited, Industrial Township (Maharashtra) Limited, Mahindra Bebanco Developers Limited and Mahindra Infrastructure 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 made an application to the Ministry of Corporate Affairs seeking 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 Residential Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Mahindra Knowledge City Limited, Industrial Township (Maharashtra) Limited, Mahindra Bebanco Developers Limited and Mahindra Infrastructure Developers Limited with the Balance Sheet of the Company. If in terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the copy of the Balance Sheet, Profit & Loss account, Report of Board of Directors and Report of the

Auditors of the subsidiary companies are not required to be attached 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.

Sustainable Development

Climate change is an important global issue, affecting not only countries and organisations but also individuals and society at large. The scientific facts before us are overwhelming and can not be ignored. The threats of global warming and climate change have become defining issues of our era and calls for concerted efforts from governments, organisations and individuals all over the globe.

Mahindra Lifespaces recognises the importance of every small contribution and is committed to make a tangible difference to the cause. It is the first residential developer in the country to take the initiative "Go Green" for its residential projects. The Company has also introduced many practices in its projects which are environment friendly and based on principles of sustainable development. These have been discussed in much greater details in the Sustainable Development section of the Management Discussion and Analysis Report.

As a part of Mahindra & Mahindra Group, your Company actively participated in the Group's journey for Corporate Sustainability Reporting. The first 'Sustainability Report' of the Group with the theme of 'Alternative Thinking' was released in October 2008. The report set-out the Group's commitment to 'triple bottom line' performance towards People, Profits and Planet. This report was prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI) and received an A+ rating.

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 and development. 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, the Company also contributed funds to the foundation for carrying out rehabilitation of flood affected people in Bihar.

In addition, Mahindra Lifespaces independently carries out a variety of social initiatives in the area of education, healthcare and environment where it actively involves its employees in implementing these projects. During the year, Mahindra Lifespaces continued its successful programme of providing vocational education to tribal girls to enable them to earn their livelihood. In another similar initiative called 'Mahindra Kaushal', the Company collaborated with ITI, Nagpur to provide special vocational training to 126 school drop-outs, who are otherwise not eligible for the training at ITIs, to make them employable. During the year, your Company conducted a heart disease awareness and free cardiac check-up camp for senior citizens, middle aged women and domestic helpers residing in Swami Samarth Nagar in Andheri, Mumbai in collaboration with IPC Heart Care Centre. Over 100 people benefited from the camp. In March 2009, the Company also embarked on a major project on environment and sustainability which will involve planting 50,000 trees and creating water bodies. This project is being undertaken with support from the Department of Forest, Government of Maharashtra and in collaboration with a local NGO - A K Rural Development Trust, who will be responsible for the day-to-day maintenance and monitoring of the project.

The Company's subsidiary, Mahindra World City Developers Limited (MWCDL) successfully completed training of its first batch of 100 students in its Employability Training Centre (ETC) at Mahindra World City, Chennai. The second batch of around 200 school drop-outs is currently undergoing training at the ETC which will also facilitate their placement.

Directors

Mr. Sanjiv Kapoor, Mr. Arun Nanda and Mr. Shailesh Haribhakti retire by rotation and being eligible offer themselves for re-appointment.

Mr. Hemant Luthra resigned from the Board of Directors of your Company with effect from 30th January, 2009. The Board has placed on record its sincere appreciation of the contribution made by him during his tenure as a Director of the Company.

Dr. Prakash Hebalkar was appointed as an Additional Director on 30th March, 2009. Dr. Hebalkar holds office up to the date of this Annual General Meeting. The Company has received notice from a member signifying her intention to propose Dr. Prakash Hebalkar as a candidate for the office of Director at the ensuing Annual General Meeting.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the 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 (except that during the year, the Company has changed the method of depreciation from Written Down Value to Straight Line method), 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, 2009 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(1B) of the Companies Act, 1956, the Company has received a written certificate from M/s. B. K. Khare & Co., Chartered Accountants proposed to be re-appointed as Statutory Auditors, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section. M/s. Kalyaniwalla & Mistry, Chartered Accountants have expressed their inability to continue as joint Statutory Auditors of the Company for the year ending March 31, 2010.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and 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 provided as Annexure 2.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure 3 to this Report.

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

The Company had 11 employees who were in receipt of remuneration of not less than Rs. 2,400,000 during the year ended 31st March, 2009 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 and Accounts are being sent to the shareholders do 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, 24th April, 2009

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

Description	ESOS 2006														
Total Number of Options granted	678,359														
The Pricing formula	The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options.														
Number of Options vested	Nil														
Number of Options exercised	Nil														
Total No. Of Shares arising as a result of exercise of Options	Nil														
Number of Options lapsed	Nil														
Variation of terms of Options	Nil														
Money realized by exercise of Options	Nil														
Total Number of Options in force	678,359														
Grant to Senior Managerial personnel and Directors under the Scheme	<table> <tr> <td>Mr. Arun Nanda</td><td>200000</td></tr> <tr> <td>Mr. Hemant Luthra</td><td>10000</td></tr> <tr> <td>Mr. Uday Phadke</td><td>10000</td></tr> <tr> <td>Mr. Anil Harish</td><td>10000</td></tr> <tr> <td>Mr. Sanjiv Kapoor</td><td>10000</td></tr> <tr> <td>Mr. Shailesh Haribhakti</td><td>10000</td></tr> <tr> <td>Mr. Pawan Malhotra</td><td>50000</td></tr> </table>	Mr. Arun Nanda	200000	Mr. Hemant Luthra	10000	Mr. Uday Phadke	10000	Mr. Anil Harish	10000	Mr. Sanjiv Kapoor	10000	Mr. Shailesh Haribhakti	10000	Mr. Pawan Malhotra	50000
Mr. Arun Nanda	200000														
Mr. Hemant Luthra	10000														
Mr. Uday Phadke	10000														
Mr. Anil Harish	10000														
Mr. Sanjiv Kapoor	10000														
Mr. Shailesh Haribhakti	10000														
Mr. Pawan Malhotra	50000														
Employees who were granted 5% or more of the total number of Options granted during the year	<table> <tr> <td>Mr. Arun Nanda</td><td>200000</td></tr> <tr> <td>Mr. Pawan Malhotra</td><td>50000</td></tr> <tr> <td>Ms. Anita Arjundas</td><td>50000</td></tr> </table>	Mr. Arun Nanda	200000	Mr. Pawan Malhotra	50000	Ms. Anita Arjundas	50000								
Mr. Arun Nanda	200000														
Mr. Pawan Malhotra	50000														
Ms. Anita Arjundas	50000														
Employees who were granted Options equal to or exceeding 1% of the issued capital of the Company at the time of grant	Nil														
Diluted Earnings per Share pursuant to issue of shares on exercise of Option calculated in accordance with AS 20	N.A.														
Difference between the employee compensation cost computed using the intrinsic value of Stock Options and the employee compensation cost that shall have been recognized had the fair value of Options, were used.	The Company has calculated the employee compensation Cost using the intrinsic value of stock options. Had the fair value method been used the employee compensation cost would have been higher by Rs. 373.44 lakh.														
Impact of this difference on profits of the Company	Had the fair value method been used the Profit after tax would have been lower by Rs. 373.44 lakh.														
Impact of this difference on EPS of the Company	Had the fair value method been used the basic and diluted earnings per share would have been lower by Re. 0.91														

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Description	ESOS 2006		
Weighted average exercise prices Weighted average fair values of Options for options whose exercise price either equals or exceeds or is less than the market price of the share.	Option Grant Date 25th April, 2008	Exercise price Rs.428.00	Fair value Rs.291.04
Description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted – average information: (a) Risk-free interest rate, (b) Expected life (c) Expected volatility (d) Expected dividends and (e) The price of the underlying share in the market at the time of Option grant.	The fair-value of the options granted on 25th April,2008 have been calculated using Black-Scholes Options pricing Formula and the significant assumptions made in this regards are as follows: 7.79% - 8.15% 3.5 - 6.5 Years 66.76% - 70.65% 0.33% Closing price on 25th April 08 – Rs. 455.25		

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period.

Annexure - 2

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

Loans and advances in the nature of loans to subsidiaries:

Rs. Lakh

Name of the Company	Balance as on 31st March, 2009	Maximum outstanding during the year
Mahindra World City (Jaipur) Limited	Nil	2,000.00
Mahindra World City (Maharashtra) Limited	Nil	65.50
Mahindra Integrated Township Limited	1,976.00	3,900.00
Mahindra Bebanco Developers Limited	1,727.13	1,727.13

ANNEXURE 3 TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

A. CONSERVATION OF ENERGY

- Energy Conservation measures taken: The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- Additional investments and proposals, if any, are being implemented for reduction of consumption of energy: Nil
- Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Not Applicable
- Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule : Not Applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

- | | | | |
|---|---|---|---|
| 1 | Areas in which Research & Development is carried out | : | The Company has not carried out any R&D activities during the year. |
| 2 | Benefits derived as a result of the above efforts | : | Not Applicable. |
| 3 | Future plan of action | : | Further quality improvement |
| 4 | Expenditure on R & D | : | |
| | (a) Capital | : | Nil |
| | (b) Recurring | : | Nil |
| | (c) Total | : | Nil |
| | (d) Total R&D expenditure as a percentage of total turnover | : | Nil |
| 5 | Technology absorption, adaptation and innovation | : | Nil |
| 6 | Imported Technology for the last 5 years | : | Nil |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board

Anand G. Mahindra
Chairman

Mumbai, 24th April, 2009

Management Discussion and Analysis

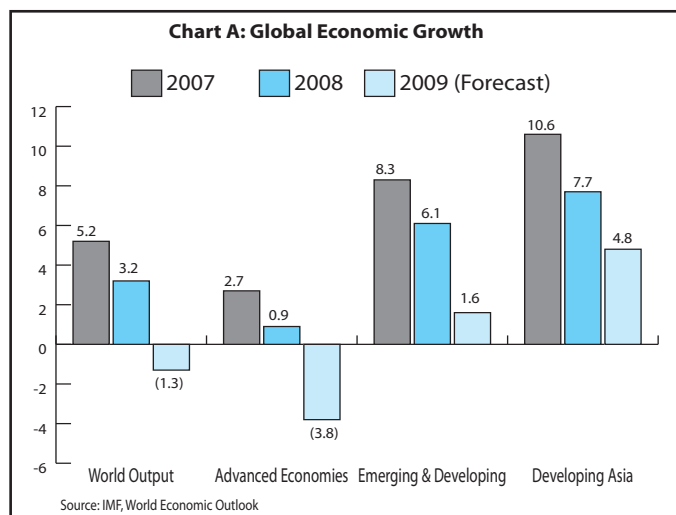
Mahindra Lifespace Developers Limited ('Mahindra Lifespaces' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a respected name for itself by delivering an array of highly successful projects in the industry segments and the markets that it operates in.

Mahindra Lifespaces, along with its subsidiary companies, is currently focused on the development of residential projects and large format integrated infrastructure development such as business cities, industrial parks and SEZs. The Company is well positioned to leverage the expertise and capability developed from successful implementation of projects for further growth and expansion of its geographic presence.

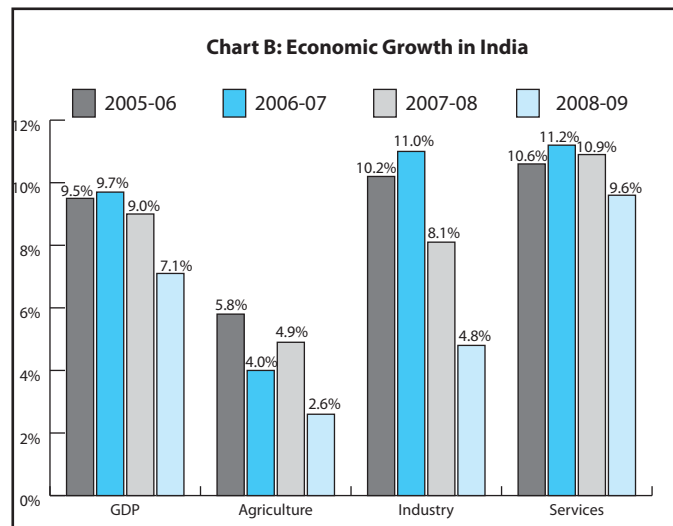
Introduction

The global financial crisis which surfaced in August 2007 after the collapse of the US sub-prime mortgage market entered an even more turbulent phase during the year. The stock markets collapsed and the housing market in most of the developed world underwent major corrections. Until this point, the global economy had been growing annually at an average of 4.5 per cent over the last five years — its highest sustained rate since the 1970s.

By September 2008, the major advanced economies, led by the US, were already in or nearing recession. Emerging markets, which contributed almost three-fourth to this growth, too, felt the impact: there were huge capital outflows from the stock markets; international long term credit flows and trade finance virtually dried-up; global demand fell and exports were hit badly; and consumer confidence suffered. Although a recovery is expected to take place as the year progresses, it is going to be very slow and painful as the global financial system gradually comes back to normalcy. As shown in chart A, the advanced economies are expected to contract by 3.8 per cent during 2009. However, with a relatively positive outlook for the emerging and developing markets, which are expected to grow at around 1.6 per cent in 2009, the contraction in the overall world output is expected to be limited to 1.3 per cent.



In this environment, the Indian economy has shown tremendous resilience. According to the latest estimates, India's GDP grew at 6.7 per cent during 2008-09. Although the growth is expected to decelerate further to around 6 per cent during 2009-10, it would still be much better than major emerging markets with the possible exception of China.



As shown in chart B, the services sector was not much affected by the slowdown and continued to drive growth during the year. In comparison, industry, which was already showing signs of trouble during the second half of previous year, was the worst affected with a growth of 3.9 per cent during the year. The correction in construction too was equally severe — growth fell to 7.2 per cent during 2008-09 compared to an average growth in excess of 13 per cent during the last five years.

Even as this current performance pales in comparison to the growth during the last few years, it is important to recognise that this still is the longest period of high and sustained economic growth that the Indian economy has ever seen. In fact, the magnitude of the current global crisis makes this growth even more creditable.

It is expected that the situation is going to be difficult in the near term, especially for the real estate industry which involves substantial investments from the customer's perspective. In the residential space, purchase decisions have been deferred due to the current uncertainty, decreased availability and high cost of finance. Businesses, too, are postponing their investment decisions given the poor demand outlook. This has affected commercial and large format developments in the industry. Also, market sentiment for the industry is currently not very favourable given the fact that the crisis originated in the US real estate boom. This has dried-up risk capital and investments into the sector.

However, the fundamentals of the Indian economy are still strong and the domestic growth story is largely unaffected. With swift action from the RBI, the liquidity situation has eased considerably and interest rates have already started to come down. The government has also made its contribution by way of fiscal stimulus, making its intentions very clear and

sending the right signals to the industry. Today, it is widely expected that the recovery in the domestic market in India will start during 2009-10, hopefully by the beginning of the second half of the financial year.

Mahindra Lifespaces has done a careful assessment of the current situation and the needs of the market. It recognises that highly professional service and products which offer exceptional value will be the key to success in these difficult times. Therefore, the Company has embarked on a continuous process which relies on quality and innovation to differentiate itself better to compete in the tougher environment.

Mahindra Lifespaces' strategy of venturing into the high growth segments in the real estate industry viz. residential projects and large format integrated developments such as business cities, industrial parks and Special Economic Zones (SEZs), remains intact. Mahindra Lifespaces is the first private sector company to have developed and operationalised a large format integrated development project — Mahindra World City, Chennai in Tamil Nadu. During the year, the Company's second integrated development project also became operational in Rajasthan. This project called Mahindra World City, Jaipur, will eventually be spread over 3000 acres. The Company expects most of the development in this project to take place in the next four to five years.

Successful execution of these projects in times where people started questioning the viability of integrated development projects in the private sector is a testimony to our execution capabilities and has established credibility for the Company in the market. In the residential segment too, the Company has built a reputation for building and executing high quality and value added projects. **Mahindra Lifespaces is one of the few companies in the real estate development industry in India with experience and brand equity of implementing successful projects for consumers as well as businesses.**

While these factors enabled Mahindra Lifespaces to perform well, the prudent financial management reflected in its low leverage, kept the Company insulated from the financial crises and the economic downturn. The Company reported creditable results in the current economic milieu. The highlights of Mahindra Lifespaces' financial performance during the year as a consolidated entity are given below :

Key Indicators of Performance

- **Consolidated Income of the Company grew by 40.3 per cent from Rs.264.6 crore in 2007-08 to Rs.371.2 crore in 2008-09**
- **Profit Before Depreciation, Interest and Taxes (PBDIT) increased from Rs.98.9 crore in 2007-08 to Rs.101.9 crore in 2008-09**
- **Profit Before Taxes (PBT) grew by 10.2 per cent from Rs.92.6 crore in 2007-08 to Rs.102.1 crore in 2008-09**
- **Profit After Taxes (PAT) grew by 4.7 per cent from Rs.69.0 crore in 2007-08 to Rs.72.2 crore in 2008-09. After accounting for minority interest, the**

consolidated net profit (PAT) of the Company declined marginally to Rs.65.6 crore during 2008-09 from Rs.66.4 crore in 2007-08.

- **Diluted EPS of the Company was Rs.15.79 in 2008-09 as compared to Rs.16.26 in 2007-08.**

For the remainder of this report, we will discuss the markets and opportunities, operational and financial performance, as well as initiatives in the areas of quality, innovation and sustainable development, and key functional areas such as human resources and information technology, risks and concerns, and the outlook for the future.

Markets and Opportunities

Given the recessionary environment, the market did not see growth rates in line with industry's expectations. All segments in which the Company operates — Residential, Integrated Infrastructure Development and Commercial were affected.

Residential

The residential market witnessed significant downturn in activity over the last year. Given the magnitude of investment involved in buying a housing unit, it is not surprising that the negative consumer sentiment forced people to either defer the purchase decision or move down to a lower category of residential units. What made matters worse was the high interest rates on home loans and the sudden drying-up of liquidity for housing loans as banks and financial institutions recalibrated their portfolios and exposure to the segment.

Property prices have come down during the last 12 months depending on the location, size and category of the property. The fall was more pronounced for smaller locations and satellite townships where the inventory levels were high. Given the number of projects in the pipeline, the next 12-18 months is going to see sizable addition to the inventory levels. Therefore, unless the recovery starts and demand picks-up in a big way, property prices will remain soft.

On the positive side, this downturn is also making valuations more realistic and attractive. In an estimate done by HDFC, home affordability — measured as number of years of income required to own a house — has come down from over 5 during 2007 to 4.8 in December 2008. Interest rates have also started to soften and the liquidity situation has eased considerably since its worst in the third quarter of 2008-09.

Besides, the fundamental demand for housing units in India will remain strong given the growth the economy has witnessed in the last few years. Even with the current deceleration, the Indian economy is doing much better compared to its peers or even its past performance. Disposable incomes are rising and estimates show huge deficits in the supply of mass housing units continue. These will be reinforced further given the favourable demographic situation with a large, young population and rapid urbanisation levels. Given these trends, one would expect that as the economic recovery gathers momentum and the consumer confidence starts to improve, the demand for residential real estate in India will bounce back.

Integrated Infrastructure Development

Large format integrated development projects like industrial parks, business cities and SEZs have traditionally been implemented by the government and the public sector. With the boom in economic activity in the last few years, availability and high price of real estate in metropolitan and large cities became a major constraint and industry turned to small cities to expand their capacities.

However, there are severe infrastructure problems associated with moving to smaller locations. In addition, needs of the companies varied according to the industry and a huge market emerged for infrastructure developers who could provide highly customised and professional solutions at a reasonable cost. This presented a very good opportunity for professional companies such as Mahindra Lifespaces to build destinations suitable for different industries and services sectors.

For companies engaged in export of goods and services, these industrial parks take the form of Special Economic Zones (SEZs), which are deemed foreign territory and have additional benefits in terms of exemption from duties, taxes and tariffs. Initially, India witnessed a rush from developers and industrial houses to set up industrial parks and SEZs. However, gradually the fizz died out and only a handful of serious players have been successful in carrying out these large scale projects.

According to the latest data that is available, 552 SEZs have received formal approvals from the government, while another 141 have received in-principle approvals. Once operational, these SEZs would be spread across 1925 square kilometres. Of the 552 SEZs that have been formally approved, 274 have been already notified. **In the 274 notified SEZs, investments worth Rs.83,450 crore have been made already and they currently employ over 1,13,000 persons. During 2008-09, SEZs in India are projected to export goods and services amounting to Rs.1,26,000 crore — compared to Rs.66,638 crore in 2007-08 and Rs.34,615 crore in 2005-06.**

(Source: www.sezindia.nic.in)

The current economic downturn has also impacted this segment of the industry. Clearly, exporters are one of the worst affected. Many global businesses wanting to set-up facilities in India either for exports or to service the Indian market are also deferring their investment decisions. Moreover, the expansion plans of many businesses in India have also been put on hold. Therefore, there has been a definite decline in the overall demand for this segment in recent months.

However, decreased viability of manufacturing in the developed world continues to be a source of potential demand for these projects. The recent tightening of FDI policy in China is also expected to open up further opportunities in this segment.

Commercial and Retail

The market for commercial and retail space was perhaps the worst hit segment in the real estate development industry. The segment had a huge pipeline given the expectations of continued growth from sectors such as IT/ITES, Business Process Outsourcing (BPO) and more recently, from organised retail — which have been driving the growth in this segment.

However, as the economic situation unfolded during the year, the realisations have been completely off target. **While the IT/ITES and the BPO segments have been holding on in term of performance, there has been no major growth in demand for additional space from the manufacturing sector during the year. Similarly, incremental demand from sectors such as banking and finance, hospitality and healthcare was also low during the year.**

The expectations from the retail industry were even higher with several corporate houses and global players looking to aggressively build their store networks. None of this materialised during the year as businesses grew sceptical about making huge investments in retail real estate. Some of these investments were also deferred to benefit from falling real estate prices. **Given the poor financial health of some of the aggressive players in the retail industry, it would be reasonable to expect that demand for retail real estate would be subdued during 2009-10.**

As a result, there is currently a large excess inventory and both lease rentals and capital values have come down. Even the enquiries and transactions have plummeted. Although the easing of the liquidity situation did bring some relief, the outlook for commercial real estate in the near term is not very encouraging.

On the whole, the current situation in the market segments that Mahindra Lifespaces operates in, poses many challenges. Recognising these challenges, the Company initiated a series of measures oriented towards competing in a tougher market and staying differentiated.

In its residential business, the Company adopted measures focussed on enhancing customers delight through a redefined role for the CRM functions, a focus on quality improvement initiatives and use of new technology as well as creating sustainable & green projects that truly live up to the Company's promise of "Healthy Spaces. Healthy Living".

The Company did a thorough assessment of the current needs of the market and customer expectations in line with its guiding principle of "Customer Centricity". In our residential projects, the role of Customer Relationship Management (CRM) is not merely facilitating the handing over of the property and moving in. A CRM representative is nominated to a customer soon after a sale is booked to act as the focal point for addressing all queries of the customer. The CRM team is responsible to ensure that the completed flats meet the specifications and expectations of the customer. Besides, 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 a substantial part of our recent projects have been marketed through referrals is a proof of the level of trust and confidence that our customers have in the Company.

The Company also communicates with its customers through its corporate newsletter "Refresh" which gives project updates and other useful information on recent trends to homeowners. **In 2008-09, "Refresh" won Association of Business Communication in India Award for third consecutive year.**

The initiatives in the areas of Quality and Sustainable Development have been discussed in greater details in the subsequent sections.

In the large format integrated development segment, Mahindra Lifespaces is one of the very few private players with an established track record. By delivering on our promises, we have established credibility of the Company in the market and created a distinct, well respected brand: 'Mahindra World City' in this segment.

In addition, the Company benefits from the 'Mahindra' brand — a name associated with honesty, 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. The Company has received several awards and recognitions for its transparency and governance.

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 a project 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 take the initiative "Go Green" for its residential projects. **Four of the Company's projects are now registered for the prestigious CII-IGBC Green Home Rating System, out of which three — 'Mahindra Splendour', Mumbai, 'Mahindra Royale', Pune, 'Mahindra Chloris', Faridabad — have already achieved the Platinum Rating in pre-certification.** 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 2009, the Company has developed various residential projects covering 4.80 million square feet. It is currently developing 1.85 million square feet. Besides, projects covering 5.32 million square feet are at planning stage.**

Completed Projects / Phases

During 2008-09, Mahindra Lifespaces completed the first phase of three of its major residential projects — 'Sylvan County' in the Mahindra World City in Chennai, 'Mahindra Eminente' in Goregaon, western suburbs of Mumbai, and 'Mahindra Royale' in Pimpri, Pune.

'Sylvan County' a premium residential project, is a gated community of bungalows, semi-detached bungalows, and apartments spread over a sprawling 22 acre campus covering 0.50 million square feet. By March 2009, Phase I of 199 units covering 0.44 million square feet was completed and families have started to move in. The construction of the Phase II of the project comprising 12 residential units and a guest house for Mahindra & Mahindra Limited started during the year and is expected to be completed in 2009-10.

'Mahindra Eminente', a premium high-rise residential complex with Spanish architecture is spread over 5.58 acres covering 0.54 million square feet of saleable area. The construction of the first phase covering 0.27 million square feet was completed in March 2009 and the apartments are currently being handed over to the owners. The Company is also planning the launch of the second phase of 'Mahindra Eminente' in 2009-10.

'Mahindra Royale' is spread over 8.88 acres covering 0.63 million square feet of saleable area. The phase I of this project which constitutes 228 units in six towers covering 0.30 million square feet was completed during the year. The handing over process is currently in progress and will be completed by July 2009. The Company expects to complete the entire project by 2010-11.

Ongoing Projects

The projects of the Company — 'Mahindra Splendour' in Bhandup, eastern suburb of Mumbai, and 'Mahindra Chloris', Faridabad in the National Capital Region — were at different stages of construction at the end of 2008-09.

'Mahindra Splendour' is spread over 8.46 acres and has a total saleable area of 0.80 million square feet. Construction is in progress and while the first phase which constitutes three towers will be completed by March 2011, the second phase of two towers has started recently and is likely to be completed by 2012-13.

'Mahindra Chloris' is a premium project with a Mediterranean architecture spread over 5 acres with a total saleable area of 0.39 million square feet. All 160 units in the eight towers of the project are equipped with IEC security system which allows one to monitor the home from anywhere in the world. The structural work of the project is almost complete and the project is progressing well within the timelines for its scheduled completion by December 2010.

New Projects / Phases

As mentioned earlier, Mahindra Lifespaces will start construction of the next phases of 'Mahindra Eminente' and 'Mahindra Royale' during 2009-10. In addition, the Company is in various stages of planning and implementing other new residential developments spread across 115 acres.

During the previous year, the Company through its subsidiary 'Mahindra Residential Developers Limited' (MRDL) entered into a joint venture agreement for residential development with an affiliate of Ayala Land, the largest and most trusted real estate brand in the Philippines. This joint venture was created to undertake the development of a gated residential community together with support, retail and recreational

facilities in approximately 55 acres within Mahindra World City, Chennai. The master planning for the project with approximately 1.52 million square feet of saleable area is now complete. The first phase of the project is expected to be launched in 2009.

The Company is also planning another residential development in Mahindra World City, Chennai which will be spread across 18 acres and with a total saleable area of 0.80 million square feet. The first phase of the project, which will be implemented by Mahindra Integrated Township Limited (MITL), is expected to be launched in 2009.

Apart from these, more residential projects are under advanced stages of planning. These include a project in Palam Vihar, Gurgaon, in the National Capital Region, spread over 17 acres with a saleable area of 1.40 million square feet. The Company is also planning a residential development through a joint venture in Nagpur spread over 25.2 acres with a saleable area of 1.00 million square feet.

Integrated Infrastructure Development

Mahindra Lifespaces is the first company in the private sector to have successfully developed an integrated business city in India — 'Mahindra World City', Chennai. During the year, the Company expanded its portfolio successfully by launching its second project in this segment in Rajasthan — 'Mahindra World City', Jaipur. With these two projects, Mahindra Lifespaces has not only pioneered integrated developments in the private sector in India, but has also created brand equity for itself for its execution capabilities, quality, transparency, and professionalism. Built on the concept of "Work, Live, Learn, Play", the Mahindra World City brand has become a highly successful name in the integrated development segment.

Mahindra World City, Chennai

Mahindra World City, Chennai, was implemented by Mahindra World City Developers Limited, promoted jointly by Mahindra Lifespaces and the Tamil Nadu Industrial Development Corporation Limited (TIDCO). It has three sector specific Special Economic Zone (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, a Domestic Tariff Area (DTA) for businesses catering to the Indian market, and a Residential and Social Infrastructure zone.

This project is fully operational with complete plug-and-play infrastructure for businesses. This includes graded land, wide road network with high velocity street lighting, onsite customs office, power station, optical fibre cable network for voice and data, abundant water supply and efficient waste management systems. The project is strategically located on the golden quadrilateral (National Highway 45) and is extremely well connected by rail and to the seaport.

With the recent expansion in area to cater to fresh demand from companies, the project is now spread across 1,550 acres. The expansion in the DTA is focussed on manufacturing companies catering to the domestic market in India and has attracted strong interest from leading multi-national companies.

During the year under review, corporate houses that have leased spaces in the project include Mecaplast (France), Husky Injection Molding (Canada), Parker Hannafin (US) and Tesa Tapes (Germany).

The industrial area in the project has 44 clients. Currently, over 24 companies operate out of Mahindra World City, Chennai and another 10 are expected to start functioning soon. During the year, direct employment in business city increased from 7,500 to 12,000 people and exports doubled to Rs.1,600 crore. Once fully operational, Mahindra World City, Chennai, is expected to generate direct employment for approximately 100,000 people.

During the previous year, the Company had renovated the railway station at Paranur to create India's first 'new look' railway station which is used by employees of the SEZ to commute to work. Following this renovation, the daily traffic has increased substantially with over 40 per cent of the working population currently utilising the services. Currently, the station handles over 78 EMU and passenger services per day and is a model for successful public private partnership projects in the country.

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. As mentioned earlier, the Company completed the major phase of its first premium housing project 'Sylvan County' during the year, with the final phase scheduled for completion during 2009-10. The Company also expects to start two more residential developments in the City during 2009-10. During the year, considerable progress was also made in building other social infrastructure necessary to support people residing and operating in the City. **The Mahindra World School received CBSE certification and the first set of 140 students joined the school for the academic year 2008-09. The first commercial complex of the city — 'The Canopy' — also became operational during the year.** This complex is very conveniently located with easy access from both the residential and business zones and has 60,000 square feet of retail, commercial and office space to meet the needs of the occupants and surrounding areas.

With the increasing levels of occupancy and activity, **the Company started a quarterly customer engagement initiative, "Coalesce" in October 2008.** This is a communication exercise where Mahindra World City shares the developments and improvement steps taken up in the project and also gives feedback to customer concerns and suggestions. This has led to the creation of a transparent and effective forum for voicing customer views and has been very well received by the occupants of the projects.

Mahindra World City, Jaipur

Mahindra World City, Jaipur, is being 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.

Mahindra World City, Jaipur is spread across 3000 acres including a multi-product SEZ and a Domestic Tariff Area of 500 acres. During 2008-09, the Company acquired another 104 acres of land to take the total area to 2,604 acres as on 31st March 2009. It hopes to acquire the remaining land during 2009-10. The integrated development will be equipped with state-of-the-art infrastructure such as uninterrupted power supply, telecommunications and connectivity, wide road network, water supply, serene landscaping, proposed logistics and warehousing zones and professional operations and maintenance. As the project becomes fully operational, it is expected to bring in over Rs.10,000 crore of investment and generate employment for over 100,000 people.

Currently, the project has received notifications for three SEZs viz. IT, Light Engineering and Handicrafts. The IT SEZ was inaugurated in August 2008 whereas the Light Engineering and Handicrafts SEZs were inaugurated in February 2009. In the future, the company expects to expand the coverage of the project to include other segments such as gems and jewellery, apparel and logistics.

The fully developed IT zone will be spread across 750 acres, making it the largest planned IT SEZ in the country. Phase I of the zone which is spread over 380 acres has already been notified as an IT SEZ. The infrastructure development is complete and company has concluded lease transactions or signed MoUs with several blue chip companies such as Infosys Technologies, Wipro, Nucleus Software, Connexions and Tech Mahindra, for leasing out space. In addition to the lease of land for development, the IT SEZ also includes 'Evolve' — a 1.6 million square feet multi-tenanted IT park spread over 25 acres. In fact, 2.3 lakh square feet in the IT park has been constructed and companies such as Infosys BPO and Deutsche Bank have already started their operations.

The Company has also made tremendous progress in its Light Engineering and Handicrafts SEZs of 250 acres each since their notification in February 2009. Here too, the Company has signed several MoUs or closed land lease transactions during the year. Companies that have taken-up space include QH Talbros, Marsons, Veto Group and Poly Medicure in the Light Engineering SEZ and Pink City Enterprises, Art Asia, Heritage and Seesam in the Handicrafts SEZ.

Apart from the SEZs, the Company has recently attracted ICICI Bank and SBI in the DTA of the project. Overall, Mahindra World City, Jaipur currently has 28 clients who are expected to start operating during the next few years. In terms of additional facilities, the business city already has an operational ATM, Food Court and Post Office — 'Mahindra World City – Sub Post Office' with its own pin code.

Other Projects

Apart from these two operational projects, the Company is currently working on a few other projects in the segment.

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 — which is a joint venture between Mahindra Lifespaces and Maharashtra Industrial Development Corporation (MIDC), a Government of Maharashtra undertaking. The second SEZ in Maharashtra is being planned in Thane, 30 km north-east of Mumbai, and will focus on bio-technology and is spread across approximately 52 acres. The Company will Co-develop this project along with Mahindra & Mahindra Limited, which owns the land identified for this project. Apart from these, the Company is also planning the development of a Knowledge City in Maharashtra.

Given that these projects have long gestation periods and involve considerable investments over a long period of time, the Company will take a final decision on these developments after taking into account the global economic scenario and demand for more projects.

In our previous year's report, we had mentioned that the Company had signed a MoU with the Board of Investments (BOI) of Sri Lanka to develop a Special Economic Zone (SEZ) near Bandarnayake International Airport, Colombo in Sri Lanka. However, the Company has been informed by the Sri Lankan authorities that the land identified for the project was needed for infrastructure development and expansion of the airport and hence not conducive to any development activity.

Commercial and Retail

As of 31st March 2009, the Company has developed various commercial projects covering 1.02 million square feet.

Mahindra Lifespaces, through its subsidiaries at Chennai and Jaipur, is developing 2.6 million square feet of commercial IT space in the Mahindra World Cities. The project in Chennai covers 1.00 million square feet of IT space in a joint venture with Ascendas (Ascendas Mahindra IT Park Limited). Currently, 0.75 million square feet is complete, of which 0.60 million square feet is leased out to companies such as Renault Nissan, Mindtree and Tech Mahindra.

The IT park in Jaipur, 'Evolve', as mentioned earlier, has an area of 1.6 million square feet. Currently, 0.23 million square feet is complete and 0.20 million square feet is either leased or committed to lease.

Mahindra Lifespaces has developed several independent commercial real estate projects in Delhi, Mumbai, Pune and Chennai in the past. During 2008-09, the Company was planning a commercial project alongside the existing 'Great Eastern Gardens', located at Mumbai with a saleable area up to 0.20 million square feet. However, given the poor demand outlook, the project was not launched during the year. The Company will take a call on this once the market situation improves. The Company also owns a commercial plot in Pimpri, Pune with a potential of 0.40 million square feet of development.

Infrastructure Development

The 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 the 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 became fully functional in the previous year and is uninterruptedly supplying high quality water to its consumers. During 2008-09, the construction of the sewage treatment plant was nearly completed and will soon be commissioned.

Quality

Mahindra Lifespaces has always stressed on the value and importance of its strong quality management system, which is set up as per the requirement of International Standard ISO 9001:2000 since 1999. The quality management system of the Company was re-certified during 2008-09, which will remain valid for the next three years.

The objective of this system is to continuously improve business processes, promote better management and utilisation of resources, and contribute to the satisfaction of the customer. Implementation of quality systems has resulted in several improvements — reduction in defects, reduction in process and product non-conformities and increased usage of alternative construction materials such as fly ash, for sustainable construction. During 2009-10, the Company will implement the QMS scorecard to benchmark itself against best practices in the industry.

During the year, the Company established quality control laboratories at most of its project sites. These laboratories are equipped with devices to test all basic building materials such as cement, steel and concrete. In addition, a project specific quality plan has been developed and standardised for all projects to ensure quality at every stage of construction. All inspection and checks are carried out prior to delivery of final product to our customers. During the year, a 'Quality Display Station' was created 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'. Another major quality initiative taken by the Company during the year includes experimental flats, where a bare shell flat is put through rigorous quality test to find out defects and take corrective action.

During the year, the Company took several initiatives to improve the quality, bring down the time required to complete processes and make the operations more competitive. These

include prefabricated wall panels for faster construction, high volume fly ash concrete for more durable internal concrete road. **The Company also designed and developed a low energy density fly ash brick which is more durable and ensures better construction quality. The Company has also applied for a patent for this in-house development.**

Mahindra Lifespaces regularly interacts with technical institutions such as IIT Bombay and VJTI, Mumbai for their expertise in testing of building materials and innovations in the area of construction technology. The Company has also entered into an arrangement with Rustonjee Academy for Global Careers and Research for training construction supervisors. The first batch will join the Company from July 2009.

Preparation for ISO 14001:2004 and OHSAS 18001:2007 certifications for best practices in the areas of health, safety and environment is in progress and is expected to happen during 2009-10.

Sustainable Development

Mahindra Lifespaces is the vanguard of real estate industry in India to protect the local and global environment by promoting sustainable construction practices. Sustainable construction provides developments that are efficient and affordable, socially acceptable, and less damaging to the environment.

About Green Buildings

Green developments are projects which involve using design and construction practices that significantly reduce or eliminate the negative impact of buildings on the environment and occupants in five broad areas:

1. Sustainable site planning
2. Safeguarding water and water efficiency
3. Energy efficiency and renewable energy
4. Conservation of materials and resources
5. Indoor environmental quality

Mahindra Lifespaces is the first residential developer in the country to take the initiative "Go Green" for its residential projects. Four of its projects are now registered for the prestigious CII-IGBC Green Home Rating System, out of which three Projects 'Mahindra Splendour', Mumbai, 'Mahindra Royale', Pune, 'Mahindra Chloris', Faridabad have already achieved the Platinum Rating in precertification. 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.

By meeting the guidelines of the council, Mahindra Lifespaces is not only building healthier homes for its customers, it is also giving them an opportunity to conserve energy and live in an environment that safeguards the future. Mahindra Lifespaces also actively participates in the sustainability council of senior executives of the Mahindra Group companies to facilitate the Group's journey towards Corporate Sustainability Reporting.

Human Resources

Mahindra Lifespaces recognises that its people are the key to the success of the organization and 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. The Company was also actively involved in the project 'Parivartan', which was launched at the Mahindra Group level to harmonise the HR processes across the group and facilitate seamless implementation of the ERP.

During the year, one of the most successful HR initiatives of the Company was to make voluntary cross functional teams headed by senior professionals of the Company to take complete ownership for the execution and timely delivery of the Company's projects. Currently, the Company has three teams working on three projects under this initiative. Another major initiative of the Company during the year was the enrolment for 'Mahindra Quality Way', where teams worked to improve business processes for better outcomes. This is carried out by the Mahindra Institute of Quality.

During the year, Mahindra Lifespaces communicated the results of the Gallup survey conducted in the previous year to assess the current levels of employee engagement and prepare an action plans for the future. Accordingly, the Company has identified engagement champions to take the initiative forward. **The Company also started two communication initiatives viz. 'Aarambh' – an in-house induction portal and 'Aalaap' – an internal quarterly newsletter for the employees.** During the year, the Company carried forward its 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. The scheme was strengthened to include special monetary recognitions for the top performers.

The Company carried out several training and development programmes for its employees during the year. New flagship programs added to the calendar include an in-house site engineers' training program and development centres for career growth of employees. For the first time, Mahindra Lifespaces participated in the executive MBA program initiated by M&M Automotive Sector with a premier management institute in Mumbai by nominating three employees to the program.

The Company also focused its efforts this year towards safety management. A safety audit was conducted on one of the project sites and subsequently safety training programs were conducted to incorporate the culture among the members.

As of 31st March, 2009, the Company had 200 employees. Employee relations during the year remained cordial.

Information Technology

During 2008-09, Mahindra Lifespaces along with its subsidiaries has successfully implemented SAP which went live on 6th April 2009. SAP will provide a common integrated IT platform for efficient operations.

In order to benefit from the best in class IT infrastructure of the parent company, Mahindra Lifespaces integrated its IT network with Mahindra & Mahindra Limited. Mahindra Lifespaces has also strengthened its connectivity set-up to cater to the SAP requirements by moving from broadband based set-up to the best in class MPLS based set up.

MLDLCONNECT – the intranet and the knowledge management portal initiated last year has now become an integral part of the organisation to facilitate sharing and learning.

Financials

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

Table 1: Abridged Consolidated Profit and Loss Statement

	(Rs. lakh)	
	2008-09	2007-08
Operating Income	34,178	23,108
Other Income	2,940	3,352
Total Income	37,118	26,460
Operating Expenses	22,897	13,121
Other Expenses	4,026	3,446
Financial Expenses	375	212
Depreciation	(390)	416
Total Expenditure	26,909	17,195
PBDIT	10,194	9,893
PBDT	9,819	9,681
PBIT	10,584	9,477
PBT	10,209	9,265
Tax	2,991	2,370
PAT	7,218	6,895
Minority Interest	654	254
PAT (After Minority Interest)	6,564	6,641
Diluted EPS (Rs.)	15.79	16.26

During 2008-09, Mahindra Lifespaces delivered a creditable performance in an extremely challenging environment. Here are the key results.

Income from operations grew by 48 per cent from Rs.23,108 lakh in 2007-08 to Rs.34,178 lakh in 2008-09. As a result, consolidated total income increased by 40.3 per cent from Rs.26,460 lakh in 2007-08 to Rs.37,118 lakh in 2008-09. Although profitability suffered, the Company was able to maintain its profits. This is even more commendable if one considers the one-time income of Rs.2,908 lakh from sale of commercial properties and long term investments during previous year.

Operating profits (PBDIT) grew from Rs.9,893 lakh in 2007-08 to Rs.10,194 lakh in 2008-09. Even as there was a marginal increase in financial expenses from Rs.212 lakh in 2007-08 to Rs.375 lakh the Company's debt servicing situation remained

comfortable. Cash profits (PBDT) increased from Rs.9,681 lakh in 2007-08 to Rs.9,819 lakh in 2008-09.

During the year, the Company changed the method for charging depreciation from Written Down Value Method to Straight Line Method so as to follow a uniform policy for consolidation of accounts and to be in line with the methodology followed by the parent company. As a result, there is a reversal of earlier years and the depreciation for the current year is Rs.(390) lakh. After accounting for this, there is growth of 10.3 per cent in Profit Before Tax (PBT) from Rs.9,265 lakh in 2007-08 to Rs.10,209 lakh in 2008-09.

Consolidated net profits (PAT) before minority interest grew by 4.7 per cent from Rs.6,895 lakh in 2007-08 to Rs.7,218 lakh in 2008-09. However, after minority interest, PAT came down marginally from Rs.6,641 lakh in 2007-08 to Rs.6,564 lakh in 2008-09. As a result, diluted EPS also came down from Rs.16.26 in 2007-08 to Rs.15.79 in 2008-09.

Demand from Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)

During the year MSEDCL has raised on the Company an assessment bill for Rs. 2,164 lakh pertaining to a commercial complex at Pune, for the period 2002-09. The Company is in the process of filing a writ petition with Hon'ble High Court at Mumbai for squashing the said demand.

Demand from Income Tax Department

In respect of income earned from commercial complexes earned by the Company, the Income Tax Department has assessed the income under the head "income from house property" against the Company's stand that it should be considered as "business income". As a result, after considering the associated disallowances and other expense disallowances, the Income Tax Department has raised a tax demand of Rs. 2,133 lakhs (previous year Rs. 1,243 lakhs). In response to the appeal filed against these demands, the Company has partially succeeded and it is pursuing the matter further with the higher appellate authorities. However, after giving effect to the Deferred Tax Asset / Liability impact for these items, the liability would stand reduced to Rs. 1,013 lakhs (previous year Rs. 195 lakhs)

Threats, Risks and Concerns

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them and mechanisms for their proper and timely monitoring and reporting.

Economic Risks

In the current economic environment, demand for real estate projects have taken a huge hit across all segments of the industry. In this context, the industry today faces considerable downside if the economic situation worsens further as it would delay recovery. Second, in the current market situation where many real estate companies are facing severe liquidity problems and are stretched for funds, there is a risk of

companies resorting to lowering their prices further and which would increase the competitive pressures in the industry. Third, with the inflation in check, the Reserve Bank has moved towards a softer monetary policy with a slew of cuts in the key policy rates to ease the liquidity situation. However, the impact has not been as visible in the lending rates of banks which continue to be high.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, **the Company's prudent financial management, reflected in its low leverage, kept it relatively insulated from the financial crises and the economic downturn.** To gear itself to meet the challenges of the current business environment, the Company has also embarked on a continuous improvement process which relies on quality and innovation to differentiate itself and compete in this tougher environment.

Operational Risks

Key operational risks faced by the Company include longer gestation period for procurement of land, inability to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance and erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these issues within a well structured framework which identifies the desired controls and assigns ownership to monitor and mitigate the risks. The Company has also invested significant resources in an ERP solution which is expected to go a long way to address these risks. For instance, 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.

Policy and Regulatory Risks

The real estate industry is easily affected by changes in government policies and regulations. This problem is accentuated as this is an industry which has traditionally been quite unorganised. In the past, the government has implemented various policies and programmes such as opening up of insurance and retail, tax sops to EOUs and the IT industry which brought about a boom in the demand for real estate. However, unfavourable changes in the government policies and the regulatory environment can adversely impact the performance of the Company.

Mahindra Lifespaces, with its approach towards acquisition of land based on fairness and trust, and transparent processes in developing the projects, has effectively mitigated these risks. The Company strongly believes 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 developments.

Also, the Company's Mahindra World City offerings are broad based **and aimed at business servicing both export and domestic markets**. This approach has been validated at Mahindra World City, Chennai and has been successfully extended to our new project — Mahindra World City, Jaipur.

Internal Controls

The Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their scope of work includes internal controls on accounting, efficiency and economy of operations. Internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

Outlook

2009-10 is not expected to be a very good year for the global economy. The Indian economy is also expected to see a deceleration in growth. However, at around 6 per cent, this would be a much better growth than most developing economies of reasonable size.

The Company still believes that the fundamentals of the Indian economy are strong and the longer term growth story is intact. However in the short term, the performance of the real estate industry will be dependent on how quickly the economy starts to recover from the current downturn and how soon the consumer confidence is restored. The liquidity situation in the market, availability and cost of finance for businesses and home loans are also going to be important factors during this period.

One major source of comfort for your Company is its comfortable capital structure with low leverage. Not only does it free the Company from constraints some of the other developers in the industry are facing, it also opens up opportunities presented in the current markets with attractive valuations. Also, your Company is certainly much better placed to take advantage of this situation when the market recovers. Therefore, even as the outlook for the 2009-10 is cautious, the medium to long term outlook 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, 2009.

This chapter, along with the chapter on Additional Shareholders Information reports the Company's compliance with the existing 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 50 per cent of the total number of Directors are independent. None of the Directors 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 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 and Mr. Uday Y. Phadke, 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, its Subsidiaries and Associates which in their judgement would affect their independence.

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

a) Number of Board Meetings

Four Board meetings were held during the year under review, 1st April, 2008 to 31st March, 2009, on the following dates: 25th April, 2008, 28th July, 2008, 24th October, 2008 and 20th January, 2009. 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, 2009, the Company's Board comprised eight members. The Chairman of the Board and two other members are Non-Executive - Non-Independent Directors. The Managing Director is an executive of the Company while remaining four 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 Non-Independent	4	3	Yes
Mr. Arun Nanda, Vice-Chairman	Non-Executive Non-Independent	4	4	Yes
Mr. Uday Y. Phadke	Non-Executive Non-Independent	4	4	Yes
Mr. Hemant Luthra*	Non- Executive Non-Independent	4	2	Yes
Mr. Sanjiv Kapoor	Non-Executive Independent	4	4	Yes
Mr. Shailesh Haribhakti	Non-Executive Independent	4	3	Yes
Mr. Anil Harish	Non-Executive Independent	4	4	Yes
Dr. Prakash Hebalkar**	Non-Executive Independent	-	-	-
Mr. Pawan Malhotra	Executive (Managing Director)	4	4	Yes

@ The Ninth Annual General Meeting was held on 28th July, 2008.

* Resigned as Non-Executive Director with effect from 30th January, 2009

** Appointed as an Additional Director with effect from 30th March, 2009.

c) Details of Directorships / Committee Memberships* as of 31st March, 2009

As mandated by Clause 49, none of the Directors is a member of more than ten Board level Committees nor any of them is 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)	12	1	—
Mr. Arun Nanda, (Non-Executive Vice-Chairman)	14	7	4
Mr. Uday Y. Phadke, (Non-Executive Director)	11	9	4
Mr. Hemant Luthra, (Non-Executive Director) @	12	1	—
Mr. Sanjiv Kapoor, (Independent Director)	3	2	2
Mr. Shailesh Haribhakti, (Independent Director)	15	10	5
Mr. Anil Harish, (Independent Director)	15	9	4
Dr. Prakash Hebalkar # (Independent Director)	2	2	—
Mr. Pawan Malhotra (Managing Director)	11	3	—

* Including Directorship/Committee Memberships in Mahindra Lifespace Developers Limited as of 31st March, 2009.

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

@ Resigned as Non-Executive Director with effect from 30th January, 2009. (The no. of directorship considered above are as of 30th January 2009.)

Appointed as an Additional Director with effect from 30th March, 2009.

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 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.

The Board reviews a compliance certificate issued by the Managing Director regarding the compliance with the requirements of various Statutes, Acts and Rules as may be applicable to the business of the Company.

3. Notes on Directors seeking Appointment/Re-Appointment

Mr. Sanjiv Kapoor, Mr. Arun Nanda, and Mr. Shailesh Haribhakti retire by rotation and being eligible offer themselves for re-appointment.

Dr. Prakash Hebalkar was appointed as an Additional Director with effect from 30th March, 2009. Dr. Hebalkar holds office up to the date of ensuing Annual General Meeting and is seeking re-appointment. The Company has received notice from a member signifying her intention to propose Dr. Prakash Hebalkar as candidate for the office of Director.

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

Mr. Sanjiv Kapoor

Mr. Sanjiv Kapoor, a Commerce Graduate and F.C.A., is the senior partner of M/s. S. K. Kapoor & Co., Chartered Accountants, a leading Chartered Accountancy firm. As a partner of the firm, he has conducted audits of a number of large corporates such as NTPC Limited, Indian Oil Limited, UTI, Bharat Sanchar Nigam Limited, and institutions such as the Reserve Bank of India and Life Insurance Corporation of India.

Mr. Kapoor was Director of Mahindra & Mahindra Limited, Ballarpur Industries Limited, Indian Bank, Corporation Bank, UPSE Securities Limited, Sahara Asset Management Co. (P) Limited, Sahara India Life Insurance Co. Limited. He was the president of Kanpur Chartered Accountants Society in the year 1988-89. He has been a member of Northern Railway Users Consultative Committee, Kanpur Telephonic Advisory Committee. He was also the Vice President of Upper India Chamber of Commerce in the year 1996-97.

Mr. Kapoor is currently on the Board of Mahindra World City Developers Limited and U. P. Stock Exchange Association Limited.

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Mr. Kapoor is on the Committees of the Boards mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Litespace Developers Limited	Audit Remuneration	Chairman Chairman
Mahindra World City Developers Limited	Audit	Chairman
The U. P. Stock Exchange Association Limited	Sub-committee for monitoring compliance of SEBI Inspection Report	Public Representative

Mr. Kapoor does not hold any share in the Company.

Mr. Arun Nanda

Mr. Arun Nanda holds a Degree in Law from the University of Calcutta, is a fellow member of the Institute of Chartered Accountants of India (FCA) and a fellow member of the Institute of Company Secretaries of India (FCS). He has also participated in a Senior Executive Programme at the London Business School. He joined the Mahindra Group in 1973 and was Company Secretary of Mahindra & Mahindra Limited (M&M) from 1987 to 2006. In 1992, he was inducted into the Board of M&M as Executive Director and is currently the Executive Director and President, Infrastructure Development Sector which includes areas like property development, construction, leisure and lifetime holidays, infrastructure privatisation projects and engineering consultancy.

As a Board Member of M&M, he shoulders multiple responsibilities including compliances, corporate governance, investments, strategic planning, identifying new business opportunities and corporate communications.

In addition, he is the Chairman Emeritus of the Indo-French Chamber of Commerce, a member of the governing Board of the council of EU Chambers of Commerce in India, Deputy Chairman – Western Region of CII and a member of governing board of Bombay First. He is also a member of the Advisory Board for Asia Pacific in BARCO Co. Limited.

He has been honoured with an award of “Chevalier de la Legion d’Honneur” (Knight of the National Order of the Legion of Honour) by the French President, Mr. Nicolas Sarkozy. He was also awarded with the “Real Estate Person of the Year” from GIREM Leadership Awards.

Mr. Nanda is on the Board of Mahindra & Mahindra Limited, Mahindra Consulting Engineers Limited, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Owens-Corning (India) Limited, Mahindra Infrastructure Developers Limited, Mahindra Construction Company Limited, Mahindra Holidays & Resorts (India) Limited, Mahindra Water Utilities Limited, Mahindra World City (Maharashtra) Limited, Mahindra Knowledge City Limited (Formerly Mahindra Technology Park Limited),

Mahindra Holdings Limited, Mumbai Mantra Media Limited, Mahindra Holidays & Resorts (USA) Inc., Mahindra (China) Tractor Co. Limited, MHR Hotel Management GmbH.

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

Name of Company	Name of Committee	Position Held
Mahindra & Mahindra Limited	Shareholders/ Investor Grievance Loans & Investment Corporate Social-Responsibility	Member Member Member
Mahindra Holidays & Resorts (India) Limited	Loans & Investment Inventory Approval Remuneration Share Allotment/ transfer cum investor Grievances IPO Committee	Member Member Member Member
Owens-Corning (India) Limited	Audit Remuneration	Chairman Member
Mahindra Construction Company Limited	Remuneration	Member
Mahindra Litespace Developers Limited	Investor’s Grievance Loans & Investment Remuneration	Chairman Chairman Member
Mahindra Infrastructure Developers Limited	Audit	Member
Mahindra World City (Jaipur) Limited	Audit Capital Issue Land Lease Loans & Investment Remuneration	Member Member Member Member Chairman
Mahindra World City (Maharashtra) Limited	Capital Issue	Member
Mahindra Holdings Limited	Audit	Chairman
Mahindra World City Developers Limited	Remuneration	Member

Mr. Arun Nanda holds 42,500 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company.

Mr. Shailesh Haribhakti

Mr. Shailesh Haribhakti is a fellow member of Institute of Chartered Accountants of India. His professional interests spread across several industries, governance issues, risk management and standard setting.

Mr. Haribhakti is a Director on the Board of various highly acclaimed public and private companies and holds the position of Chairman or Member of Audit committee in ten of them.

In addition, he is a committee member of Futures & Options segment of National Stock Exchange of India Limited and a member of SEBI Committee on Disclosures

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and Accounting Standards. He serves as a member of managing committees of ASSOCHAM and IMC, Corporate Governance committee of ASSOCHAM and CII and is Chairman of the Global Warming Committee of IMC. He was a member of the ICAI's Group on Implementation of Convergence with IFRS. He was Member on the Standards Advisory Council of the International Accounting Standards Board.

Mr. Haribhakti has in the past served as Chairman of the Indian affiliate of the Certified Financial Planner™ Board of Standards (CFP™ Board) – FPSB (India).

He has been awarded "The Best Non Executive Independent Director Award – 2007" by the Asian Centre for Corporate Governance and IMC.

His present associations include Membership of Rotary Club of Mumbai.

Mr. Haribhakti is on the Board of various companies such as Kotak Mahindra Trusteeship Services Limited, Everest Kanto Cylinders Limited, Pantaloon Retail (India) Limited, Blue Star Limited, ACC Limited, Hercules Hoists Limited, Great Offshore Limited, Hexaware Technologies Limited, Akruti City Limited, Ambuja Cement Limited, Future Capital Holdings Limited, LIC Pension Fund Limited, The Dhanalakshmi Bank Limited, J K Paper Limited, BDO Haribhakti Consulting Private Limited, Advantage Moti India Private Limited, Overseas Infrastructure Alliance India Private Limited, Quadrum Solutions Private Limited, and J M Financial Asset Reconstruction Private Limited. He is alternate Director on Board of Morarjee Textiles Limited and Fortune Financial Services (India) Limited.

Mr. Haribhakti is on the committees of the Boards mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Audit Remuneration	Member Member
Pantaloon Retail (India) Limited	Audit	Chairman
Blue Star Limited	Audit	Member
ACC Limited	Audit Remuneration Compliance Compensation	Chairman Member Member Member
Great Offshore Limited	Audit Strategic Business Development Committee of United Kingdom	Member Member
Hexaware Technologies Limited	Audit Capital Issue Nomination Special Committee for Internal Automation Forex	Chairman Member Member Member
Akruti City Limited	Audit Remuneration	Chairman Member

Name of Company	Name of Committee	Position Held
Ambuja Cement Limited	Audit Remuneration & Compensation Compliance	Member Member
Future Capital Holdings Limited	Audit Remuneration Nomination	Chairman Member Member
The Dhanalakshmi Bank Limited	Remuneration Audit Large Value Fraud Monitoring Human Resource Development Nomination	Member Member Member Member Member Member
Everest Kento Cylinder Limited	Investment	Member

Mr. Shailesh Haribhakti holds 100 equity shares in the Company.

Dr. Prakash Hebalkar

Dr. Prakash Hebalkar is Founder President of the corporate strategy consulting organisation ProfiTech. ProfiTech are International Business Consultants focused on providing Strategic Advice to Corporates from the US Fortune Global 1000 list and the Indian ET500 list of companies. Dr. Hebalkar brings with him over 30 years of international senior executive experience following a Doctorate in Computer Science and Economics from Massachusetts Institute of Technology in the U.S.A.

Dr. Hebalkar pioneered software exports from India in the mid-1970s at TCS and later developed Tata Burroughs (now known as Tata Infotech) from its inception in 1978 into the nation's largest software exporter in just five years.

Dr. Hebalkar is the author of several innovative Economic and Public-policy concepts.

Dr. Hebalkar's initiatives in the area of infrastructure include numerous pioneering projects done through his own erstwhile company MaxReach Consultants Pvt. Limited. This includes the conception of the International Air Cargo and Passenger Hub at Nagpur, now being implemented as MIHAN

Dr. Hebalkar's international work experience has taken him from IBM Research in the U.S.A. (where he managed and participated in software research for the Research Division) to the house of Tata, the leading industrial house in India.

Dr. Hebalkar has served as international adviser on public policy to the United Nations and WIPO as well as the Government of India and has actively participated in several bilateral business councils and Chambers of Commerce (such as the Indo-U.S. Indo-Japan, Indo-U.K., Indo-German and Indo-EEC Business Councils) in promotion of bilateral trade and technology co-operation as well as in major national business organizations in India such as the Confederation of Indian Industry(CII),

Associated Chambers of Commerce (ASSOCHAM) and the National Association of Software and Service Companies (NASSCOM). He is a former President of the Western Region of the Indo-American Chamber of Commerce. He has served in the Expert Group at WIPO on the Semiconductor Chip Protection Treaty as well as on the editorial advisory board of the International Computer Law Advisor and participated in the Salzburg Seminar on Intellectual Property Rights in 1995, where he was awarded a unique prize.

He has been associated with several leading Venture Finance Organizations and takes a keen interest in advising technology start-ups. He currently works with Dr. Partho Shome on development and implementation of the IT strategy of the Ministry of Finance.

Dr. Hebalkar writes frequently on matters of economic policy and international trade for leading publications and for some 15 years wrote a regular column entitled "Strategic Perspectives" in Business India.

Dr. Hebalkar is on the Board of Bluestar Infotech Limited.

Dr. Hebalkar is on the committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Bluestar Infotech Limited	Audit Shareholder Grievance Compensation Remuneration	Member Member Member Chairman

Dr. Hebalkar does not hold any share in the Company.

4. 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. A Declaration signed by Managing Director to this effect is annexed to this report.

5. CEO/CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and G.M.- Finance of the Company have certified to the Board regarding their review on the Financial Statements, Cash flow Statements and matters related to internal controls etc. in the prescribed format for the year ended 31st March, 2009.

6. Remuneration paid to Directors

Remuneration Policy

The Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board and Committee meetings. The remuneration of the

Managing Director is subject to approvals of the Remuneration Committee, Board and shareholders, 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.

At the 9th Annual General Meeting of the Company held on 28th July, 2008, the shareholders had approved payment of commission to the Directors other than the Whole-time Directors under the employment of the Company, Managing Director, Executive Directors and others who may not desire to participate. Under this approval, which is for a period of five years with effect from 1st April, 2008, the said Directors would be paid remuneration by way of commission up to 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. The commission would be distributed amongst and paid to the Directors concerned in proportions which they may decide from time to time, provided that none of such Directors shall in any financial year of the Company receive a portion of such commission equal to or more than one quarter per cent of the net profits of the Company.

Detailed information of Directors' remuneration for the year 2008-09 is set forth below:

(Rs. in lakh)

Name of the Director	Category	Sitting Fees	Commission	Salary Performance pay and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. Anand G. Mahindra Chairman	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Arun Nanda Vice-Chairman	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Uday Y. Phadke	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Hemant Luthra (Note 6)	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Sanjiv Kapoor	Independent	1.10	Nil	Nil	Nil	1.10
Mr. Shailesh Haribhakti	Independent	0.90	Nil	Nil	Nil	0.90
Mr. Anil Harish	Independent	1.00	Nil	Nil	Nil	1.00
Dr. Prakash Hebalkar (Note 7)	Independent	Nil	Nil	Nil	Nil	Nil
Mr. Pawan Malhotra Managing Director (Note 8)	Executive	(Note 1)	Nil	65.49	7.63	73.12

Notes :

1. Non-Executive & Non-Independent Directors and the Managing Director do not receive sitting fees for attending meetings of the Board /Committees of the Board of Directors of the Company. Non-Executive-Independent Directors are paid sitting fees of Rs.10,000 per meeting 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 loan to any Director.

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

4. Except for Mr. Anand Mahindra and Dr. Prakash Hebalkar, the Company has granted Stock Options to the following Directors during the year :

Name of the Director	No. of Stock Options granted on 25th April, 2008
Mr. Arun Nanda, Vice-Chairman	200,000
Mr. Hemant Luthra	10,000
Mr. Uday Phadke	10,000
Mr. Anil Harish	10,000
Mr. Sanjiv Kapoor	10,000
Mr. Shailesh Haribhakti	10,000
Mr. Pawan Malhotra, Managing Director	50,000
Total	300,000

5. No commission was paid to any of the Directors.
6. Mr. Hemant Luthra has resigned from the Board of the Company with effect from 30th January, 2009.
7. Dr. Prakash Hebalkar has been appointed as Additional Director with effect from 30th March, 2009.
8. Salary to Mr. Pawan Malhotra includes
- Salary and Allowances of Rs. 38.08 lakh
 - Perquisites of Rs.8.66 lakh
 - Performance pay of Rs.18.75 lakh.
9. The nature of employment of the Managing Director 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. Mr. Malhotra's appointment is for a period of 3 years from 11th June, 2007.

Shares and Convertible Instruments held by Directors

The detail of the Stock Options granted to the Directors is given under note 3 of the previous section on Remuneration Policy.

As on 31st March, 2009:

- Mr. Arun Nanda holds 42,500 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company.
- Mr. Pawan Malhotra's spouse holds 1,610 equity shares in the Company jointly with Mr. Pawan Malhotra.
- Mr. Anil Harish's son and daughter each holds 3,500 equity shares of the Company jointly with Mr. Anil Harish, aggregating 7,000 equity shares.
- Mr. Shailesh Haribhakti holds 100 equity shares in the Company.
- Mr. Anand G. Mahindra, Mr. Uday Y. Phadke, Mr. Hemant Luthra, Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar do not hold any shares in the Company either on their own or for any other person on a beneficial basis.

7. Committees of the Board

Audit Committee

The Audit Committee of the Company comprises 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 six meetings of the Committee were held on following dates: 25th April, 2008, 28th July, 2008, 26th August, 2008, 24th October, 2008, 20th January, 2009 and 6th March, 2009. The maximum gap between any two meetings did not exceed four months. Mr. Sanjiv Kapoor and Mr. Uday Y. Phadke attended six meetings, Mr. Anil Harish and Mr. Shailesh Haribhakti attended five meetings. Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 28th July, 2008.

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

Shareholders & Investors Grievance Committee

The Shareholders and Investors Grievance Committee of the Company included two Non-Executive Directors, Mr. Arun Nanda and Mr. Hemant Luthra. Subsequent to resignation of Mr. Hemant Luthra as a Director of the Company, the Committee was reconstituted on 24th April, 2009. The present members of the Committee are Mr. Arun Nanda and Dr. Prakash Hebalkar. 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.

During the year under review one meeting of the Committee was held on 24th October, 2008. Mr. Nanda and Mr. Luthra attended the meeting.

Remuneration Committee

The Remuneration Committee of the Company comprises three Independent Directors, 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 Director(s) of the Company from time to time, recommendations on grant of Employee Stock Options, etc.

During the year under review the Committee met once on 25th April, 2008. All the members attended the meeting.

Loans & Investment Committee

The Loans & Investment Committee of the Company comprises three Non-Executive Directors, Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Hemant Luthra. Subsequent to the resignation of Mr. Hemant Luthra as a Director of the Company, the Committee was re-constituted on 24th April, 2009. The present members of the Committee are Mr. Arun Nanda, Non-Executive Director, Mr. Uday Y. Phadke, Non-Executive Director and Mr. Anil Harish, Non-Executive Independent Director.

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 6th May, 2008, 2nd September, 2008, 27th October, 2008 and 20th March, 2009. Mr. Nanda and Mr. Phadke attended all the meetings. Mr. Luthra attended three meetings.

Capital Issue Committee

The terms of reference of the Committee authorised 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 Capital Issue Committee of the Company had three Non-Executive Directors, viz. Mr. Arun Nanda, Mr. Hemant Luthra, Mr. Uday Y. Phadke, one Independent Director, Mr. Anil Harish and the Managing Director, Mr. Pawan Malhotra. Subsequent to the resignation of Mr. Hemant Luthra as a Director of the Company, the members of the Committee were Mr. Arun Nanda, Mr. Uday Y. Phadke, Mr. Anil Harish and Mr. Pawan Malhotra.

The Committee was disbanded on 24th April, 2009.

8. General Shareholder Information

• Tenth Annual General Meeting

Day / Date : Friday, 24th July, 2009

Time : 10.30 a.m.

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

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

Year	Date	Time	Venue
2006	21st July, 2006 7th AGM	3.00 p.m	Y B Chavan Centre, Mumbai
2007	17th September, 2007 8th AGM	3.00 p.m	Y B Chavan Centre, Mumbai
2008	28th July, 2008 9th 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

7th 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 the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 [SEBI (DIP) Guidelines].
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<p>8th AGM 17th September, 2007</p>	<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]. For Further issue of Capital pursuant to the provisions of Sections 81 (1A) of the Companies Act, 1956. 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 / Central Government. For appointment & remuneration of Managing Director & CEO. For modification to Employees Stock Option Scheme with respect to the Fringe Benefit Tax (FBT). For payment of Commission to Non-Executive Directors.
<p>9th AGM 28th July, 2008</p>	

No Extraordinary General Meeting (EGM) was held during 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, 17th July, 2009 to Monday, 24th July, 2009 (both days inclusive)

• **Dividend Payment Date**

On or after 27th July, 2009

• **Financial Year**

The financial year covers the period from 1st April, 2008 to 31st March, 2009

• **Financial reporting for 2009 – 10 (Tentative)**

The First Quarter Results – 30th June, 2009	By end of July, 2009
The Half Yearly Results – 30th September, 2009	By end of October, 2009
Third Quarter Results – 31st December, 2009	By end of January, 2010
Approval of Annual Accounts 31st March, 2010	By end of April, 2010

• **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 up to 31st March, 2010.

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

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

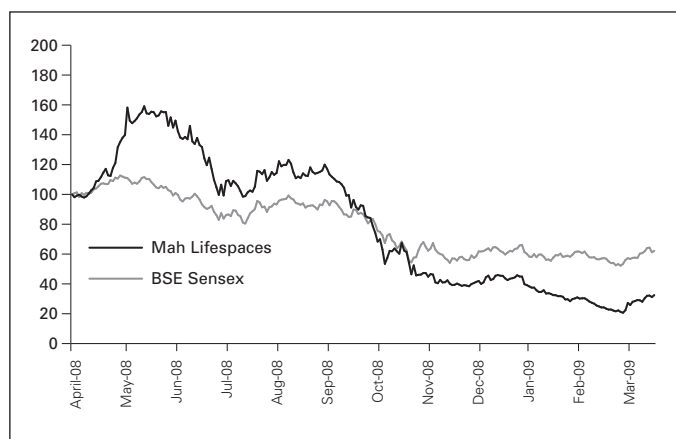
• **BSE and NSE – Monthly High / Low and Volumes**

Year	Month	BSE			NSE		
		High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
2008	April	572.40	386.25	536791	573.95	387.00	1980381
2008	May	665.10	537.50	2388445	662.50	542.00	6210551
2008	June	642.00	425.00	599133	636.60	424.00	1961953
2008	July	481.00	379.90	295473	486.00	380.00	806066
2008	August	522.00	448.05	152633	580.00	440.00	518324
2008	September	493.00	326.10	431512	493.00	322.05	527996
2008	October	344.90	170.45	648569	360.00	172.00	1886776
2008	November	207.00	153.00	846821	210.95	150.00	827362
2008	December	194.85	152.45	253476	194.85	152.10	463211
2009	January	191.00	127.00	159064	191.00	125.00	276278
2009	February	169.00	94.50	2186704	168.00	93.60	5714599
2009	March	143.00	83.40	1620561	143.00	83.25	2342264

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

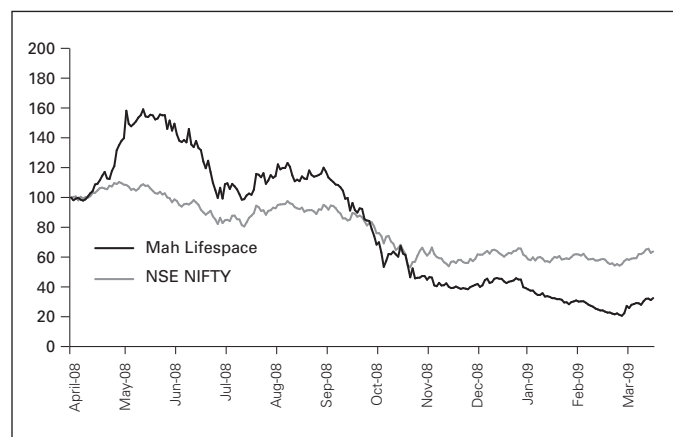
Year	Month	MLDL's Share's Closing Prices on the last trading day of the month (Rs.)	BSE Sensex at the Close of last trading day of the month	NSE nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
2008	April	535.10	17287.31	6289.07	6885.03
2008	May	630.80	16415.57	5937.81	6474.97
2008	June	426.25	13461.60	4929.98	5215.37
2008	July	467.35	14355.75	5297.47	5525.77
2008	August	467.80	14564.53	5337.28	5631.51
2008	September	342.35	12860.43	4807.20	4897.59
2008	October	187.45	9788.06	3539.57	3570.07
2008	November	157.20	9092.72	3379.53	3295.60
2008	December	178.15	9647.31	3635.87	3596.85
2009	January	129.35	9424.24	3538.57	3426.76
2009	February	95.20	8891.61	3403.33	3232.11
2009	March	132.15	9708.50	3720.51	3523.53

Chart A: Mahindra Lifestace's Share Performance versus BSE Sensex



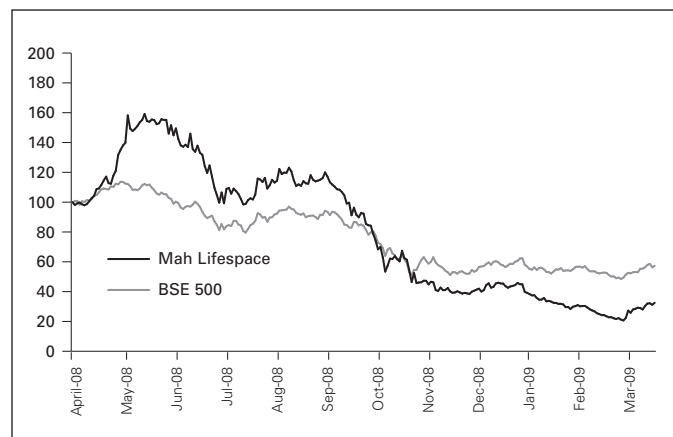
Note: Share price of Mahindra Lifestace and BSE Sensex have been indexed to 100 on 1 April 2008

Chart B: Mahindra Lifestace's Share Performance versus NSE NIFTY



Note: Share price of Mahindra Lifestace and NSE NIFTY have been indexed to 100 on 1 April 2008

Chart C: Mahindra Lifespaces' Share Performance versus BSE 500



Note: Share price of Mahindra Lifestace and BSE 500 have been indexed to 100 on 1 April 2008

• **Registrar and Share Transfer Agents**

Sharepro Services (India) Pvt. Limited
Registered Office
13 AB Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri -Kurla Road, Sakinaka,
Andheri (E), Mumbai-400072
Tel : 022-67720300, 67720400
Fax : 022-28591568, 28508927
[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 : 022-66134700
Fax : 022-22825484

• 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, 2009

No. of Equity shares	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
1 - 100	79886	91.24	1787562	4.38
101 - 200	3911	4.47	583121	1.43
201 - 300	1323	1.51	336863	0.82
301 - 400	611	0.70	217992	0.53
401 - 500	536	0.61	254192	0.62
501 - 1,000	746	0.85	549832	1.35
1,001 - 2,000	272	0.31	388761	0.95
2,001 - 3,000	92	0.11	227385	0.56
3,001 - 4,000	46	0.05	161965	0.40
4,001 - 5,000	25	0.03	112506	0.28
5,001- 10,000	37	0.04	266040	0.65
10,001 & above	69	0.08	35922931	88.03
Total	87554	100.00	40809150	100.00

• Shareholding Pattern as on 31st March, 2009

Category	No. of Equity shares held	% of shareholding
Promoters	20846126	51.08
Insurance Companies & Banks	451527	1.11
UTI and Mutual Funds	2745373	6.73
FII's	10468033	25.65
NRIs/OBC	226660	0.56
Bank of New York (for GDR Holders)	118370	0.29
Domestic Companies	1103066	2.70
Resident Individuals	4849995	11.88
Total	40809150	100.00

• Dematerialisation of Shares

As of 31st March, 2009 - 39,951,441 shares (97.90%) 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, 2009, 23,674 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, Bhikaiji 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, Tamil Nadu
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
Company Secretary
Mahindra Lifespace Developers Limited
5th Floor, Mahindra Towers
Worli, Mumbai - 400 018
Tel: 022-24929353
Fax: 022-24975084
E-mail: kulkarni.suhas@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, 2008 to 31st March, 2009**

1. Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc	12
2. Number of complaints resolved	12
3. Complaints pending as at 31st March, 2009	Nil
4. Number of share transfers pending for approval as at 31st March, 2009	Nil

There were no pending complaints as on 31st March, 2009.

9. 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.

10. Materially Significant Related Party Transactions

During the financial year 2008-09, 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 20 to Annual Accounts of the Annual Report.

11. Compliance with Clause 49

• **Mandatory Requirements**

As of 31st March, 2009, 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 as specified in Annexure 1 D of the Clause 49.

12. 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 for Prevention of Insider-Trading Practices**

In compliance with the SEBI Regulations 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 advise 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**

As of 31st March, 2009, none of the Subsidiary Company was a 'Material Non-listed Indian Subsidiary Company under Clause 49 of the Listing Agreements with the Stock Exchanges.

The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies.

• **Means of Communication**

The quarterly, half-yearly and yearly results are published in The Economic Times (English) and Maharashtra Times (Marathi). 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, the 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 results, 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 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

Mumbai, 24th April, 2009

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, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
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 and the G.M. – Finance 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 state that in respect of investor grievances during the year ended 31st March, 2009, no grievances are pending for period exceeding one month against the company as per the records maintained by the Share Transfer and Shareholder's Grievance Committee.
6. 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: 24th April, 2009

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

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Dated: 24th April, 2009

AUDITORS' REPORT

To the Members of Mahindra Lifespace Developers Limited

1. We have audited the attached Balance Sheet of **Mahindra Lifespace Developers Limited** as at 31st March 2009 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:
 - i. Note No. 7 (c) of Schedule 20 of the accounts, we have relied on management representation, due to the resolution of matter being dependent on future events whose outcome is not known, regarding realisability of construction work in progress, project advances and interest accrued thereon of Rs.6,873.11 lakhs 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 referred to arbitration.
 - ii. Note No. 9 of Schedule 20 regarding reliance on management owing to the technical nature of estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects and realisability of Construction work in progress.
 - iii. Note No. 4 of Schedule 20 regarding write back of depreciation of Rs. 817.24 lakhs due to the change in the method of charging depreciation from Written Down Value to Straight Line Method, due to which profit for the year and reserves are higher by Rs. 870.06 lakhs.
- f) 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, 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, 2009,
 - 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, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 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: 24th April, 2009

For and on behalf of

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Mumbai: 24th April, 2009

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 ended 31st March, 2009.

- 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 period 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 is 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.
- 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 in case of any party 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, other than four cases of disputed Income Tax demands as under:

Sr. No.	Assessment Year	Nature of Dues	Amount Rs. in lacs	Forum where case is pending
1	2004-05	Income tax	664.79	Commissioner of Income Tax (Appeals) – appeal being filed
2	2006-07	Penalty	181.16	Commissioner of Income Tax (Appeals)

- 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 Act.

- 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 is 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: 24th April, 2009

For and on behalf of

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai: 24th April, 2009

Balance Sheet as at 31st March, 2009

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	5,080.92	5,080.84
Employee Stock Option Outstanding	2	21.42	—
Reserves & Surplus	3	84,613.82	81,293.82
		89,716.16	86,374.66
Deferred Tax Liability (Net)	4	361.97	168.77
TOTAL.....		90,078.13	86,543.43
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	4,904.97	4,800.80
Less : Depreciation		1,423.37	2,112.65
Net Block		3,481.60	2,688.15
Capital Work in Progress		249.67	—
		3,731.27	2,688.15
Investments	6	36,152.67	50,291.36
Current Assets, Loans and Advances :			
Inventories	7	30,107.26	24,374.01
Sundry Debtors	8	3,713.01	3,700.91
Cash and Bank Balances	9	9,880.00	1,366.99
Other Current Assets	10	2,862.89	2,603.92
Loans and Advances	11	13,297.93	11,558.52
		59,861.09	43,604.34
Less : Current Liabilities and Provisions :			
Current Liabilities	12	7,229.13	7,418.00
Provisions	13	2,437.77	2,622.43
		9,666.90	10,040.43
Net Current Assets		50,194.19	33,563.91
TOTAL.....		90,078.13	86,543.43
Notes to Accounts	20		

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

As per our Report attached hereto

Signatures to the Balance Sheet
and Schedules 1 to 13 and 20

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 : 24th April, 2009

Suhas Kulkarni
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

Prakash Hebalkar

Director

Pawan Kumar Malhotra

Managing Director

Profit and Loss Account for the year ended 31st March, 2009

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income	14	16,540.47	17,212.13
Other Income	15	3,253.94	4,783.66
		<u>19,794.41</u>	<u>21,995.79</u>
EXPENDITURE			
Operating Expenses	16	12,432.57	11,180.78
Employee Remuneration & Benefits	17	755.94	813.00
Administration & Other Expenses	18	1,508.87	1,417.93
Interest & Finance charges	19	5.95	9.18
Depreciation		(686.30)	196.57
		<u>14,017.03</u>	<u>13,617.46</u>
Profit before taxation		5,777.38	8,378.33
Less : Provision for Current Taxation		947.72	1,359.10
Less : Short Provision for Taxation for earlier years		—	334.06
Less : Provision for Deferred Taxation		193.20	146.59
Profit for the year after Tax		<u>4,636.46</u>	<u>6,538.58</u>
Add : Balance brought forward from previous year		6,659.42	2,091.14
Amount Available for Appropriation		<u>11,295.88</u>	<u>8,629.72</u>
APPROPRIATIONS			
Proposed Dividend			
On Equity Shares		1,020.23	1,020.21
On Preference Shares		105.00	105.00
Tax on distributed profit		191.23	191.23
Transfer to General Reserve		463.65	653.86
Balance Carried to Balance Sheet		9,515.77	6,659.42
		<u>11,295.88</u>	<u>8,629.72</u>
Basic Earnings Per Share		11.06	16.00
Diluted Earnings Per Share (Refer Note 22 of Schedule 20)		11.06	16.00
Notes to Accounts	20		

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 14 to 20

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 : 24th April, 2009

Suhas Kulkarni
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

Prakash Hebalkar

Director

Pawan Kumar Malhotra

Managing Director

Cash Flow Statement for the year ended 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	5,777.38	8,378.33
Adjustments for :		
Depreciation	(686.30)	196.57
Profit on sale of current investments	(8.18)	(115.03)
Profit on sale of Long term investments	—	(600.00)
Amortisation of expenses	21.42	—
Amounts written back (Net)	(221.24)	—
Considered separately:		
Interest Income	(1,128.83)	(800.39)
Interest Expenses	5.95	9.18
Dividend Income	(1,704.83)	(3,125.58)
(Profit)/Loss on sale of Fixed assets (Net)	(0.02)	5.29
Operating Profit Before Working Capital Changes	2,055.35	3,948.27
Adjustments for :		
Trade and Other Receivables	(1,021.63)	(438.93)
Inventories	(5,733.25)	(2,836.52)
Trade Payables and Other Liabilities	(152.31)	240.49
Proceeds from sale of properties	—	514.60
Cash Generated from Operations	(4,851.84)	1,427.91
Income taxes (paid) / received	(2,068.06)	(1,439.15)
Net Cash (used in)/ from operating activities	(6,919.90)	(11.24)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(357.75)	(130.47)
Proceeds from sale of Fixed Assets	0.97	6.77
Proceeds/(Investment) in others(Net)	17,282.36	(8,598.64)
Investment in subsidiaries	(3,135.50)	(8,400.00)
Interest received	869.86	794.89
Dividend received	1,704.83	3,125.58
Deposits / Advances with Companies	390.45	(821.20)
Net Cash from/ (used in) investing activities	16,755.22	(14,023.07)

Cash Flow Statement for the year ended 31st March, 2009 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
C. Cash flow from financing activities		
Repayment of Loan	—	(88.61)
Interest paid	(5.95)	(9.79)
Dividend Paid	(1,316.44)	(823.89)
Issue of Equity Share Capital	0.08	86.10
Share Premium Proceeds	—	3,989.87
Net Cash (used in)/from financing activities	(1,322.31)	3,153.68
Net Increase/(Decrease) in Cash and Cash Equivalents	8,513.01	(10,880.53)
Cash and Cash Equivalents (Opening)	1,366.99	12,247.52
Cash and Cash Equivalents (Closing)	9,880.00	1,366.99

Notes:

1. Profit/ Loss 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. 7000 lakhs (Previous Year Rs. 7000 lakhs). The said limits have not been utilised as on March 31, 2009 (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 : 24th April, 2009

Suhas Kulkarni
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

Prakash Hebalkar

Director

Pawan Kumar Malhotra

Managing Director

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

SCHEDULE "1"
SHARE CAPITAL

Authorised

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
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 40,854,501) Equity Shares of Rs.10 each	4,085.45	4,085.45
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	5,085.45

Subscribed and Paid-up

40,809,150	(Previous year 40,808,350) Equity Shares of Rs.10 each fully paid up	4,080.92	4,080.84
1,000,000	(Previous year 1,000,000) 10.50 % Non Cumulative Redeemable ... Preference Shares of Rs.100 each fully paid (Refer Note 3)	1,000.00	1,000.00
		5,080.92	5,080.84

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) 20,846,126 (Previous year 20,846,126) Equity shares are held by Mahindra & Mahindra Ltd, the Holding Company
- 1,000,000 (Previous year 1,000,000) 10.50 % Non Cumulative Redeemable Preference Shares are held by Mahindra & Mahindra Limited, the Holding Company

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "2" :		
EMPLOYEE STOCK OPTION OUTSTANDING		
A) Employee Stock Option Outstanding:		
Opening Balance	—	—
Add: Fresh grant of options	107.11	—
Less: Amount transferred to Securities premium/Options Lapsed	—	—
Closing balance	107.11	—
Less:		
B) Deferred Employee Compensation Expenses :		
Add: Fresh grant of options	85.69	—
Less: Transfer to Employee Compensation / Options Lapsed	—	—
Closing balance	85.69	—
Total (A-B)	21.42	—
SCHEDULE "3" :		
RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as per last Balance Sheet	6,353.58	6,353.58
	6,353.58	6,353.58
Share Premium Account		
Balance as per last Balance Sheet	67,556.11	63,113.35
Add: Premium on shares issued during the year	—	4,442.76
	67,556.11	67,556.11
General Reserve		
Balance as per last Balance Sheet	724.71	70.85
Add:- Transfer from Profit & Loss Account	463.65	653.86
	1,188.36	724.71
Profit and Loss Account	9,515.77	6,659.42
	84,613.82	81,293.82
SCHEDULE "4" :		
DEFERRED TAX LIABILITY (NET):		
Deferred Tax Liability		
Relating to :		
Difference between book and tax depreciation	922.28	722.47
Deferred Tax Asset		
Relating to :		
Provision for impairment in asset value	526.90	526.90
Expenses allowable on actual payment	33.41	26.80
	560.31	553.70
	361.97	168.77

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

SCHEDULE "5"

FIXED ASSETS :

Rs./lakh

	COST				DEPRECIATION					NET BLOCK	
	As at March 31, 2008	Additions	Deductions	As at March 31, 2009	Up to March 31, 2008	Deductions	Adjustments	For the year	Up to March 31, 2009	As at March 31, 2009	As at March 31, 2008
Particulars											
Land	184.74	—	—	184.74	—	—	—	—	—	184.74	184.74
Building	3,957.61	21.02	—	3,978.63	1,685.20	—	(826.70)	64.80	923.30	3,055.33	2,272.41
Furniture & Fixtures	113.53	2.11	—	115.64	80.47	—	20.27	8.24	108.98	6.66	33.06
Plant & Machinery	235.12	9.17	1.87	242.42	142.99	0.93	55.07	9.60	206.73	35.69	92.14
Computers	211.54	55.11	2.04	264.61	160.87	2.04	(44.43)	31.75	146.15	118.46	50.67
Vehicles	98.26	20.67	—	118.93	43.12	—	(21.45)	16.55	38.21	80.72	55.13
Total	4,800.80	108.08	3.91	4,904.97	2,112.65	2.97	(817.24)	130.94	1,423.37	3,481.60	2,688.15
<i>Previous year total</i>	5,706.50	130.47	1,036.17	4,800.80	2,425.59	509.51	—	196.57	2,112.65	2,688.15	
Capital Work In Progress										249.67	—
										3,731.27	2,688.15

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

			Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "6" :	Face Value	Number of		
INVESTMENTS (Refer Note 6)	Rupees	shares/units		
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	107,300,000	10,730.00	9,990.00
(7,400,000 Shares acquired during the year)				
Mahindra World City (Maharashtra) Limited	10	1,120,000	112.00	35.00
(770,000 Shares acquired during the year)				
Mahindra Integrated Township Limited	10	37,000,000	3,700.00	3,700.00
Mahindra Knowledge City Limited (Previously known as	10	12,600,000	1,260.00	1,000.00
Mahindra Technology Park Limited)				
(2,600,000 Shares acquired during the year)				
Mahindra Bebanco Developers Limited	10	35,000	3.50	—
(aquired during the year)(Refer note 6(b))				
Mahindra Industrial Township Limited-Equity	10	2,050,000	205.00	—
(aquired during the year) (Refer note 6(b))				
In Others				
Deepmangal Developers Private Ltd.	100	177	284.61	284.61
New Tirupur Area Development Corporation Ltd	10	500,000	50.63	50.63
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
Preference Shares				
In Subsidiary Company				
Mahindra World City Developers Ltd.	100	6,500,000	6,500.00	6,500.00
(6% Cummulative Redeemable Preference Shares)				
Mahindra World City Jaipur Limited	10	18,500,000	1,850.00	—
('8% Redeemable Cumulative preference shares)				
(aquired during the year)				
In Others				
Mahindra Knowledge Park (Mohali) Limited	10	500,000	5.00	5.00
(7% Non Cumulative Redeemable				
Participating Optionally Convertible Preference Shares)				
			28,395.24	25,259.75
Current Investments, Unquoted, Non Trade				
(At lower of cost and fair value)				
In Units of Mutual Fund				
Redeemed 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 - Institutional - Monthly -				
Series 1 - Daily 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

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "6" : (Contd.)				
INVESTMENTS (Refer Note 6)				
Acquired during the year				
JM Money Manager Fund - Super Plus Plan Daily Dividend .		7,071,895	707.56	
BSL Savings Fund - Institutional Plan - Daily Dividend Reinvestment		18,139,991	1,815.23	
DWS Liquid Plus Regular Plan Daily Dividend Reinvestment		9,994,212	1,000.92	
UTI Liquid Plus Fund / UTI - Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment		101,419	1,014.41	
Tata Floater Liquid Fund - Daily Dividend Reinvestment		15,093,220	1,514.70	
ICICI Prudential Flexible Income Plan		7,031,795	708.80	
Kotak Floater Long Term Fund - Dividend Reinvestment		9,465,199	1,000.80	
			7,762.42	25,036.60
			36,157.67	50,296.36
			(5.00)	(5.00)
			36,152.67	50,291.36
Less : Provision for diminution in value of investments				
SCHEDULE "7" :				
INVENTORIES				
(At lower of cost and net realisable value)				
Raw material			301.66	492.65
Stock-in-trade			380.71	380.71
Construction Work in Progress			29,424.89	23,500.65
(Refer Notes 7(a) & 7(c))				
			30,107.26	24,374.01
SCHEDULE "8" :				
SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Outstanding over six months			1,458.04	940.77
Other debts			2,254.97	2,760.14
			3,713.01	3,700.91
SCHEDULE "9" :				
CASH AND BANK BALANCES				
Cash on hand			1.89	1.45
Balances with Scheduled Banks				
- On Current Accounts			872.81	648.77
- On Deposit Accounts			9,005.30	716.77
			9,880.00	1,366.99
SCHEDULE "10" :				
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)
			2,520.15	2,520.15
Interest accrued - Others			342.74	83.77
(including Rs. 261.62 lakh, Previous year Rs. 42.08 lakh due from subsidiaries)				
			2,862.89	2,603.92

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "11" : LOANS AND ADVANCES		
(Unsecured, Considered Good, unless otherwise stated)		
Advances and Loan given to Subsidiary Companies	3,758.04	4,148.50
Advances recoverable in cash or in kind or for value to be received	2,528.50	452.70
Project Advances (Refer Note 7b & 7c)		
Considered good	4,140.26	5,191.09
Considered doubtful	121.25	121.25
	4,261.51	5,312.34
Less : Provision for doubtful advances	(121.25)	(121.25)
	4,140.26	5,191.09
Intercompany Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax Rs.3,890.63 lakh Previous Year Rs. 2,942.65 lakh)	2,275.47	1,155.39
Staff Loans and Advances	14.10	15.74
Deposits	407.52	421.06
	13,297.93	11,558.52
SCHEDULE "12" : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 8 a)		
— Total outstanding dues of micro enterprises & small enterprises	—	5.90
— Others	1,552.40	1,698.82
Due to Subsidiary Company	37.91	34.00
Advances and Deposits	2,612.89	3,991.22
Unclaimed Dividends (Refer Note 8 b)	20.25	17.66
Other Liabilities	3,005.68	1,670.40
	7,229.13	7,418.00
SCHEDULE "13" : PROVISIONS		
Proposed Dividend	1,316.46	1,316.44
Provision for Losses to project Completion (Refer Note 8 c)	1,023.00	1,241.03
Provision for Leave Encashment Benefits	70.17	47.63
Provision for Gratuity	28.14	17.33
	2,437.77	2,622.43

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2009

SCHEDULE "14" :

OPERATING INCOME

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Income from Projects	14,610.34	12,584.31
Project Management Fees* (gross)	155.61	38.04
Income from Operation of Commercial Complexes* (gross)	1,156.51	1,434.21
Business Centre Revenues * (gross)	618.01	847.92
Profit on Sale of Properties	—	2,307.65
	16,540.47	17,212.13

* (Income Tax deducted at source-Rs. 372.99 lakh
Previous Year - Rs. 459.86 lakh)

SCHEDULE "15" :

OTHER INCOME

Interest Income (gross) *		
— On Inter Corporate Deposits	866.77	743.91
— On Bank Deposits	253.42	40.13
— Others	8.65	16.34
Dividend on Long Term Investments	555.25	1,558.25
Dividend on Current Investments	1,149.58	1,567.33
Profit on sale of Long Term Investments	—	600.00
Profit on sale of Current investments	8.18	115.03
Profit on sale of Fixed assets	0.02	—
Write-back of provisions for losses to completion	218.03	—
Miscellaneous Income	194.04	142.67
	3,253.94	4,783.66

* (Income Tax deducted at source-Rs. 242.12 lakh
Previous Year - Rs. 89.96 lakh)

SCHEDULE "16" :

OPERATING EXPENSES

Cost of Projects		
Opening Stock		
— Stock in trade	380.71	380.71
— Work-in-progress	23,500.65	20,735.13
— Raw Material	492.65	421.64
	24,374.01	21,537.48
Add: Expenses incurred during the year :		
Premium for Development Rights	1,199.10	751.27
Architect Fees	629.11	119.40
Preliminaries & Site Expenses	65.36	7.79
Civil, Electrical, Contracting etc.	13,549.82	7,459.33
Overheads allocated	772.57	461.92
Payment to Local Agencies	396.57	3,344.11
Insurance	32.15	31.22
Legal & Professional Fees	78.55	50.10
	16,723.23	12,225.14
	41,097.24	33,762.62

Carried Forward

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2009

**SCHEDULE "16" : (Contd.)
OPERATING EXPENSES**

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Brought Forward		
Less:- Closing Stock		
Stock in trade	380.71	380.71
Work-in-progress	29,424.89	23,500.65
Raw Material	301.66	492.65
	<u>30,107.26</u>	<u>24,374.01</u>
	10,989.98	9,388.61
Rent, Rates & Taxes	311.53	309.68
Repairs & Maintenance - Commercial Properties	152.56	232.01
Professional Fees	11.82	—
Brokerage	92.47	85.97
Advertisement, Marketing & Business Development	649.73	314.85
Electricity	17.61	258.89
Other Operating Expenses	206.87	590.77
	<u>12,432.57</u>	<u>11,180.78</u>

**SCHEDULE "17" :
EMPLOYEE REMUNERATION & BENEFITS**

Salaries, Allowances & Bonus	1,397.07	1,118.39
Contribution to Provident & Other Funds.	49.82	59.52
Staff Welfare Expenses	102.00	97.01
	<u>1,548.89</u>	<u>1,274.92</u>
Less :- Allocated to projects	(792.95)	(461.92)
	<u>755.94</u>	<u>813.00</u>

**SCHEDULE "18" :
ADMINISTRATION & OTHER EXPENSES**

Rent, Rates and Taxes	552.43	418.91
Insurance	6.57	4.06
Repairs and Maintenance		
— Buildings	59.55	70.87
— Others	63.07	50.20
Electricity Charges	21.23	10.33
Travelling & Conveyance	147.21	129.68
Legal & Professional Fees	206.40	183.18
Printing & Stationery	53.67	58.68
Communication	48.16	55.76
Advertisement, Marketing & Business Development	230.49	285.40
Auditors Remuneration	28.51	38.86
Loss on Sale of Fixed Assets(Net)	—	5.29
Miscellaneous Expenses	91.58	106.71
	<u>1,508.87</u>	<u>1,417.93</u>

**SCHEDULE "19" :
INTEREST**

On Fixed Loans	—	0.19
On other deposits	5.95	8.99
	<u>5.95</u>	<u>9.18</u>

Schedules Annexed to and forming part of Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended 31st March, 2009.

SCHEDULE "20"

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 prorata basis, on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for:

1. Furniture & Fixtures, Plant & Machinery and Computers, individually costing more than Rs. 5,000, which are depreciated over their estimated useful lives of 5 years, and
2. Vehicles at 15 % of cost.

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 on first in first out basis and are stated 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. Revenues from real estate projects are recognised only when the actual project costs incurred exceed 25 % of the total estimated project costs including land and when the collection exceeds 5% of the sales value.

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. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. 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.

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 and 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 45,351 (*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). 800 equity shares have been allotted during the year from such shares held in abeyance.
- 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.
- c) The company had issued 6,000,000 equity shares of the face value of Rs. 10 each at a premium of Rs. 790 per equity share aggregating Rs. 48,00,00,000 lakh ("the QIP issue") under chapter XIII-A of Securities and Exchange Board of India (Disclosure and Investor Protection)

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Guidelines, 2000 on the terms and conditions approved by the members at the 7th Annual General Meeting held on July 21, 2006. The utilisation of the funds received from the QIP issue and the conversion of the above warrants is as under:

Sources of Funds

QIP Proceeds	
Conversion of Warrants to Equity Shares	

Utilisation of Funds

Repayment of working capital facilities	
Prepayment /Repayment of Loans	
QIP Issue Expenses	
Land Purchase	
TDR Purchase	
Investment /Advances	
Project Expenses	

Balance Funds Deployed

Investments in Schemes of Mutual Funds (pending utilization towards objects of the issue)	
---	--

Current Year Rs Lakh	Previous Year Rs Lakh
48,000.00	48,000.00
19,882.80	19,882.80
67,882.80	67,882.80
8,548.28	8,548.28
19,249.51	19,249.51
1,102.06	1,102.06
9,081.91	8,617.02
1,335.20	1,335.20
19,019.33	14,709.11
9,546.51	—
—	14,321.62
67,882.80	67,882.80

d) Employee Stock Option Scheme

During the year the Company has granted 678,359 Stock Options to the eligible employees under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company. The details of the Employee Stock Option Scheme are :

Particulars	Grant dated 25th April, 2008
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	678,359
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	Rs. 428 /- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	25 % On expiry of 12 months from the date of grant ; 25 % On expiry of 24 months from the date of grant ; 25 % On expiry of 36 months from the date of grant ; 25 % On expiry of 48 months from the date of grant ;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 25th April,2008
Intrinsic Value of shares based on latest available closing market price	Rs.15.79
Total Amount to be amortized over the vesting period	Rs.107.11 lakh
Charge to Profit & Loss Account for the year	Rs.21.42 lakh
Compensation in respect of lapsed cases	Nil
Unamortized Amount Carried Forward	Rs.85.69 lakh

The fair value of options, based on the valuation of the independent valuer as of date of grant are :

Vesting period in years	Grant dated 25th April, 2008	
	Expected Vesting	Fair Value (Rs.)
1	169,590	} 291.04
2	169,590	
3	169,590	
4	169,589	

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

Particulars	Grant dated 25th April ,2008
Risk free interest rate	7.79% - 8.15%
Expected life	3.5 - 6.5 Years
Expected volatility	66.76% - 70.65%
Expected dividend yield	0.33%
Exercise price	Rs. 428
Stock price	Rs. 443.79

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows:

	Particulars	Intrinsic Value Method		Fair Value Method	
		March 2009	March 2008	March 2009	March 2008
A	Net Profit After Tax (Rs. in lakh)	4,636.46	—	4,263.02	—
	Less Preference dividend	122.84	—	122.84	—
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	40,808,891	—	40,808,891	—
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	40,808,891	—	40,808,891	—
D	Basic Earning per Share (Rs.)	11.06	—	10.15	—
E	Diluted Earning per Share (Rs.)	11.06	—	10.15	—

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	No. of stock options	Weighted Average Exercise Price (Rs)
Options outstanding on 1st April, 2008	—	
Options granted during the year	678,359	428
Options forfeited/lapsed during the year	—	
Options exercised during the year	—	
Options outstanding on 31st March, 2009	678,359	
Options vested but not exercised on 31st March, 2009	—	

Information in respect of options outstanding as at 31st March, 2009 :

Exercise price	No. of Options	Weighted average remaining life
Rs. 428	678,359	60 months

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) Depreciation

In order to follow uniform accounting policy for consolidation of the financials and to be in line with the parent company, the company has changed the method of charging depreciation from written down value method to straight line method during the year. As a result of the change, the depreciation charge for the year is lower by Rs. 52.82 lakh and depreciation charge of earlier years, amounting to Rs. 817.24 lakh has been reversed. Consequently, the profit for the year and the reserves are higher by 870.06 lakh.

5) Capital Commitments

	Current Year Rs. lakh	Previous Year Rs. lakh
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	39.72	Nil

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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 following companies have become subsidiaries of the Company:

Sr No.	Name of the company	Nature of Investment	No. of Shares	Subsidiary w.e.f	Amount (Rs. in lakh)	% Holding
1.	Mahindra Industrial Township Limited	Equity	2,050,000	02/07/2008	205.00	100%
2.	Mahindra Bebanco Developers Limited	Equity	35,000	03/06/2008	3.50	70%

- c) Mutual Fund Units purchased and sold during the year are as under:

	Current Year		Previous Year	
	No of Units	Rs. In Lakh	No of Units	Rs. In 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 Daily Dividend	51,642,326.295	5,168.47	49,959,033.592	5,000.00
DWS Liquid Plus Regular Plan - Daily dividend	49,972,779.590	5,004.62		
DWS Ultra Short-Term Fund (Liquid Plus) Institutional Plan Daily Dividend	42,785,736.623	4,284.99		
DWS Fixed Term Fund Series 58	15,000,000.000	1,500.00		
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 Reinvestment	78,571,891.948	7,881.63	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
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
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	—	—	175,437,540.648	17,549.19
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
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
Fidelity Liquid Plus Super Institutional- Daily Dividend	—	—	10,033,758.599	1,003.50
HSBC Interval Fund-II – Dividend Reinvestment	20,459,593.626	2,045.98		
AIG Quarterly Interval Fund - Series II	100,000.000	1,000.00		
LICMF FMP SERIES 41 (3MONTHS) – Dividend	25,455,323.650	2,545.53		
Birla Quarterly Interval Series 9 – Dividend	443,288.288	44.33		
BSL Quarterly Interval Series II – Dividend Reinvestment	1,325,783.008	132.64		
BSL Quarterly Interval Series 1 Dividend	1,447,804.709	144.78		
BSL Interval Income-INSTL- Monthly - Series I Dividend Reinvestment	8,164,236.679	816.42		

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	Current Year		Previous Year	
	No of Units	Rs. In Lakh	No of Units	Rs. In Lakh
BSL Savings Fund - Institutional – Daily Dividend Reinvestment	33,936,770.483	3,395.98		
Tata Floating Rate Fund – Long Term-Income Bonus	564,031.969	57.11		
Tata Dynamic Bond Fund - Option B Dividend	24,832,680.328	2,546.63		
Tata Dynamic Bond Fund - Option A Dividend	23,830,138.074	2,515.21		
Tata Fixed Horizon - Series 9 - Scheme D	15,123,756.697	1,512.41		
Tata Liquid Super High Investment Fund - (Ship)	44,911.315	500.55		
UTI - Fixed Income Interval Fund - Monthly Interval Plan- I	193,013.250	19.30		
Kotak - Flexi Debt Fund - Institutional Plan	75,205,000.477	7,556.22		
Kotak Liquid fund -Institutional Plan	20,459,835.291	2,501.85		
Kotak - Liquid fund -Institutional Premium	8,179,324.573	1,000.18		
Kotak Floater Long Term Fund - Dividend Reinvestment	6,944,582.234	700.00		
JM Fixed Maturity Fund Series XII Monthly Plan 2-Institutional Plan	40,277,035.720	4,027.70		
JM Fixed Maturity Fund SeriesX Quarterly Plan 3-Institutional Plan ..	34,682,333.309	3,468.23		
JM Fixed Maturity Fund Series XII Quarterly Plan 3 – Institutional Plan	20,463,366.146	2,046.34		
JM Fixed Maturity Fund SeriesX Quarterly Plan 5-Institutional Plan ..	25,533,415.728	2,553.35		
JM Money Manager Fund – Super Plan	10,076,644.058	1,008.22		
JM Money Manager Fund – Super Plus Plan	70,302,514.599	7,033.22		
	706,018,118.67	73,011.88	839,508,146.820	94,699.69

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

7) Inventories, Current Assets, Loans and Advances:

- a) 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 are 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.
- b) 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.
- c) 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. 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. The dispute has been referred to arbitration.

8) Sundry Creditors and Provisions:

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

Sr. No.	Particulars	Current Year Rs. lakh	Previous Year Rs. lakh
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
—	Principal Amount	Nil	5.90
—	Interest thereon	Nil	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	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	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of the accounting year.	Nil	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	Nil

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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

- b) 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. 1,023.00 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. The probability and the timing of the outflow with regard to this matter depends on the completion of the project and conclusion of the arbitration proceedings.

- 9) In respect of real estate projects under long term contracts, determination of profits/ losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects / activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

10) 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	3,022.71	2,914.50
Accumulated Depreciation	745.41	1,255.29
Depreciation for the year	(586.95)	87.33
Future minimum lease payments under non-cancellable operating leases		
• Not later than 1 year	990.33	856.64
• Later than 1 year and not later than 5 years	1044.39	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	192.85	158.34
• Later than 1 year and not later than 5 years	—	—
• Later than 5 years	—	—

11) Contingent Liabilities

Matter

	Current Year Rs. lakh	Previous Year 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.	Nil	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
iv) Demand from a local authority for energy dues disputed by the company.	2,164.04	Nil
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. 1,012.69 lakh (previous year Rs. 195.45 lakh)	2,132.58	1,243.46

- 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.

13) Managerial Remuneration

	Current Year Rs. lakh	Previous Year Rs. lakh
Salaries and Allowances	56.83	45.01
Contribution to Provident, Gratuity and Superannuation Funds	7.63	6.36
Perquisites (estimated monetary value)	8.66	3.60
Total :	73.12	54.97

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

14) 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		5,777.38	8,378.33
Add :			
Depreciation as per accounts	(686.30)		196.57
Managerial remuneration	73.12		54.97
Director's fees	3.00		3.90
Loss on disposal of fixed assets not allowable as per proviso to Section 349	0.03	(610.15)	13.69
		5,167.23	8,647.46
Less :			
Depreciation under Section 350	(848.91)		196.57
Loss on disposal of fixed assets allowable as per proviso to Section 349	0.03		13.69
Profit on sale of fixed assets not allowable as per proviso to Section 349	—	(848.88)	1,867.32
Net Profit as per Section 349 of the Companies Act, 1956		6,016.11	6,569.88
5% of Net Profit as computed above		300.81	328.49

15) 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	7.00%	8.00%
Rate of Return on Plan Assets	9.25%	9.00%

- (3) Reconciliation of Benefit Obligation:

	Current Year Rs. lakh	Previous Year Rs. lakh
Liability at the beginning of the year	59.68	53.99
Interest Cost	4.73	3.97
Current Service Cost	22.72	19.31
Benefit Paid	(1.07)	(8.70)
Actuarial (Gain) / Loss on Obligations	(11.94)	(8.89)
Liability at the end of the year	74.12	59.68
Fair Value of Plan Assets at the end of the year	45.98	42.35
Amount recognised and disclosed under the head "Provisions for Gratuity"	28.14	17.33

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(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	42.35	38.44
Adjustment to the opening balance	4.06	4.09
Transfer from MRIDL *	-	6.50
Expected Return on Plan Assets	4.27	3.60
Contributions	0.64	2.02
Benefit Paid	(1.07)	(8.70)
Actuarial Gain /(Loss) on Obligations	(4.27)	(3.60)
Fair Value of Plan Assets at the end of the year	45.98	42.35

* 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	22.72	19.31
Interest Cost	4.73	3.97
Expected Return on Plan Assets	(4.27)	(3.60)
Net Actuarial (Gain) / Loss recognised	(7.67)	(5.29)
Expenses recognised in Profit and Loss Account	15.51	14.39

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	7.00%	8.00%

(3) Reconciliation of Benefit Obligation:

	Current Year Rs. lakh	Previous Year Rs. lakh
Liability at the beginning of the year	28.55	25.28
Interest Cost	2.13	1.49
Current Service Cost	29.08	21.06
Benefit Paid	(3.89)	(13.23)
Actuarial (Gain) / Loss on Obligations	(8.54)	(6.05)
Liability at the end of the year recognised and disclosed under the head "Provisions for Leave Encashment"	47.33	28.55

(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	29.08	21.06
Interest Cost	2.13	1.49
Net Actuarial (Gain) / Loss recognised	(8.54)	(6.05)
Expenses to be recognised in Profit and Loss Account	22.67	16.50

16) Auditors' Remuneration (including service tax):

	Current Year Rs. lakh	Previous Year Rs. lakh
Audit Fee	12.13	12.37
Tax Audit Fees	1.38	1.97
Tax matters	4.95	14.41
Certification and Other Services	10.05	10.11
Total	28.51	38.86

17) Earnings in Foreign Currency:

	Current Year Rs. lakh	Previous Year Rs. lakh
Consideration received on sale of residential units	47.65	196.09
Total	47.65	196.09

18) 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

b) Other expenditure

	Current Year Rs. lakh	Previous Year Rs. lakh
Travelling	2.37	8.61
Marketing expenses	14.96	6.66
Others	12.66	39.42
Total	29.99	54.70

c) Value of Imported and Indigenous Consumption

	Current Year Rs. lakh	Previous Year Rs. lakh
1) Imported	—	103.97
2) Indigenously obtained	1,357.73	1,337.53
Total	1,357.73	1,441.50
% Imported	—	7.21%
% Indigenously obtained	100%	92.79%
	100%	100%

19. Segmental Reporting (Rs. Lakh):

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,156.51	14,765.96	618.01	16,540.47
Previous Year	1,811.68	12,622.35	2,778.10	17,212.13
Inter-segment Revenues	—	—	—	—
Previous Year	—	—	—	—
TOTAL REVENUE	1,156.51	14,765.96	618.01	16,540.47
Previous Year	1,811.68	12,622.35	2,778.10	17,212.13
SEGMENT RESULT				
Previous Year	1,576.91	3,065.92	186.49	4,829.32
Unallocated Corporate Expenses (net)	—	—	—	(174.82)

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19. Segmental Reporting (Rs. Lakh):

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
Previous Year	—	—	—	1,663.59
Operating profit	—	—	—	4,654.50
Previous Year	—	—	—	7,588.05
Interest expense	—	—	—	(5.95)
Previous Year	—	—	—	(9.18)
Interest income	—	—	—	1,128.83
Previous Year	—	—	—	799.46
Income taxes	—	—	—	(1,140.92)
Previous Year	—	—	—	(1,839.75)
Net Profit	—	—	—	4,636.46
Previous Year	—	—	—	6,538.58
OTHER INFORMATION				
Segment Assets	2,612.19	69,558.18	154.61	72,324.98
Previous Year	2,098.48	59,540.86	316.51	61,955.86
Unallocated Corporate Assets	—	—	—	27,420.05
Previous Year	—	—	—	34,628.00
TOTAL ASSETS	—	—	—	99,745.03
Previous Year	—	—	—	96,583.86
Segment Liabilities	637.11	6,543.81	162.06	7,342.98
Previous Year	898.08	6,732.64	288.73	7,919.44
Unallocated Corporate Liabilities	—	—	—	2,685.89
Previous Year	—	—	—	2,289.76
TOTAL LIABILITIES	—	—	—	10,028.87
Previous Year	—	—	—	10,209.20
Capital Expenditure	—	2.34	0.32	108.08
Previous Year	—	9.91	3.16	130.47
Depreciation	(554.34)	4.60	21.31	(686.30)
Previous Year	99.08	8.62	5.74	196.57

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest expense of Rs. 116.82 Lakh (Previous year Rs. 62.73 Lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

20) Related Party Transactions

List of related parties

Enterprises Controlling the Company

Mahindra & Mahindra Limited

Holding Company

Enterprises under the control of the Company

Mahindra Infrastructure Developers Limited

Mahindra Integrated Township Limited

Mahindra World City Developers Limited

Mahindra Residential Developers Limited

Mahindra World City (Jaipur) Limited

Mahindra Industrial Township Limited

Mahindra Knowledge City Limited

(w.e.f 02-07-08)

Mahindra World City (Maharashtra) Limited

Mahindra Bebanco Developers Limited(w.e.f 03-06-08)

Fellow Subsidiaries

Bristlecone India Limited.

Mahindra Holidays & Resorts India Limited.

Mahindra Two Wheelers Private Limited (w.e.f 29-9-08)

Mahindra Consulting Engineers Limited.

Key Management Personnel

Mr. Pawan Kumar Malhotra – Managing Director & Chief Executive Officer

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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 2009:

(Rs in lakh)

Nature of Transactions	Enterprise Controlling the Company	Enterprises under the Control of the Company	Companies under common control including Fellow Subsidiaries	Key Management Personnel
Rendering of Services <i>Previous Year</i>	1,064.89 674.43	120.27 38.93	0.41 —	— —
Purchase of Goods <i>Previous Year</i>	— —	— —	— —	— —
Receiving of services <i>Previous Year</i>	497.19 378.37	79.58 40.66	2.79 —	— —
Sale of Goods <i>Previous Year</i>	— —	— —	— —	— —
Purchase of Fixed Assets <i>Previous Year</i>	— —	— —	— —	— —
Remuneration <i>Previous Year</i>	— —	— —	— —	73.12 54.97
Expense Reimbursement <i>Previous Year</i>	6.50 3.76	(15.91) —	1.32 0.53	— —
Redemption of Preference Shares <i>Previous Year</i>	— —	— —	— —	— —
Finance given during the year <i>Previous Year</i>	— —	4,327.32 847.50	7,500.00 —	— —
Finance taken during the year <i>Previous Year</i>	— —	— —	— 4,075.97	— —
Sale of Shares <i>Previous Year</i>	— —	— —	— —	— —
Purchase of Shares <i>Previous Year</i>	— —	3,135.50 8,400.00	— —	— —
Purchase of Land <i>Previous Year</i>	— —	758.26 —	— —	— —
ICD refunded <i>Previous Year</i>	— —	4,013.30 —	7,500.00 —	— —
Interest paid <i>Previous Year</i>	— —	— —	— —	— —
Interest received <i>Previous Year</i>	— —	470.80 397.81	383.55 —	— —
Dividend Paid <i>Previous Year</i>	385.03 231.02	— —	241.13 173.76	— —
Dividend Received <i>Previous Year</i>	— —	555.25 1,530.25	— —	— —
Receivables <i>Previous Year</i>	0.73 22.01	4,045.48 4,216.12	2.91 2.46	— —
Payables <i>Previous Year</i>	611.53 769.82	37.91 34.00	6.72 5.25	— —

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The significant related party transactions are as under:

Nature of Transactions	Enterprises controlling the Company	Amount Rs lakhs	Enterprises under the control of the Company	Amount Rs lakhs	Enterprises under the Common control of the Company/ Fellow Subsidiaries	Amount Rs lakhs
Rendering of services	Mahindra & Mahindra Limited	1,064.89	Mahindra Infrastructure Development Limited	17.44	Mahindra Two Wheelers Limited	0.41
			Mahindra Residential Development Limited	82.29		
			Mahindra Bebanco Developers Limited	15.94		
Receiving of services	Mahindra & Mahindra Limited	497.19	Mahindra World City Developers Limited	79.58	Bristle Cone India Limited	1.85
					Mahindra Holidays & Resorts India Limited	0.95
Purchase of goods			Mahindra World City Developers Limited	758.26	—	—
Expense Reimbursement	Mahindra & Mahindra Limited	6.50	Mahindra Bebanco Developers Limited	(15.94)	Mahindra Holidays & Resorts India Limited	1.32
Finance given during the year	—	—	Mahindra World City (Jaipur) Limited	2,000.00	Mahindra Holidays & Resorts India Limited	7,500.00
	—	—	Mahindra Bebanco Developers Limited	1,750.93	—	—
Interest received	—	—	Mahindra Integrated Township Limited	290.90	Mahindra Holidays & Resorts India Limited	383.55
		—	Mahindra Bebanco Developers Limited	154.57	—	—
Dividend paid	Mahindra & Mahindra Limited	385.03	—	—	Mahindra Holding & Finance Limited.*	241.13
Dividend received	—	—	Mahindra World City Developers Limited	555.25	—	—
Receivables	Mahindra & Mahindra Limited	0.73	Mahindra Bebanco & Developers Limited	1,846.67	Mahindra Consulting Engineers Limited	2.46
		—	Mahindra Integrated Township Limited	2,118.07	Mahindra Two Wheelers Limited	0.45
Payables	Mahindra & Mahindra Limited	611.53	Mahindra World City Developers Limited	37.91	Bristle Cone India Limited	1.85
			—	—	Mahindra Holidays & Resorts India Limited	4.87

* Mahindra Holding Finance Limited merged with Mahindra & Mahindra Limited (Parent) with effect from 11th August 2008.

21) Information in respect of Jointly Controlled Operations

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

22) Earnings per share

Calculation of Net Profit available for Equity Shareholders:

	Current Year Rs. Lakh	Previous Year Rs. Lakh
A Net Profit After Tax	4,636.46	6,538.58
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	122.84	122.84
Profit available for Equity Shareholders	4,513.62	6,415.74
B Weighted Average number of Equity Shares of Rs. 10/- each	408.09	400.91
C Basic and Diluted Earnings per Share (Rs)	11.06	16.00

23) Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act 1956 is annexed to the "Notes to Accounts".

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

25. 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	9

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

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

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

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

Turnover (Including Other Income)							1	9	7	9	4	4	1
Total Expenditure							1	4	0	1	7	0	3
Profit(+)/Loss(-) before tax							+	5	7	7	7	3	8
Profit(+)/Loss(-) after tax							+	4	6	3	6	4	6
Earnings per share in Rupees									1	1	.	0	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	DEVELOPMENT OF COMMERCIAL COMPLEXES
Product description	BUSINESS CENTRE

Signatures to Schedules 1 to 20

For and on behalf of the Board

Anand G. Mahindra

Arun Nanda

Uday Y. Phadke

Sanjiv Kapoor

Shailesh Haribhakti

Anil Harish

Prakash Hebalkar

Pawan Kumar Malhotra

Chairman

Vice Chairman

Director

Director

Director

Director

Director

Managing Director

Suhas Kulkarni
Company Secretary

Mumbai : 24th April, 2009

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	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company
	Mahindra Infrastructure Developers Limited	Mahindra World City Developers Limited	Mahindra World City (Jaipur) Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Mahindra Knowledge City Limited (Formerly Mahindra Technology Park Limited)	Mahindra Residential Developers Limited	Mahindra Bebenco Developers Limited	Mahindra Industrial Township Limited
The Financial Year of the Subsidiary Company ended on	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009
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	107,300,000	1,120,000	37,000,000	12,600,000	250,000	35,000	2,050,000
Extent of holding	80%	82.62%	74%	100%	95.48%	100%	48.70%	70.00%	100.00%
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, 2009.	Nil	Nil	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, 2009.	18.91	2,364.64	379.46	(1.34)	41.02	(17.98)	(30.61)	(22.38)	(6.55)
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 ended 31st March, 2008.	Nil	2085.50	Nil	Nil	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, 2008.	19.90	2104.01	(264.71)	(6.63)	(62.81)	(19.70)	(0.84)	Not Applicable	Not Applicable

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*

Prakash Hebalkar *Director*

Pawan Malhotra *Managing Director*

Suhas Kulkarni
Company Secretary

Mumbai : 24th April 2009

MAHINDRA LIFESPACE DEVELOPERS LIMITED
(formerly Mahindra Gesco Developers Limited)

Summary of financial performance of the subsidiaries for the year April 2008 - March 2009

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 Knowledge City Limited	Mahindra Residential Developers Limited	Mahindra Bebanco Developers Limited	Mahindra Industrial Township Limited
	MIDL	MWCDL	MWCJL	MWCML	MITL	MKCL	MRDL	MBDL	ITML
Particulars	Rs lakh	Rs lakh	Rs lakh	Rs lakh	Rs lakh	Rs lakh	Rs lakh	Rs lakh	Rs lakh
Capital	1,800.00	8,500.00	17,000.00	112.00	5,000.00	1,260.00	26.00	5.00	205.00
Reserves/(Debit balance as per Profit & Loss A/c)	53.72	1,674.35	190.72	(8.07)	(22.83)	(37.68)	5,435.33	(31.97)	(6.55)
Total Assets	1,973.35	18,658.44	48,524.31	112.84	7,889.28	1,262.03	5,498.80	2,646.17	210.45
Total Liabilities	1,973.35	18,658.44	48,524.31	112.84	7,889.28	1,262.03	5,498.80	2,646.17	210.45
Investments (except in case of investment in subsidiaries)*	1,507.50	26.00	1,194.75	—	—	—	—	—	—
Turnover	119.84	10,083.35	8,389.00	—	3,185.33	2.16	93.11	0.25	—
Profit before Taxation	(5.93)	4,363.49	678.46	(1.34)	49.01	(17.94)	(62.85)	(31.74)	(6.55)
Provision for Taxation	(29.57)	1,501.42	165.68	—	6.05	0.04	—	0.23	—
Profit after Taxation	23.64	2,862.07	512.78	(1.34)	42.96	(17.98)	(62.85)	(31.97)	(6.55)
Proposed Dividend		630.00							

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, 2009 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. 54,970.19 lakhs as at March 31, 2009 and the Group's share of total revenues of Rs. 17,323.41 lakhs and net cash inflows amounting to Rs. 1,362.35 lakhs 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 our opinion, insofar 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. 1,105.87 lakhs as at March 31, 2009 and the Group's share of total revenues of Rs. 638.01 lakhs and net cash outflows amounting to Rs. 135.34 lakhs 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 :
 - i. Note No. 7 (c) of Schedule 23 of the accounts, we have relied on management representation, due to the resolution of matter being dependent on future events whose outcome is not known, regarding realisability of construction work in progress, project advances and interest accrued thereon of Rs. 6,873.11 lakhs 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 referred to arbitration.
 - ii. Note No. 11 of Schedule 23 regarding reliance on management owing to the technical nature of estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects and realisability of Construction work in progress.
 - iii. Note No. 5 of Schedule 23 regarding write back of depreciation of Rs. 834 lakhs due to the change in the method of charging depreciation from Written Down Value to Straight Line Method, due to which profit for the year and reserves are higher by Rs. 992 lakhs.
 - iv. Note 1(a)(ii) of Schedule 23 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. 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 the explanations given to us, we are of the opinion that the attached consolidated financial statements, 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, 2009,
 - 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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. 32083
Mumbai
Dated: April 24, 2009

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

Padmini Khare Kaicker
Partner
Membership No. 44784
Mumbai
Dated: April 24, 2009

Consolidated Balance Sheet as at 31st March, 2009

	Schedule	Current Year Rupees in lakh	Previous Year Rupees in lakh
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,080.92	5,080.84
Employee Stock Options Outstanding	2	21.42	-
Reserves & Surplus	3	88,388.26	80,493.39
		93,490.60	85,574.23
Preference Capital of Joint Venture		392.34	392.34
Loan Funds			
Secured Loans	4	32,469.83	28,551.80
Unsecured Loans	5	740.20	-
		33,210.03	28,551.80
Deferred Tax Liability (Net)	6	857.22	334.09
Minority Interest	7	8,558.72	4,486.73
TOTAL...		136,508.91	119,339.19
APPLICATION OF FUNDS			
Fixed Assets :			
Goodwill on Consolidation		2,900.95	2,900.95
Gross Block	8	17,081.20	9,900.26
Less : Depreciation		2,051.02	2,444.23
Net Block		15,030.18	7,456.03
Capital Work in Progress		4,552.98	3,323.66
		22,484.11	13,680.64
Investments	9	10,830.86	33,042.85
Current Assets, Loans and Advances :			
Inventories	10	76,773.80	66,258.60
Sundry Debtors	11	7,326.32	4,470.84
Cash and Bank Balances	12	14,486.28	4,610.92
Other Current Assets	13	2,880.26	2,582.62
Loans and Advances	14	19,933.59	11,351.47
		121,400.25	89,274.45
Less : Current Liabilities and Provisions :			
Current Liabilities	15	15,706.16	13,977.81
Provisions	16	2,500.15	2,680.94
		18,206.31	16,658.75
Net Current Assets		103,193.94	72,615.70
TOTAL...		136,508.91	119,339.19
Notes to Accounts :	23		

The Schedules referred to above form an integral part of the Balance Sheet
As per our Report attached hereto

Signatures to the Balance Sheet
and Schedules 16 to 23

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 : 24th April, 2009

Suhas Kulkarni
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

Prakash Hebalkar

Director

Pawan Kumar Malhotra

Managing Director

Consolidated Profit and Loss Account for the year ended 31st March, 2009

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income	17	34,177.95	23,108.12
Other Income	18	2,939.87	3,351.80
		37,117.82	26,459.92
EXPENDITURE			
Operating Expenses	19	22,896.94	13,121.09
Employee Remuneration & Benefits	20	1,378.93	1,211.25
Administration & Other Expenses	21	2,647.56	2,234.74
Interest & Finance charges	22	374.54	212.44
Depreciation		(389.53)	415.55
		26,908.44	17,195.07
Profit before Tax		10,209.38	9,264.85
Less : Provision for Current Tax		(2,576.74)	(1,731.76)
Less : Provision for Deferred Tax		(479.52)	(303.76)
Add: MAT credit eligible for Set off		71.00	-
Profit for the year after Tax		7,224.12	7,229.33
Add : Excess Provision for tax for earlier years		-	0.08
Less : Short Provision for tax for earlier years		(5.69)	(334.06)
Profit after tax		7,218.43	6,895.35
Less: Minority Interest		(654.32)	(254.51)
Consolidated Net Profit		6,564.11	6,640.84
Add : Balance brought forward from previous year		5,929.84	1,259.30
Amount Available for Appropriation		12,493.95	7,900.14
APPROPRIATIONS			
Proposed Dividend:			
On Equity Shares		1,020.23	1,020.21
On Preference Shares		105.00	105.00
Tax on distributed profit		191.23	191.23
Transfer to General Reserve		463.65	653.86
Balance Carried Forward to Balance Sheet		10,713.84	5,929.84
		12,493.95	7,900.14
Basic Earnings per Share		15.79	16.26
Diluted Earnings per Share (Refer Note 21, Schedule 23)		15.79	16.26
Notes to Accounts :	23		

The Schedules referred to above form an integral part of the Profit and Loss Account
As per our Report attached hereto

Signatures to the Balance Sheet
and Schedules 17 to 23

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 : 24th April, 2009

Suhas Kulkarni
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

Prakash Hebalkar

Director

Pawan Kumar Malhotra

Managing Director

Consolidated Cash Flow Statement for the year ended 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	10,209.38	9,264.85
Adjustments for :		
Depreciation	(389.53)	415.55
Amortisation of expenses	21.42	-
Considered separately		
Interest Income	(918.05)	(424.15)
Interest Expense	374.54	212.44
Profit on Sale of Investments	(232.52)	(1,037.35)
Dividend Income	(1,167.47)	(1,600.79)
Provision Written Back (Net)	(218.03)	-
Loss/(Profit) on sale of Fixed assets (Net)	(0.06)	6.15
Operating Profit Before Working Capital Changes	7,679.66	6,836.70
Adjustments for :		
Trade and Other Receivables	(10,036.39)	(4,372.02)
Inventories	(10,515.20)	(27,307.14)
Trade Payables and Other Liabilities	1,652.13	4,269.87
Proceeds from Sale of Properties	-	514.60
Cash Generated from Operations	(11,219.80)	(20,058.00)
Income taxes received / (paid)	(3,868.09)	(1,944.50)
Net Cash (used in) / from operating activities	(15,087.89)	(22,002.50)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(7,185.80)	(3,603.47)
Proceeds from Sale of Fixed Assets	1.26	7.30
Purchase of Capital WIP	(1,230.29)	(2,040.73)
Proceeds / (Investments) in Others (Net)	22,444.52	(14,423.49)
Minority interest	3,417.67	2,600.01
Interest received	620.42	419.67
Dividend received	1,167.47	1,600.79
Net Cash (from in) / (used in) investing activities	19,235.26	(15,439.92)
C. Cash flow from financing activities		
Increase in borrowings	4,658.23	23,739.19
Share Application money	-	260.00
Interest paid	(261.10)	(215.41)
Dividend Paid	(1,316.44)	(858.64)
Issue of Equity Share Capital	0.08	86.10
Share Premium Proceeds	2,647.22	3,989.88
Net Cash (from in) / (used in) financing activities	5,727.99	27,001.12
Net increase/(decrease) in cash and cash equivalents	9,875.36	(10,441.30)
Cash and Cash Equivalents (Opening)	4,610.92	15,052.21

Consolidated Cash Flow Statement for the year ended 31st March, 2009 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Cash and Cash Equivalents (Closing)	14,486.28	4,610.92

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, 2009 (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 : 24th April, 2009

Suhas Kulkarni
Company Secretary

For and on behalf of the Board

Anand G. Mahindra

Arun Nanda

Uday Y. Phadke

Sanjiv Kapoor

Shailesh Haribhakti

Anil Harish

Prakash Hebalkar

Pawan Kumar Malhotra

Signatures to the Balance Sheet
and Schedules 17 to 23

Chairman

Vice Chairman

Director

Director

Director

Director

Director

Managing Director

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

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 40,854,501)Equity Shares of Rs.10 each ...	4,085.45	4,085.45
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	5,085.45

Subscribed and Paid-up

40,809,150	(Previous year 40,808,350) Equity Shares of Rs.10 each fully paidup	4,080.92	4,080.84
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
		5,080.92	5,080.84

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) 20,846,126 (Previous year 19,985,126) Equity shares are held by Mahindra & Mahindra Limited, the Holding Company
1,000,000 10.50 % Non Cumulative Redeemable Preference Shares are held by Mahindra & Mahindra Limited, the Holding Company

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "2" :		
A) Employee Stock Option Outstanding:		
Opening Balance	-	-
Add: Fresh grants of option	107.11	-
Less: Amount transferred to Securities premium/Options Lapsed	-	-
Closing Balance	107.11	-
Less:		
B) Deferred Employee Compensation Expenses :		
Add: Fresh grants of option	85.69	-
Less: Transfer to Employee Compensation / Options Lapsed	-	-
Closing Balance	85.69	-
Total (A-B)	21.42	-
SCHEDULE "3" :		
RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as per last Balance Sheet	6,353.58	6,353.58
	6,353.58	6,353.58
Share Premium Account		
Balance as per last Balance Sheet	67,556.11	63,113.35
Add: Premium on shares issued during the year	2,647.22	4,442.76
	70,203.33	67,556.11
General Reserve		
Balance as per last Balance Sheet	653.86	-
Add: Transfer from Profit & Loss Account	463.65	653.86
	1,117.51	653.86
Profit and Loss Account	10,713.84	5,929.84
	88,388.26	80,493.39
SCHEDULE "4" :		
SECURED LOANS (Refer Note 4)		
Term loans from others	31,998.00	27,959.00
	31,998.00	27,959.00
Add: Share of jointly controlled entities	471.83	592.80
	32,469.83	28,551.80
SCHEDULE "4" :		
UNSECURED LOANS (Refer Note 5)		
Short Term Loans	740.20	-
- From Companies	740.20	-

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE "6" :

DEFERRED TAX LIABILITY (NET):

Deferred Tax Liability

Relating to :

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Difference between book and tax depreciation	1,408.26	906.25
	1,408.26	906.25
Share in Jointly controlled entities	72.52	3.97
	1,480.78	910.22
Deferred Tax Asset		
Relating to :		
Provision for impairment in asset value	527.00	526.90
Business loss carried forward	35.54	-
Unabsorbed Depreciation	11.86	-
Expenses allowable on actual payment.....	49.16	26.80
	623.56	553.70
Add: Share in Jointly controlled entities	-	22.43
	623.56	576.13
	857.22	334.09

SCHEDULE "7" :

MINORITY INTEREST

Shares held by Minorities in Subsidiaries	8,558.72	4,486.73
	8,558.72	4,486.73

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE " 8 "

FIXED ASSETS (CONSOLIDATED) :

Rupees in lakh

Particulars	COST			DEPRECIATION			NET BLOCK	
	As at March, 31 2008	Additions	Deductions	As at March, 31 2009	Up to March, 31 2008	Deductions For the Year	Up to March, 31 2009	As at March, 31 2009 As at March, 31 2008
Land	715.07	-	-	715.07	6.40	-	10.67	708.67
Building	5,950.45	4,536.85	-	10,487.30	1,770.50	(668.11)	1,102.39	9,384.91
Furniture & Fixtures	172.71	867.81	-	1,040.52	100.66	89.60	190.26	850.26
Plant & Machinery	1,485.44	446.28	2.29	1,929.43	203.17	1.15	337.78	1,591.65
Computers	285.05	65.18	2.04	348.19	197.08	2.04	187.03	161.16
Vehicles	178.14	36.12	-	214.26	63.43	(4.27)	59.16	155.10
Total	8,786.86	5,952.24	4.33	14,734.77	2,341.24	3.19	1,887.29	12,847.48 6,445.62
Share in Jointly Controlled Entities	1,113.40	1,233.56	0.53	2,346.43	102.99	0.47	163.73	2,182.70 1,010.41
Grand Total	9,900.26	7,185.80	4.86	17,081.20	2,444.23	3.66	2,051.02	15,030.18 7,456.03
<i>Previous year total</i>	7,334.99	3,603.47	1,038.20	9,900.26	2,538.83	510.15	2,444.23	7,456.03
Capital work in progress								4552.98 19,583.16 10,779.69

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "9" :				
INVESTMENTS (Refer Note 6)				
Long Term Investments				
(At Cost, Unquoted, Trade)				
Equity Shares				
In Others				
Deepmangal Developers Private Limited	100	177	284.61	284.61
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
New Tirupur Area Development Corporation Limited	10	15,500,000	1,550.63	1,550.63
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)			1,864.09	1,864.09
Current Investments, Unquoted, Non Trade				
(At lower of cost and fair value)				
In Units of Mutual Fund				
Redeemed during the year				
DWS Money Plus Fund-Institutional Plan-Growth				1,000.00
Reliance Liquid Fund-Treasury Plan- Institutional option- Growth Option				1,500.00
SBI- Magnum Insta Cash Fund-Daily Dividend				650.42
SBI- Magnum Insta Cash Fund- Cash option				1,870.00
Templeton-Floating rate Income Fund-Long term (Super IP) ..				1,000.00
DWS Money Plus Fund - Institutional Plan - Daily dividend ...				7,615.58
Kotak Flexi Debt Scheme - Daily dividend				1,389.36
Tata Floating Rate Fund Long Term - Income / Bonus				3,006.29
Birla Sun Life Qtrly Interval-Series 2 -Dividend				3,518.83
Birla Sun Life Interval Income - Institutional - Monthly - Series 1 Dividend				2,003.84
Birla Sun Life Qtrly Interval-Series 1 -Dividend				2,511.08
Birla Sun Life Qtrly Interval-Series 9 -Dividend				2,508.15
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I				2,500.00
JM Money Manager Fund Super Plus Plan - Daily dividend ...				21.81
Acquired during the year				
Birla Sunlife Savings Fund - Institutional - Growth	10	553,874.17	91.31	
Birla Sunlife Savings Fund - Institutional - Daily Dividend - Reinvestment	10	3,163,243.19	316.54	
JM Money Manager Fund Super Plus Plan - Daily dividend	10	7,071,895.353	707.56	
ICICI Prudential Flexible Income Plan Growth	10	2,237,064.604	361.52	
ICICI Prudential Institutional Liquid Plan Super Institutional Growth	10	155,533.090	20.00	
Kotak Flexi Debt Scheme - Growth	10	1,113,552.990	151.79	
TATA Floater Fund - Growth	10	1,028,583.066	132.43	
UTI Treasury Advantage Fund - Growth Plan	10	4,504.518	100.04	
SBI - SHF- Ultra Short Term Fund - Institutional. Daily Dividend ...	10	211,113.898	21.12	
BSL Savings Fund - Institutional Plan - Daily Dividend Reinvestment	10	18,139,991.141	1,815.23	
DWS Liquid Plus Regular Plan Daily Dividend Reinvestment	10	9,994,212.052	1,000.92	
UTI Liquid Plus Fund / UTI - Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	10	101,419.047	1,014.41	
Tata Floater Fund-Daily Dividend Reinvestment	10	15,093,220.439	1,514.70	
Kotak Floater Fund- Daily Dividend Reinvestment	10	7,031,795.287	708.79	
ICICI Prudential Flexible Income Plan	10	9,465,198.594	1,000.80	
			8,957.16	31,095.36
			10,821.25	32,959.45
Less : Provision for Diminution in Value of Investments			(28.85)	(5.00)
			10,792.40	32,954.45
Add:Share of jointly controlled entites			38.46	88.40
			10,830.86	33,042.85

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "10" :		
INVENTORIES		
(At lower of cost and net realisable values)		
Raw Material	330.87	494.21
Stock-in-trade	397.84	385.58
Construction Work in Progress (Refer Note 7a & 7c)	76,045.09	65,378.81
	<u>76,773.80</u>	<u>66,258.60</u>
SCHEDULE "11" :		
SUNDRY DEBTORS		
Unsecured, Considered Good		
Outstanding over six months	1,527.85	960.03
Other debts,	4,788.07	3,120.66
	<u>6,315.92</u>	<u>4,080.69</u>
Add:Share of jointly controlled entites	1,010.40	390.15
	<u>7,326.32</u>	<u>4,470.84</u>
SCHEDULE "12" :		
CASH AND BANK BALANCES		
Cash on hand.....	2.94	1.89
Balances with Scheduled Banks		
- On Current Accounts	2,084.60	1,104.99
- On Deposit Accounts	11,911.66	1,834.12
- On Margin Accounts	29.55	-
	<u>14,028.75</u>	<u>2,941.00</u>
Add:Share of jointly controlled entites.....	457.53	1,669.92
	<u>14,486.28</u>	<u>4,610.92</u>
SCHEDULE "13" :		
OTHER CURRENT ASSETS		
Interest accrued on Project advances (Refer Note 7b)	4,070.30	4,112.38
Less :-Provision for impairment in asset value	(1,550.15)	(1,550.15)
	<u>2,520.15</u>	<u>2,562.23</u>
Interest accrued on deposits	342.75	20.39
	<u>2,862.90</u>	<u>2,582.62</u>
Add:Share of jointly controlled entites	17.36	-
	<u>2,880.26</u>	<u>2,582.62</u>

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE "14" :

LOANS AND ADVANCES

Unsecured, Considered Good, unless otherwise stated

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Advances recoverable in cash or in kind or for value to be received ..	4,519.97	1,152.99
Project Advances (Refer Note 7b & 7c)		
Considered good	11,637.66	8,389.84
Considered doubtful	121.54	121.25
	11,759.20	8,511.09
Less : Provision for doubtful advances	(121.54)	(121.25)
	11,637.66	8,389.84
Intercompany Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax Rs.5,388.54 lakh, Previous year Rs. 3,176.60 lakh)	2,719.14	1,317.93
Staff Loans / Advances	14.10	15.74
Deposits	670.67	232.67
	19,735.58	11,283.21
Add:Share of jointly controlled entites	198.01	68.26
	19,933.59	11,351.47

SCHEDULE "15" :

CURRENT LIABILITIES

Sundry Creditors (Refer Note 9a)

-Total outstanding dues of micro enterprises & small enterprises	-	5.90
-Others	6,798.06	4,210.69
Advances and Deposits	4,560.05	7,050.94
Unclaimed Dividends (Refer Note 9b)	20.25	17.66
Other Liabilities	2,975.83	1,680.27
Interest accrued but not due on loans	147.84	34.40
	14,502.03	12,999.86
Add:Share of jointly controlled entites	1,204.13	977.95
	15,706.16	13,977.81

SCHEDULE "16" :

PROVISIONS

Proposed Dividend	1,316.46	1,316.44
Provision for losses to project completion (Refer Note 9c)	1,023.00	1,241.03
Provision for Leave Encashment Benefits	94.37	73.46
Provision for Gratuity	50.33	37.85
	2,484.16	2,668.78
Add:Share of jointly controlled entites	15.99	12.16
	2,500.15	2,680.94

**Schedules annexed to and forming part of the Consolidated Profit and Loss Account
for the year ended 31st March, 2009**

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "17" :		
OPERATING INCOME		
Income from Projects	30,900.39	15,553.04
Project Management Fees (gross)*	1,473.79	38.05
Income from Operation of Commercial Complexes (gross)*	155.61	1,434.21
Business Centre Revenues (gross)*	618.01	847.92
Profit on sale of properties	-	2,307.65
	33,147.80	20,180.87
Add: Share in Jointly controlled entities	1,030.15	2,927.25
	34,177.95	23,108.12
* (Income Tax deducted at source-Rs.372.99 lakh Previous Year - Rs. 459.86 lakh)		
SCHEDULE "18" :		
OTHER INCOME		
Interest Earned (gross) *		
- On InterCorporate Deposits	395.97	358.85
- On Bank Deposits	475.74	47.60
- Others	46.34	17.70
Dividend - On Long Term Trade Investments	-	28.00
Dividend - On Current Investments	1,167.47	1,572.79
Profit on Sale of Current Investments	232.52	437.35
Profit on Sale of Long Term investments	-	600.00
Profit on Sale of other Fixed Assets (Net)	0.06	-
Write-back of provisions for losses to completion	218.03	-
Miscellaneous Income	223.23	198.35
	2,759.36	3,260.64
Add: Share in Jointly controlled entities	180.51	91.16
	2,939.87	3,351.80
* (Income Tax deducted at source-Rs.327.14 lakh Previous Year - Rs. 143.62 lakh)		

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2009

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "19" :			
OPERATING EXPENSES			
Cost of Projects			
Opening Stock in trade		385.58	384.31
Opening Work-in-progress		65,378.81	38,144.05
Opening Raw Material		494.21	423.10
		66,258.60	38,951.46
Add: Expenses incurred during the year :			
Land Cost / Premium for Development Rights	10,372.70		22,356.18
Architect Fees	631.11		185.37
Preliminaries & Site Expenses	76.07		8.68
Civil, Electrical, Contracting etc.	13,563.92		7,806.05
Interest (net)	3,247.88		1,749.52
Overheads allocated	1,281.64		675.01
Payment to Local Agencies	396.57		5,484.43
Insurance	37.13		31.22
Legal & Professional Fees	554.67		180.89
Other Expenses	1,532.27		171.83
		31,693.96	38,649.18
		97,952.56	77,600.64
Less :-Closing Work-in-progress	(76,045.09)		(65,378.81)
Closing Raw Material	(330.87)		(494.21)
Closing Stock in trade	(397.84)		(385.58)
Capital Work in Progress	(288.54)		(1,917.38)
		(77,062.34)	(68,175.98)
		20,890.22	9,424.66
Project Management Fees		-	1.40
Rent, Rates & Taxes		311.53	309.68
Repairs & Maintenance - Commercial Properties		152.56	232.01
Professional Fees		116.48	463.66
Brokerage		152.55	85.97
Advertisement, Marketing & Business Development		649.73	314.85
Electricity		17.61	258.89
Other Operating Expenses		411.65	845.15
		22,702.33	11,936.27
Add: Share in Jointly controlled entities		194.61	1,184.82
		22,896.94	13,121.09
SCHEDULE "20" :			
EMPLOYEE REMUNERATION AND BENEFITS			
Salaries, Allowances & Bonus		2,043.58	1,519.30
Contribution to Provident & Other Funds		73.12	91.47
Staff Welfare Expenses		131.73	119.27
		2,248.43	1,730.04
Less :- Allocated to projects		(1,037.68)	(675.01)
		1,210.75	1,055.03
Add: Share in Jointly controlled entities		168.18	156.22
		1,378.93	1,211.25

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2009

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "21" :		
ADMINISTRATION AND OTHER EXPENSES		
Rent, Rates and Taxes	585.77	458.52
Insurance	20.48	11.17
Repairs and Maintenance		
- Buildings	65.12	70.87
- Others	110.89	97.08
Electricity Charges	155.49	77.97
Travelling & Conveyance	270.78	268.25
Legal & Professional Fees	295.68	183.89
Printing & Stationery	68.62	59.40
Communication	70.87	75.64
Advertisement, Marketing & Business Development	452.09	440.57
Auditors Remuneration	45.22	45.03
Loss on Sale of other Fixed Assets	-	6.15
Miscellaneous Expenses	359.32	244.97
	2,500.33	2,039.51
Add: Share in Jointly controlled entities	147.23	195.23
	2,647.56	2,234.74
SCHEDULE "22" :		
INTEREST AND FINANCE CHARGES		
Interest		
On Fixed Loans	3,901.76	1,904.23
On other deposits	5.95	8.99
	3,907.71	1,913.22
Less : Allocated to projects	(3,583.52)	(1,749.90)
	324.19	163.32
Add: Share in Jointly controlled entities	50.35	49.12
	374.54	212.44

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended 31st March, 2009.

SCHEDULE: "23"

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 (formerly Mahindra Industrial Park Limited)
Mahindra World City (Jaipur) Limited
Mahindra World City (Maharashtra) Limited(formerly Mahindra Realty Limited)
Mahindra Integrated Township Limited.
Mahindra Knowledge City Limited. (formerly Mahindra Technology Park Limited)
Mahindra Residential Developers Limited
Mahindra Bebanco Developers Limited (with effect from 3rd June ,2008)
Mahindra Industrial Township Maharashtra Limited (with effect from 2nd July,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%	100%
48.70%	95.48%
70%	Nil
100%	Nil

Investments in Joint Ventures are dealt with in accordance with the Accounting Standard (AS) 27 - "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 - "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 16).

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, 2009. The accounts of all the subsidiaries, the Joint Ventures and Associates have been audited except for Ascendas Mahindra IT Park Limited.

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.

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Till the previous year, the company and its subsidiaries Mahindra World City (Jaipur) Limited and Mahindra World City (Maharashtra) Limited had been following written down value method of depreciation. From the current year, depreciation in the Company and the subsidiaries is provided, on prorata basis, on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the Company where in respect of certain assets, the following rates have been provided for:

1. Furniture & Fixtures, Plant & Machinery and Computers, individually costing more than Rs. 5,000, which are depreciated over their estimated useful lives of 5 years, and
2. Vehicles at 15 % of cost.

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. Revenues from real estate projects are recognised only when the actual project costs incurred exceed 25 % of the total estimated project costs including land and when the collection exceed 5% of the sales value.

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. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. 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.

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.

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

Property lease rentals, income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

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.

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.

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 recognized 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 realized. 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 45,351 (*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). 800 equity shares have been allotted during the year from such shares held in abeyance.
- 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.
- c) The company had issued 6,000,000 equity shares of the face value of Rs. 10 each at a premium of Rs. 790 per equity share aggregating Rs. 48,000.00 lakh ("the QIP issue") under chapter XIII-A of Securities and Exchange Board of India (Disclosure and

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Investor Protection) Guidelines, 2000 on the terms and conditions approved by the members at the 7th Annual General Meeting held on July 21, 2006. The utilisation of the funds received from the QIP issue and the conversion of the above warrants is as under:

Sources of Funds	Current Year Rs lakh	Previous Year Rs lakh
QIP Proceeds	48,000.00	48,000.00
Conversion of Warrants to Equity Shares	19,882.80	19,882.80
	67,882.80	67,882.80
Utilisation of Funds		
Repayment of working capital facilities	8,548.28	8,548.28
Prepayment /Repayment of Loans	19,249.51	19,249.51
QIP Issue Expenses	1,102.06	1,102.06
Land Purchase	9,081.91	8,617.02
TDR Purchase	1,335.20	1,335.20
Investment /Advances	19,019.33	14,709.11
Project Expenses	9,546.51	—
Balance Funds Deployed		
Investments in Schemes of Mutual Funds (pending utilization towards objects of the issue)	—	14,321.62
	67,882.80	67,882.80

d) Employee Stock Option Scheme

During the year the Company has granted 678,359 Stock Options to the eligible employees under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company. The details of the Employee Stock Option Scheme are :

Particulars	Grant dated 25th April, 2008
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	678,359
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	Rs. 428 /- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	25 % On expiry of 12 months from the date of grant ; 25 % On expiry of 24 months from the date of grant ; 25 % On expiry of 36 months from the date of grant ; 25 % On expiry of 48 months from the date of grant ;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 25 th April, 2008
Intrinsic Value of shares based on latest available closing market price	Rs.15.79
Total Amount to be amortized over the vesting period	Rs.107.11 lakh
Charge to Profit & Loss Account for the year	Rs.21.42 lakh
Compensation in respect of lapsed cases	Nil
Unamortized Amount Carried Forward	Rs.85.69 lakh

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The fair value of options, based on the valuation of the independent valuer as of date of grant are :

Vesting period in years	Grant dated 25th April ,2008	
	Expected Vesting	Fair Value (Rs.)
1	169,590	291.04
2	169,590	
3	169,590	
4	169,589	

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

Particulars	Grant dated 25 th April ,2008
Risk free interest rate	7.79% -8.15%
Expected life	3.5 -6.5 Years
Expected volatility	66.76%- 70.65%
Expected dividend yield	0.33%
Exercise price	Rs. 428
Stock price	Rs. 443.79

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee share-based Payments” is as follows:

	Particulars	Intrinsic Value Method		Fair Value Method	
		March 2009	March 2008	March 2009	March 2008
A	Net Profit After Tax (Rs. in lakh)	4,636.46	—	4,263.02	—
	Less Preference dividend	122.84	—	122.84	—
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	40,808,891	—	40,808,891	—
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	40,808,891	—	40,808,891	—
D	Basic Earning per Share (Rs.)	11.06	—	10.15	—
E	Diluted Earning per Share (Rs.)	11.06	—	10.15	—

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	No. of stock options	Weighted Average Exercise Price (Rs)
Options outstanding on 1st April, 2008	—	—
Options granted during the year	678,359	428
Options forfeited/lapsed during the year	—	—
Options exercised during the year	—	—
Options outstanding on 31st March,2009	678,359	—
Options vested but not exercised on 31 st March,2009	—	—

Information in respect of options outstanding as at 31st March, 2009:

Exercise price	No. of Options	Weighted average remaining life
Rs. 428	678,359	60 months

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 up to 22nd March, 2011.

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4) Secured Loans

Secured borrowings are secured by a pari-passu charge on immovable properties of the entities, and are also secured by pari-passu charge on specified movable and current assets of the entities, both present and future.

5) Depreciation

In order to follow uniform accounting policy for consolidation of the financials and to be in line with the parent company, the company has changed the method of charging depreciation from written down value method to straight line method during the year. As a result of the change, the depreciation charge for the year is lower by Rs. 158 lakh and depreciation charge of earlier years, amounting to Rs. 834 lakh has been reversed. Consequently, the profit for the year and the reserves are higher by 992 lakh.

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 following companies have become subsidiary of the Company:

Sr No.	Name of the company	Nature of Investment	No. of Shares	Subsidiary w.e.f	Amount (Rs. in lakh)	% Holding
1.	Mahindra Industrial Township Limited	Equity	2,050,000	2 nd July, 2008	205.00	100%
2.	Mahindra Bebanco Developers Limited	Equity	35,000	3 rd June, 2008	3.50	70%

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 Daily Dividend	51,642,326.295	5,168.47	49,959,033.592	5,000.00
DWS Liquid Plus Regular Plan - Daily dividend	49,972,779.590	5,004.62	—	—
DWS Ultra Short-Term Fund (Liquid Plus) Institutional Plan Daily Dividend	42,785,736.623	4,284.99	—	—
DWS Fixed Term Fund Series 58	15,000,000.000	1,500.00	—	—
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 Reinvestment	78,571,891.948	7,881.63	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
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
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	—	—	175,437,540.648	17,549.19
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
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
Fidelity Liquid Plus Super Institutional- Daily Dividend	—	—	10,033,758.599	1,003.50

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	Current Year		Previous Year	
	No of Units	Rs. Lakh	No of Units	Rs. Lakh
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
HSBC Interval Fund-II – Dividend Reinvestment	20,459,593.626	2,045.98	—	—
AIG Quarterly Interval Fund - Series II	100,000.000	1,000.00	—	—
LICMF FMP SERIES 41 (3MONTHS) – Dividend	25,455,323.650	2,545.53	—	—
Birla Quarterly Interval Series 9 – Dividend	443,288.288	44.33	—	—
BSL Quarterly Interval Series II – Dividend Reinvestment	1,325,783.008	132.64	—	—
BSL Quarterly Interval Series 1 Dividend	1,447,804.709	144.78	—	—
BSL Interval Income-INSTL- Monthly - Series I Dividend Reinvestment	8,164,236.679	816.42	—	—
BSL Savings Fund - Institutional – Daily Dividend Reinvestment	33,936,770.483	3,395.98	—	—
Tata Floating Rate Fund – Long Term-Income Bonus	564,031.969	57.11	—	—
Tata Dynamic Bond Fund - Option B Dividend	24,832,680.328	2,546.63	—	—
Tata Dynamic Bond Fund - Option A Dividend	23,830,138.074	2,515.21	—	—
Tata Fixed Horizon - Series 9 - Scheme D	15,123,756.697	1,512.41	—	—
Tata Liquid Super High Investment Fund - (Ship)	44,911.315	500.55	—	—
UTI - Fixed Income Interval Fund - Monthly Interval Plan- I	193,013.250	19.30	—	—
Kotak - Flexi Debt Fund - Institutional Plan	75,205,000.477	7,556.22	—	—
Kotak Liquid fund -Institutional Plan	20,459,835.291	2,501.85	—	—
Kotak - Liquid fund -Institutional Premium	8,179,324.573	1,000.18	—	—
Kotak Floater Long Term Fund - Dividend Reinvestment	6,944,582.234	700.00	—	—
JM Fixed Maturity Fund Series XII Monthly Plan 2-Institutional Plan	40,277,035.720	4,027.70	—	—
JM Fixed Maturity Fund SeriesX Quarterly Plan 3-Institutional Plan	34,682,333.309	3,468.23	—	—
JM Fixed Maturity Fund Series XII Quarterly Plan 3 – Institutional Plan	20,463,366.146	2,046.34	—	—
JM Fixed Maturity Fund SeriesX Quarterly Plan 5-Institutional Plan	25,533,415.728	2,553.35	—	—
JM Money Manager Fund – Super Plan	10,076,644.058	1,008.22	—	—
JM Money Manager Fund – Super Plus Plan	70,302,514.599	7,033.22	—	—
Birla Sun life liquid Plus-Retail-Growth	279,852.000	65.00	—	—
Birla Sun life Savings Fund - Retail – Growth	403,746.000	65.04	—	—
Birla Sun life Cash Plus - Instl. – Growth	1,691,973.000	400.00	—	—
Birla Sun life Cash Plus – Instl. Prem. – Daily Dividend Reinvestment	6,489,358.000	650.20	—	—
DSPML FMP-3M-Series GR	5,000,000.000	500.00	—	—
HDFC-HDFC Cash Management Fund-Savings Plan-Growth	5,997,084.000	1,076.00	—	—
HDFC-HDFC Liquid Fund-Premium Plan Growth	3,248,843.000	535.00	—	—

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	Current Year		Previous Year	
	No of Units	Rs. Lakh	No of Units	Rs. Lakh
HDFC-HDFC Cash Management Fund-Saving Plus Plan-wholesale Growth	8,456,530.000	1,565.34	—	—
ICICI Prudential Liquid Plan Super Inst. Growth	2,002,531.000	250.00	—	—
ICICI Prudential Interval Fund 5th Monthly Interval Plan	2,000,000.000	200.00	—	—
ICICI Prudential Liquid Plan	1,456,329.000	310.00	—	—
ICICI Prudential Liquid Plan Growth	938,742.000	200.00	—	—
ING Liquid Fund	2,236,986.000	300.00	—	—
ING Liquid Plus Fund-Institutional Daily Dividend	3,020,838.000	302.18	—	—
ING Liquid Fund-Growth Option	273,220.000	49.55	—	—
Kotak Liquid(Institutional) Growth	2,619,151.000	450.00	—	—
Kotak Flexi Debt Scheme-Daily Dividend	2,504,851.000	251.26	—	—
Kotak Flexi Debt Scheme Inst.-Growth	9,222,290.000	925.22	—	—
Kotak Liquid Institutional Premium (growth)	12,056,917.000	2,056.36	—	—
Kotak- Liquid Regular - Growth	457,897.000	78.22	—	—
Kotak Floater Long Term Growth	8,255,736.000	1,123.65	—	—
SBI – Premier Liquid Fund Institutional Growth	36,553,894.000	4,889.00	—	—
SBI - SHF-Ultra Short Term - Instt.Plan-Growth	24,811,030.000	2,712.85	—	—
TATA Liquid Super High Inv. Fund – Appreciation	24,981.000	400.00	—	—
Franklin - Templeton Floating Rate Income Fund Long Term Plan Super Instt. Option-Growth	7,492,156.000	1,628.19	—	—
Franklin- Templeton India Treasury Management Account Institutional Plan-Growth	2,182,013.000	520.08	—	—
Templeton Fixed Horizon Fund Series X-Plan B-growth	5,165,529.000	516.55	—	—
UTI Liquid Cash Plan Institutional - Growth Option	6,971.000	100.00	—	—
JM Financial Manager Fund Super Plus Plan	499,815.000	50.01	—	—
ICICI Prudential Flexible Income Plan Dividend	472,957.000	50.01	—	—
DWS Liquid Plus Fund-Regularly Daily Dividend Plan	449,339.000	45.00	—	—
	862,289,677.67	95,276.60	1,035,992,077.876	121,479.75

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

7) Inventories, Current Assets, Loans and Advances:

- a) 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.
- b) 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.
- c) 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 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.
- 8)** Loans and advances include advance of Rs. 2,000 lakh for purchase of land given by Mahindra World City Developers Limited to a company engaged in the procurement of lands and is secured by way of registered equitable mortgage of lands admeasuring 36.25 acres, owned by a director of that company and his associates.

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9) Sundry Creditors and Provisions:

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

Sr. No.	Particulars	Current Year Rs. Lakh	Previous Year Rs. Lakh
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier: - Principal Amount - Interest thereon	Nil Nil	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	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	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of accounting year.	Nil	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	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

b) 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. 1,023.00 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. The probability and the timing of the outflow with regard to this matter depends on the completion of the project and conclusion of the arbitration proceedings.

10) 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 2009 is Rs. 830.11lakh (*Previous year: Rs. 3,890.15 lakh*).

11) In respect of real estate projects under long term contracts, determination of profits / losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects / activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

12) The Company has subsidiaries which are engaged in the business of land development for industrial, commercial and residential use. Few companies are in the initial phase of development and has conducted preliminary studies and surveys for the project.

13) 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	3,022.71	2,914.50
Accumulated Depreciation	745.41	1,255.29
Depreciation for the year	(586.95)	87.33
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year	990.33	856.64
➤ Later than 1 year and not later than 5 years	1,044.39	1,592.03
➤ Later than 5 years	—	—

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- 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	192.85	158.34
➤ Later than 1 year and not later than 5 years	—	—
➤ Later than 5 years	—	—

14) Contingent Liabilities

Matter	Current Year Rs lakh	Previous year 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. ii) Claims raised by a civil contractor in respect of a project at Mumbai. iii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company. iv) Demand from a local authority for energy dues disputed by the company.	 Nil 79.69 123.99 2,164.04	 42.67 79.69 123.99 Nil
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. 1,012.69 lakh (<i>previous year Rs. 195.45 lakh</i>)	2,132.58	1,243.46
c) Guarantee/ Counter guarantee given by Mahindra Infrastructure Developers Limited the company for its joint ventures	900.00	900.00

- 15)** 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.

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16) Segmental Reporting

Rs. lakh

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,156.51	32,403.43	618.01	34,177.94
<i>Previous Year</i>	1,811.68	18,518.34	2,778.10	23,108.12
Inter-segment Revenues	—	—	—	—
<i>Previous Year</i>	—	—	—	—
TOTAL REVENUE	1,156.51	32,403.43	618.01	34,177.94
<i>Previous Year</i>	1,811.68	18,518.34	2,778.10	23,108.12
SEGMENT RESULT	1,571.99	8,079.65	159.00	9,810.64
<i>Previous Year</i>	1,250.59	6,105.82	2,277.44	9,633.85
Unallocated Corporate	—	—	—	—
Expenses (net)	—	—	—	(145.07)
<i>Previous Year</i>	—	—	—	(580.63)
Operating profit	—	—	—	9,665.57
<i>Previous Year</i>	—	—	—	9,053.22
Interest expense	—	—	—	(374.54)
<i>Previous Year</i>	—	—	—	(212.44)
Interest income	—	—	—	917.70
<i>Previous Year</i>	—	—	—	424.15
Income taxes	—	—	—	(2,989.99)
<i>Previous Year</i>	—	—	—	(2,369.58)
Net Profit	—	—	—	7,218.73
<i>Previous Year</i>	—	—	—	6,895.35
OTHER INFORMATION				
Segment Assets	2,602.24	124,293.78	154.61	127,050.63
<i>Previous Year</i>	2,098.48	82,068.55	316.51	84,483.54
Unallocated Corporate Assets	—	—	—	26,808.36
<i>Previous Year</i>	—	—	—	51,514.41
TOTAL ASSETS	—	—	—	153,858.98
<i>Previous Year</i>	—	—	—	135,997.95
Segment Liabilities	637.11	57,244.44	162.06	58,043.62
<i>Previous Year</i>	898.08	33,337.56	288.73	34,524.37
Unallocated Corporate Liabilities	—	—	—	1,007.31
<i>Previous Year</i>	—	—	—	15,247.76
TOTAL LIABILITIES	—	—	—	60,371.66
<i>Previous Year</i>	—	—	—	49,772.13
Capital Expenditure	—	7,080.13	0.32	7,185.79
<i>Previous Year</i>	—	3,482.91	3.16	3,603.47
Depreciation	(554.34)	427.68	21.31	(389.53)
<i>Previous Year</i>	99.08	227.61	5.74	415.55

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of Rs. 116.82 lakh(Previous year Rs 62.73 lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

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17) Related Parties

List of related parties:	
Enterprises Controlling the Company Mahindra & Mahindra Limited	Holding Company
Fellow Subsidiaries Bristlecone India Limited. Mahindra Holidays & Resorts India Limited. Mahindra Two Wheelers Private Limited (w.e.f 29-9-08) Mahindra Consulting Engineers Limited.	Mahindra Logisoft Business Solutions Limited Tech Mahindra Limited Mahindra Logistics 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 Kumar Malhotra, Mr B K Subbaiah, Ms Sangeeta Prasad.

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 2009:

(Rs lakh)

Nature of Transactions	Enterprise controlling the Company	Companies under common control including Fellow Subsidiaries	Key Management Personnel
Rendering of Services <i>Previous Year</i>	1,168.83 787.71	2.68 1.71	— —
Purchase of Goods <i>Previous Year</i>	— —	— —	— —
Receiving of services <i>Previous Year</i>	499.58 386.45	74.75 66.74	— —
Sale of Goods <i>Previous Year</i>	511.84 —	— —	— —
Remuneration <i>Previous Year</i>	— —	— —	156.60 132.86
Expense Reimbursement <i>Previous Year</i>	12.18 4.87	7.25 2.46	— —
Redemption of Preference Shares <i>Previous Year</i>	— —	— —	— —
Finance given during the year <i>Previous Year</i>	— —	7,500.00 —	— —
Finance taken during the year <i>Previous Year</i>	— —	— 4,645.97	— —
ICD repaid <i>Previous Year</i>	— —	7,500.00 —	— —
Interest paid <i>Previous Year</i>	— —	— —	— —
Interest received <i>Previous Year</i>	— —	383.55 —	— —
Dividend Paid <i>Previous Year</i>	385.03 231.02	241.13 173.76	— —
Receivables <i>Previous Year</i>	0.88 22.01	6.28 4.58	— —
Payables <i>Previous Year</i>	651.02 806.66	576.72 578.22	— —

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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>	1,168.83	<i>Mahindra Holidays & Resorts India Limited.</i>	2.27	—	—
	—	—	<i>Mahindra Two Wheelers Pvt Limited.</i>	0.41	—	—
Receiving of services	<i>Mahindra & Mahindra Limited.</i>	499.58	<i>Mahindra Consulting Engineers Limited.</i>	63.02	—	—
Expense Reimbursement	<i>Mahindra & Mahindra Limited.</i>	12.18	<i>Mahindra Consulting Engineers Limited.</i>	5.93	—	—
	—	—	<i>Mahindra Holidays & Resorts India Limited.</i>	1.32	—	—
Finance given	—	—	<i>Mahindra Holidays & Resorts India Limited.</i>	7,500	—	—
Remuneration	—	—	—	—	Mr. Pawan Kumar Malhotra	73.12
	—	—	—	—	Mr. B.K. Subbaiah	51.62
	—	—	—	—	Ms. Sangeeta Prasad	31.86
ICD repaid	—	—	<i>Mahindra Holidays & Resorts India Limited.</i>	7,500	—	—
Interest received	—	—	<i>Mahindra Holidays & Resorts India Limited.</i>	384	—	—
Receivables	<i>Mahindra & Mahindra Limited.</i>	0.88	<i>Mahindra Consulting Engineers Limited.</i>	2.46	—	—
	—	—	<i>Mahindra Holidays & Resorts India Limited.</i>	2.79	—	—
Payables	<i>Mahindra & Mahindra Limited.</i>	651.02	<i>Tech Mahindra Limited.</i>	570.00	—	—
Dividend paid	<i>Mahindra & Mahindra Limited.</i>	385.03	<i>Mahindra Holdings & Finance Limited.</i>	241.13	—	—

18) Information in respect of Joint Ventures and Jointly Controlled Operations

a) Jointly Controlled operations

- Development of the following residential projects:
G.E. Gardens, Mumbai
- 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	4,000.49	3,489.14
Liabilities	2,200.12	1,999.57
Income	1,210.65	3,018.41
Expenses	621.59	1,764.40

19. Details of Associates

Name of Associate	Country of Incorporation	% Holding
Rathna Bhoomi Enterprises Private Limited	India	50.00%

20) 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.

21) 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	6,564.11	6,640.84
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	122.84	122.84
Profit available for Equity Shareholders	6,441.27	6,518.00
B Weighted Average number of Equity Shares of Rs. 10/- each	408.09	400.91
C Basic and Diluted Earnings per Share (Rs)	15.79	16.26

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

For and on behalf of the Board

Anand G. Mahindra	<i>Chairman</i>
Arun Nanda	<i>Vice Chairman</i>
Uday Y. Phadke	<i>Director</i>
Sanjiv Kapoor	<i>Director</i>
Shailesh Haribhakti	<i>Director</i>
Anil Harish	<i>Director</i>
Prakash Hebalkar	<i>Director</i>
Pawan Malhotra	<i>Managing Director</i>

Suhas Kulkarni
Company Secretary

Mumbai : 24th April 2009



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 **Tenth Annual General Meeting** of the Company held on Friday, 24th July, 2009 at 10.30 a.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 **Tenth Annual General Meeting** to be held on Friday,
24th July, 2009 at 10.30 a.m. or at any adjournments thereof.

Signed this day of 2009.

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.



Our concrete jungles are getting dense. Green is turning grey. Speed of development is breaching city limits and causing irreversible damage to our habitat. Every addition to the skyline is reflected in the formation of new peaks in energy demand. Already buildings account for 48% of global greenhouse gas emissions and are the largest source of energy consumption. Development instead of enhancing our life, is actually jeopardising it. It's time to rethink the regular.

Rejuvenate • Regenerate • Replenish • Renew • Recycle • Reduce

RETHINK

Mahindra Lifespaces practises 'Alternative Development' which compliments the environment instead of competing with it. This has seen the Company introduce to India its first Green residential buildings, adhering to international USGBC - LEED - CS (Leadership in Energy & Environmental Design) guidelines.

Mahindra Lifespaces has built a reputation of nurturing healthy lifespaces that live and breathe. We have embarked on a mission to 'Go Green' for all our new residential projects in India. These buildings will feature low energy consumption, improved indoor air quality, superior water management and will be constructed in part with recycled materials.



alternative
THINKING
THE MAHINDRA APPROACH TO SUSTAINABILITY

www.mahindra.com/sustainability

*American Institute of Architects National Government Advocacy Team

Accomplished Projects:



GE Gardens, Bhandup, Mumbai



Mahindra Gardens, Goregaon, Mumbai



The Woods, Wakad, Pune



Sylvan County, Mahindra World City, New Chennai



Ascendas, Mahindra World City, New Chennai



Infosys Campus, Mahindra World City, New Chennai

Ongoing Projects:



Mahindra Eminent, Goregaon, Mumbai



Mahindra Splendour, Bhandup, Mumbai



Mahindra Chloris, Faridabad, NCR



Mahindra Royale, Pimpri, Pune



Mahindra Lifespace Developers Limited. (Formerly known as Mahindra Gesco Developers Limited)
www.mahindralifespaces.com | homes@mahindralifespaces.com
 Mahindra Towers, 5th Floor, Worli, Mumbai - 400018. India.
 022 - 2492 9353/54 | 022 - 2496 7000 | Fax: 022 - 2497 5084.

