

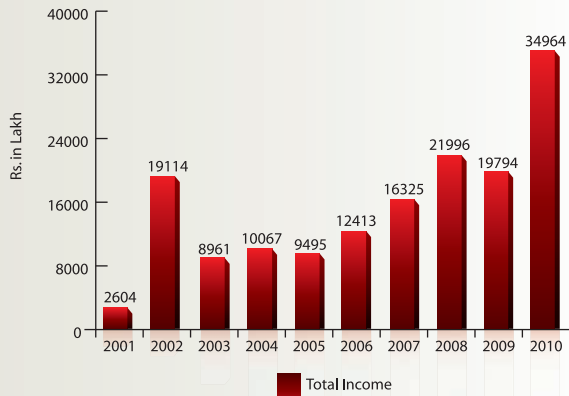


CREATING SUSTAINABLE
HOMES, OFFICES, CITIES
AND HAPPINESS.



MAHINDRA LIFESPACE DEVELOPERS LIMITED.

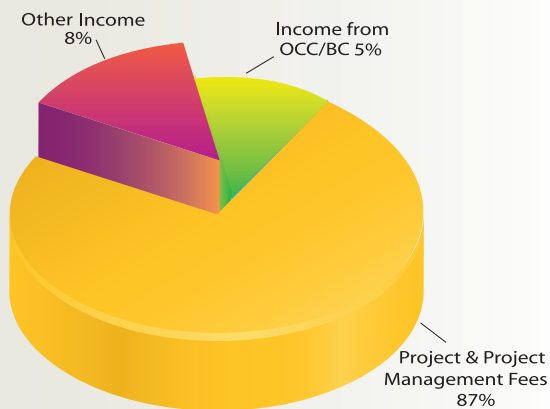
Total Income



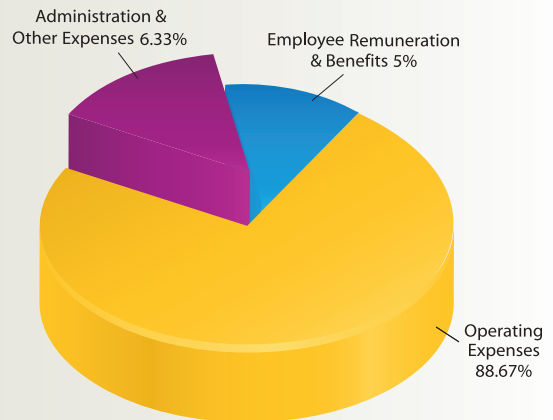
Market Capitalisation



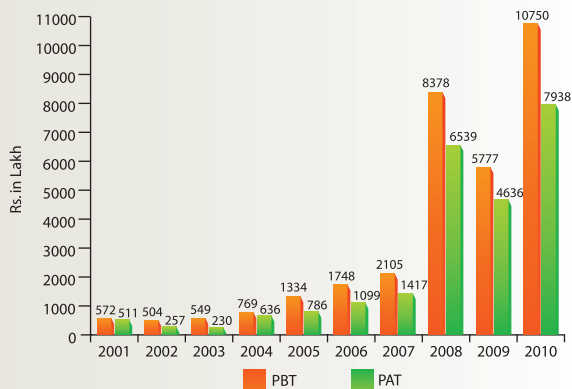
Break up of Total Income



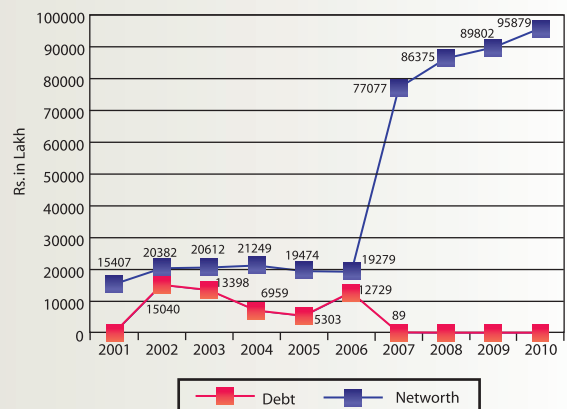
Break up of Expenses



PBT & PAT



Debt & Network



FINANCIAL HIGHLIGHTS

Rs. In Lakh

	F - 2010	F - 2009	F - 2008	F - 2007	F - 2006	F - 2005	F - 2004	F - 2003	F - 2002	F - 2001
Net Worth	95,879	89,802	86,375	77,077	19,279	19,474	21,249	20,612	20,382	15,407
Borrowings	-	-	-	89	12,729	5,303	6,959	13,398	15,041	-
Net Fixed Assets	3,237	3,482	2,688	3,282	3,427	3,758	4,259	9,394	9,937	10,624
Investments	40,955	36,153	50,291	32,578	9,577	9,364	8,399	1,010	1,010	504
Net Current Assets	51,870	50,194	33,565	41,328	19,004	11,026	14,478	22,101	22,533	2,685
Book Value Per Equity Share (Rs.)	232	218	209	190	41	42	45	43	42	26
Operating Income	32,065	16,540	17,212	15,552	12,113	9,146	7,139	5,928	16,997	2,191
Other Income	2,899	3,254	4,784	773	300	349	2,928	3,033	2,117	413
Operating Expenses	21,267	12,433	11,181	11,981	8,660	6,212	6,199	2,833	12,585	587
Other expenses	2,947	1,585	2,437	2,239	2,005	1,949	3,099	5,748	6,025	1,445
Profit Before Tax	10,750	5,777	8,378	2,105	1,748	1,334	769	549	504	572
Profit After Tax	7,938	4,636	6,539	1,417	1,099	786	636	230	257	511
Basic Earning per Share (Rs.)	19.15	11.06	16.00	3.82	0.51	2.53	1.78	0.47	(2.09)	1.78
Diluted Earning per Share (Rs.)	19.15	11.06	16.00	3.81	0.51	-	-	-	-	-
Equity Dividend per share (Rs.)	3.50	2.50	2.50	1.50	1.00	-	-	-	1.00	1.20

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Board of Directors

Mr. Arun Nanda	Chairman
Mr. Uday Y. Phadke	
Mr. Sanjiv Kapoor	
Mr. Shailesh Haribhakti	
Mr. Anil Harish	
Dr. Prakash Hebalkar	
Ms. Anita Arjundas	Managing Director & Chief Executive Officer

Leadership Team

Ms. Anita Arjundas	Managing Director & Chief Executive Officer
Ms. Sangeeta Prasad	COO, Mahindra World City, Chennai
Mr. B. K. Subbaiah	COO, Mahindra World City, Jaipur
Mr. Rajan Narayan	Advisor – Projects
Mr. Suhas Kulkarni	Vice President – Legal & Company Secretary
Mr. Basant Jain	Vice President – Business Development
Mr. Rajendra Joshi	Vice President - Marketing
Mr. Ajay Reche	General Manager – Human Resources
Mr. Amit Pal	General Manager – QA & Innovation
Mr. Vishnu Banka	General Manager – Finance

Company Secretary

Mr. Suhas Kulkarni

Auditors

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

Citibank N.A.

Legal Advisors

Khaitan & Co.
Little & Co.
AZB & Partners

Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri -Kurla Road, Sakinaka,
Andheri (East), Mumbai-400072

Registered Office / Branch / Regional Offices

- Registered Office**
5th Floor, Mahindra Towers,
Worli, Mumbai 400 018.
- Branch Office - Pune**
City Point, 2nd Floor,
Office No. 215-A, B & C,
Boat Club Road, Pune 411 001.
Maharashtra
- Regional Office - North**
Mahindra Towers, 2A,
Bhikaiji Cama Place,
New Delhi 110 066
- Regional Office - South**
The Canopy, II Floor, Unit No. II
Mahindra World City,
Special Economic Zone,
Natham Sub P.O.,
Near Paranur Railway Station,
Chengelpet 603 002, Tamilnadu

NOTICE

The Eleventh Annual General Meeting of MAHINDRA LIFESPACE DEVELOPERS LIMITED will be held at Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Wednesday, 21st day of July, 2010 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2010 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. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Uday Y. Phadke, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sanjiv Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to section 224 of the Companies Act, 1956, M/s. B. K. Khare & Co., Chartered Accountants (ICAI Registration Number 105102W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

NOTES:

- A. As of 31st March, 2010 :
Mr. Anil Harish, Non-Executive Independent Director' son and daughter holds 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7000 equity shares. Mr. Uday Y. Phadke, Non - Executive Director and Mr. Sanjiv Kapoor, Non-Executive Independent Director are not holding either on their own or for any other person on a beneficial basis, any shares in the Company.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER.**
- C. 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.
- D. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17th July, 2010 to Wednesday, 21st July, 2010 (both days inclusive).
- E. 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.
- F. Pursuant to Section 205C (2) of the Companies Act, 1956, unpaid/unclaimed dividends for the financial years ended on

31st March, 2000, 2001 and 2002 have been transferred to the Investor Education & Protection Fund (IE & PF) on 19th September, 2007, 24th October, 2008 and 20th November, 2009 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
2005-2006	24th August, 2013	25th August, 2013 to 23rd September, 2013
2006-2007	17th October, 2014	18th October, 2014 to 15 th November, 2014
2007-2008	27th August, 2015	28th August, 2015 to 26 th September, 2015
2008-2009	26th August, 2016	27th August, 2016 to 25 th September, 2016

Shareholders who have not encashed the dividend warrants so far are requested to make their claim to the Company's Registrar & Share Transfer Agents, 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.

- G. 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 Sharepro Services (I) Pvt. Limited
- H. Members are requested to :
 - a. intimate to the Company's Registrar & Share Transfer Agents, Sharepro Services (I) Pvt. Limited, changes, if any, in their registered addresses at an early date.
 - b. quote their folio numbers / client ID / DP ID in all correspondence.
- I. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- J. Dividend, if declared, shall be paid on or after 22nd July, 2010 to those members whose names will appear on the Register of Members of the Company and, in respect of those members who hold shares in the electronic form, as per the list of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandate as of the close of business hours on Friday, 16th July, 2010.

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

Suhas Kulkarni
Company Secretary

Registered Office

5th floor, Mahindra Towers
Worli, Mumbai 400 018

Date: 23rd April, 2010

Directors' Report to the Members

Your Directors present their Eleventh report together with the audited accounts of your Company for the year ended 31st March, 2010.

Financial Highlights

	(Rs. in lakh)	
	2010	2009
Operating Income	32,065	16,540
Other Income	2,899	3,254
Total Income	34,964	19,794
Profit Before Depreciation, Interest and Taxation	10,981	5,097
Less : Depreciation	231	(686)
Profit Before Interest and Taxation	10,750	5,783
Less : Interest	-	6
Profit Before Taxation	10,750	5,777
Less : Provision for Taxation		
Current Tax	2,991	948
Deferred Tax (including MAT Credit)	(179)	193
Profit for the year After Tax	7938	4,636
Less : Provision for tax for earlier year		-
Profit After Tax	7938	4,636
Add : Balance of Profit for earlier years	9516	6,659
Amount available for appropriation	17,454	11,295
Less : Proposed Dividend (including tax on distributed profits)	1,794	1,316
Less : Transfer to General Reserve	794	463
Less : Transfer to Capital Redemption Reserve	-	-
Balance carried forward	14,866	9,516

Dividend

Your Directors have recommended a dividend of Rs.3.50 per equity share of the face value Rs.10 of the Company for the year 2009-10. 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.1,794 lakh, (previous year Rs.1,316 lakh) and shall be paid out of profits for the current year.

Operations

The global economic situation improved as the year progressed, however, recovery in advanced countries continued to be very sluggish. In contrast, the Indian economy performed better. According to the advance estimates released by the Central Statistical Organisation(CSO), India's GDP is expected to grow at 7.4 per cent in 2009-10, up from 6.7 per cent during the previous year. While services continued to be the engine of growth, the most significant development has been the rebound in industry growth which was at 3.9 per cent in 2008-09 whereas it recorded 9.3 per cent growth in 2009-10. Industry, which includes manufacturing, construction, mining, electricity and other utilities, was the most affected sector during recession.

During the year, as the economic recovery got underway, consumer sentiment and therefore the demand for residential units picked up at a significant pace. In comparison, the demand from businesses for building capacities and expanding operations was sluggish and started gathering momentum in the second half of 2009-10. Mahindra Lifespaces recognises the importance of this structure of the real estate industry and has consciously adopted a strategy which focuses on two key segments of operations — residential development and large format integrated infrastructure development such as business cities, industrial parks and SEZs. Your Company benefited from this strategy during 2009-10.

During the year under review, the residential segment led the Company's performance. Your Company completed the handover of residential units to customers in three of its projects — the second phase of 'Sylvan County' at Mahindra World City, Chennai, the first two phases of 'Mahindra Royale' near Pimpri, Pune and the first phase of 'Mahindra Eminente' at Goregaon, Mumbai. Your Company also successfully launched new phases of 'Mahindra Royale' and 'Mahindra Eminente' projects during 2009-10. In addition, the Company also launched two new projects during the year — 'Mahindra Aura' at Gurgaon in the National Capital Region, and 'Aqualily'

at Mahindra World City, Chennai. Aquality is being implemented by the Company through its subsidiary 'Mahindra Residential Developers Limited' (MRDL), which is a Joint Venture with Arch Capital, an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines.

In the integrated infrastructure development space, recovery was delayed and the markets started to pick-up in the second half of the year. Both operational projects of your Company witnessed significant increase in activity during this period. In Mahindra World City, Jaipur, the infrastructure development for the first phase of the IT SEZ was completed during the year, whereas the infrastructure development activities in Handicraft and Light Engineering SEZs are expected to be completed during 2010-11. The Company entered into MoUs with prospective clients and concluded many lease agreements during this period.

At Mahindra World City, Chennai employment by companies operating within, touched the 20,000 mark. Buoyed by interest from prospective customers, the Company proposes to expand the project by another 100 acres and undertook land acquisition during the year, which is expected to be completed during 2010-11.

Your Company is one of the few companies in the Indian real estate industry with the experience of successful serving consumers as well as businesses through its two segments of operations. The successful execution of this strategic intent of the Company is the key reason behind its success and consistent performance during these difficult times. In the current economic environment, your Company reported exceptional results for 2009-10.

Total income of your Company as a standalone entity was Rs.34,964 lakh in 2009-10 as compared to Rs.19,794 lakh in 2008-09. Profit before tax (PBT) was Rs.10,750 lakh in 2009-10 as compared to Rs.5,777 lakh in 2008-09, whereas profit after tax (PAT) was Rs.7,938 lakh as compared to Rs.4,636 lakh in 2008-09.

The consolidated total income of your Company increased from Rs.37,118 lakh in 2008-09 to Rs.43,995 lakh in 2009-10. The consolidated PBT grew by 16 per cent from Rs.10,209 lakh in 2008-09 to Rs.11,888 lakh in 2009-10, whereas consolidated PAT after minority interest increased to Rs.7,849 lakh from Rs.6,564 lakh during 2008-09. During the year, the Company also received a dividend income of Rs.588 lakh from its subsidiary Mahindra World City Developers Limited.

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

During the year 2008-09, MSEDCL had raised an assessment bill for Rs.2164 lakh on the Company pertaining to a commercial complex at Pune. The Company has filed an appeal before Adjudicating Officer at Mumbai for quashing the said demand.

Demand from Income Tax Department

In respect of certain business incomes re-classified by the Income Tax Department as income from house property and other disallowances, the Company has succeeded at the

Appellate Tribunal for some assessment years and is pursuing the matter further with the Appellate authorities for other years. The liability net of Deferred Tax Asset/Liability would be Rs.891.19 lakh (previous year Rs. 1,012.69 lakh).

Awards and Recognition

Your Company received the following awards and recognitions in 2009-10:

- Aquality with a "Pre certified Gold rating" by IGBC (Indian Green Building Council)
- Mahindra Splendour awarded winner in the category of "Best Developer – Green Future Development" by Cityscape Real Estate Awards, India
- Sylvan County awarded winner in the category of "Integrated Township of the Year" by Accommodation Times, Mumbai
- Mahindra World City, Jaipur signed a Memorandum of Understanding (MoU) on 14th May, 2009 with Clinton Climate Initiative, a foundation promoted by Former US President Bill Clinton for sustainable development and reduction of green house gas emission
- Mahindra Lifespaces received the OHSAS 18001:2006 certification
- Mahindra World City, Jaipur received the ISO 9001:2001 Certification in February 2010.
- 'Refresh', the Mahindra Lifespaces newsletter won two prestigious awards from the 'Association of Business Communicators of India (ABCI)' in the 'Newsletter Design' and 'Photo Feature' categories. This award has been conferred to the Company for the 4th time in a row. Refresh also won the Silver award at the 'Communication Awards' of PRCI (Public Relations Council of India).
- The Mahindra World City, newsletter 'Skyline' won an award in the 'Headline' category from the 'Association of Business Communicators of India (ABCI)'.

Capital

The paid up equity capital of the Company comprises of 40,809,150 equity shares of Rs.10 each aggregating Rs.408,091,500 and paid up preference capital comprises of 1,000,000 – 10.50 per cent Non-Cumulative Redeemable Preference shares of Rs.100 each aggregating Rs. 100,000,000.

The allotment of 45,351 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time 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).

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. 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) holds 20,846,126 equity shares which represents 51.08 per cent of the paid-up equity capital of the Company. M&M also holds 1,000,000 – 10.50 per cent non-cumulative redeemable preference shares of Rs.100 each, which represent the entire paid-up preference 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 integrated business city & corporate India's first SEZ near Chennai. The three sector-specific SEZs cater to the industry sectors of IT (services and manufacturing), Apparel & Fashion Accessories, and Auto Ancillaries and the Domestic Tariff Area caters to a wide range of manufacturing segments. The total development stands at 1550 acres.

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 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. The joint venture has undertaken the development of a gated residential community together with support facilities in approximately 55 acres within Mahindra World City, New Chennai under the name, Aquality.

Mahindra World City (Jaipur) Limited (MWCJL) is developing an integrated business city near Jaipur spread over approximately 3000 acres of land of which approximately 2500 acres will be a multi product SEZ and 500 acres will be a Domestic Tariff Area. During the year, the Company signed MoUs with leading companies for setting up their operations in the IT/ITES, handicrafts, and light engineering and SEZs at Mahindra World City, Jaipur. 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).

Knowledge Township Limited (KTL) (formerly Mahindra Knowledge City Limited and prior to that Mahindra Technology Park Limited) will be developing an Integrated Township in Maharashtra. The initial process for land acquisition has started.

Industrial Township (Maharashtra) Limited (ITML) (formerly Mahindra Industrial Township Limited) will be undertaking large format development of land in Maharashtra.

Mahindra Bebanco Developers Limited (MBDL) 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 will develop a residential complex across 10.2 hectares at Multi-model Internal 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 been conducted and design development initiated.

Raigad Industrial & Business Park Limited was incorporated on 18th June, 2009. This company is planning to undertake large format developments including residential developments.

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 statement pursuant to Section 212 of the Companies Act, 1956, containing details of the Company's subsidiaries, viz. Mahindra World City Developers Limited, Mahindra Integrated Township Limited, Mahindra Residential Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Knowledge Township Limited, Industrial Township (Maharashtra) Limited, Mahindra Bebanco Developers Limited, Raigad Industrial & Business Park 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 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, Report of the Auditors of its subsidiary companies 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 Company shall also put the details of accounts of the individual subsidiary Companies on its website.

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 and Corporate Social Responsibility (CSR)

As a part of the Mahindra Group, your Company is committed to the principles of sustainable development and consistently carries out initiatives in the area of corporate social responsibility to benefit the communities that it interacts with during the course of its business. A detailed account of these initiatives has been presented in the Management Discussion and Analysis chapter of the annual report.

Directors

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

Mr. Pawan Malhotra resigned from the Board of Directors of your Company with effect from 23rd June, 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.

Ms. Anita Arjundas was appointed as an Additional Director on 23rd June, 2009 and was appointed as Managing Director & Chief Executive Officer at the 9th Annual General Meeting held on 24th July, 2009.

Mr. Anand G. Mahindra resigned as the Chairman and as a Director of the Company with effect from 15th March, 2010. The Board members while noting the resignation, sincerely appreciated Mr. Mahindra's valuable contribution in building the high credibility that the Company enjoys in the market that it operates. The Board expressed deep gratitude for the valuable services rendered by Mr. Mahindra during his tenure, and made special mention of Mr. Mahindra's exemplary leadership and support that enabled the Company to sail through troubled waters when the industry was severely affected by the unprecedented recession since mid-2008. The Board thanked Mr. Mahindra for devoting his time for the Company during his tenure.

Mr. Arun Nanda was appointed as the Non-Executive Chairman with effect from 15th March, 2010. Mr Nanda has been the Vice-Chairman of the Company since 4th April 2001 and has had a distinguished career with the Mahindra Group for 36 years.

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 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, 2010 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. B. K. Khare & Co., Chartered Accountants, retire as 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, proposing 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.

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 furnished separately.

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 2 to this report.

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

The Company had 12 employees who were in receipt of remuneration of not less than Rs. 2,400,000 during the year ended 31st March, 2010 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 which 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

Arun Nanda
Chairman

Mumbai, 23rd April, 2010

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

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

(a) Options granted	678,359	
(b) The pricing formula	Average price preceding the specified date-24th April, 2008	
	Average price - Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during 15 days preceding the specified date.	
	Specified date - Date on which the remuneration / Compensation Committee decided to recommend to the to the employees and directors of the Company and its holding/ subsidiary companies under an Employees' Stock Option Scheme.	
(c) Options vested	169,590 Options stand vested on 24 th April, 2009.	
(d) Options exercised	Nil	
(e) The total number of shares arising as a result of exercise of option	Nil.	
(f) Options lapsed	42,370	
(g) Variation of terms of options	Nil.	
(h) Money realized by exercise of options	Nil	
(i) Total number of options in force	635,989	
(j) Employee-wise details of options granted to:		
(i) Senior managerial personnel	Name of the Senior managerial personnel to whom stock options have been granted	Options granted in April, 2008
	Mr. Arun Nanda	200000
	Mr. Hemant Luthra (Resigned as Director w.e.f. 30 th Jan, 09)	10000
	Mr. Uday Phadke	10000
	Mr. Anil Harish	10000
	Mr. Sanjiv Kapoor	10000
	Mr. Shailesh Haribhakti	10000
	Mr. Pawan Malhotra (Resigned as MD & Director w.e.f. 23 rd June, 09)	50000
	Ms. Anita Arjundas	50000
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL	

(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions, if any) of the company at the time of grant	Nil
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	N.A.
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used the employee compensation cost would have been higher by Rs. 346 lakh. Had the fair value method been used the profit after tax would have been lower by Rs. 225 lakh Had the fair value method been used the basic and diluted earnings per share would have been lower by Re. 0.55
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Options Grant Date Exercise price Fair value (Rs.) (Rs.)
	N.A N.A N.A
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information.	Not Applicable
(i) risk-free interest rate,	
(ii) expected life,	
(iii) expected volatility,	
(iv) expected dividends, and	
(v) the price of the underlying share in market at the time of option 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.

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

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, 2010.

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Areas in which 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 : Nil
5. Technology absorption, adaptation and innovation : Nil
6. Imported technology : In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 - (a) Technology imported - None
 - (b) Year of import - N. A.
 - (c) Has technology been fully absorbed ? - N. A.
 - (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action. - N. A.

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

Arun Nanda
Chairman

Mumbai, 23rd April, 2010

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

Loans and advances in the nature of loans to subsidiaries:

(Rs. in Lakh)

Name of the Company	Balance as on 31st March, 2010	Maximum outstanding during the year
Mahindra World City (Jaipur) Limited	1000.00	1000.00
Mahindra Integrated Township Limited	2433.24	2,433.24
Mahindra Bebanco Developers Limited	2053.46	2053.46
Knowledge Township Limited	735.34	735.34

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.

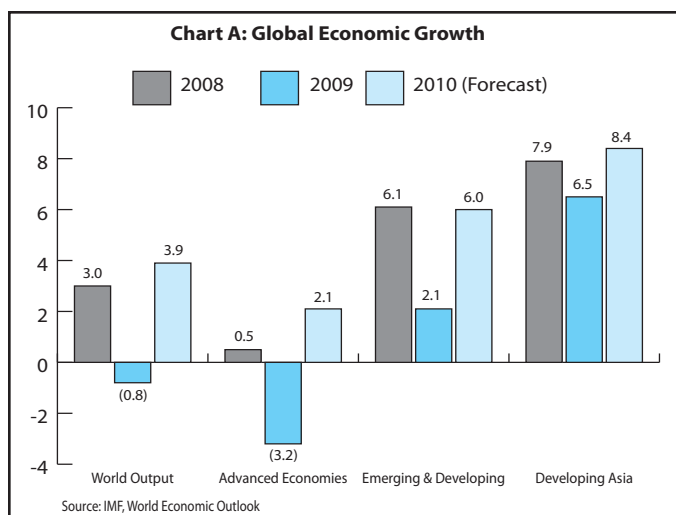
Mahindra Lifespaces, along with its subsidiary companies, is currently focused on the development of residential projects and large format, integrated infrastructure developments such as business cities, industrial parks and SEZs. The Company is well positioned to leverage the expertise and capability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

Introduction

The financial crisis which erupted in the latter half of 2007, after the collapse of the US sub-prime mortgage market transformed into one of the deepest global recessions in recent times affecting output, trade and capital flows, employment and income generation, business and consumer sentiment across the globe.

As shown in Chart A, world output which had been growing over 4.5 per cent during the last few years contracted to 3 per cent during 2008, and contracted by 1 per cent during 2009. The advanced economies were the worst affected, contracting by 3.2 per cent during the year. This performance is, in fact, much better than the initial projections and has been aided, in no uncertain terms, by expansionary and accommodating policies of governments across the globe — acting individually as well as in concert to minimise damage, support demand and lower uncertainty and systemic risk in financial markets.

And while the worst seems to be over as the global economic growth is turning positive — advanced economies are projected to grow at 2 per cent during 2010 — the recovery in so far as these economies are concerned will be very sluggish, as trade and investment flows are still low, the financial system remains strained, and policymakers begin to

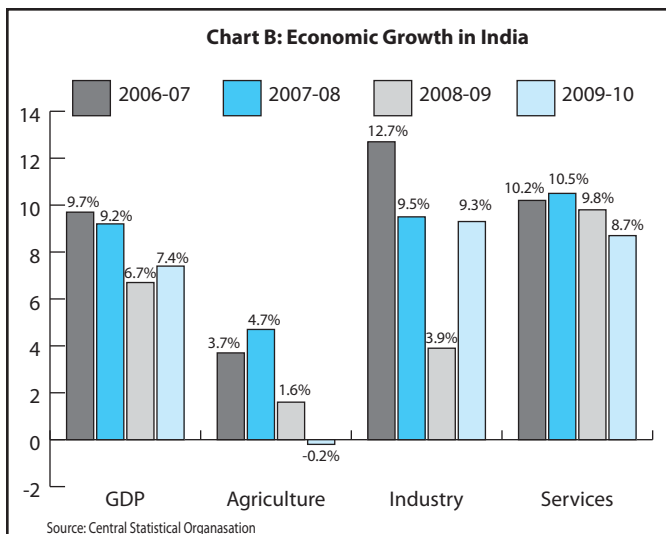


unwind the extraordinary levels of public intervention made to avoid a global economic catastrophe.

In contrast, the emerging and developing markets have fared much better during the crisis. Developing Asia in fact avoided the recession successfully and is expected to grow at 8.4 per cent during 2010. This will contribute significantly to overall world output, which is expected to grow at 3.9 per cent during 2010. Even with this performance, it is important to recognise few important aspects of the current situation which are going to be critical for longer term performance and stability of these economies: international trade and investment flows are still low as compared to the pre-crisis levels; in many cases, financial markets continue to be in stress; and, proactive public policy played an unprecedented role in achieving this growth.

It is in this context that the Indian economy stands out among its peers in the developing world. With a large and vibrant domestic economy, India was relatively insulated from the plummeting international trade and investment flows; efficient regulations and well governed financial markets prevented deep fissures and avoided excessive leveraging of the system; and the extent of public intervention was largely within the capacity of the government to stimulate growth without affecting the medium to long-term stability.

This was the reason why in comparison to most economies that experienced significant deceleration, India recorded robust growth rates — second only to China among large emerging markets. According to the advance estimates released by the



Central Statistical Organisation (CSO), India's GDP is expected to grow at 7.4 per cent in 2009-10, up from 6.7 per cent during the previous year (See Chart B). While services continued to be the engine of growth, the most significant development has been the rebound in industry growth which was at 3.9 per cent in 2008-09 whereas it recorded 9.3 per cent growth in 2009-10. Industry, which includes manufacturing, construction, mining, electricity and other utilities, was the most affected sector during recession.

The performance of the construction sector which is the

second largest segment of industry after manufacturing also improved, recording a growth of 6.5 per cent during 2009-10 as compared to 5.9 per cent during the previous year. Although this is lower than the overall growth of industry, it is significant if one takes into account the characteristics of the industry in terms of size of investments involved, especially in the case of businesses where these decisions are also based on the demand outlook for their final products and services.

During the year, as the economic recovery got underway, consumer sentiment and therefore the demand for residential units — which was also the first to be affected in the downturn — picked up at a significant pace. In comparison, and as is to be expected, the demand from businesses for building capacities and expanding operations was more sluggish and started gathering momentum with a lag, in the second half of 2009-10. **Mahindra Lifespaces recognises the importance of this structure of the real estate industry and has consciously adopted a strategy which focuses on two key segments of operations — residential development and large format, integrated infrastructure development such as business cities, industrial parks and SEZs. The Company benefited from this strategy during 2009-10.**

In the large format developments, Mahindra Lifespace's strategy of providing infrastructure ready land parcels and commercial spaces for businesses together with modern amenities and social infrastructure remains intact. Mahindra Lifespace is the first private sector company to have developed and operationalised large format integrated development projects — Mahindra World City, Chennai in Tamil Nadu. This project is now fully operational and the recent developments are in the residential and social infrastructure zone besides expansion at a new location. The Company's second project, Mahindra World City, Jaipur in Rajasthan, which became operational in 2008-09, saw considerable rise in activity in the latter half of the year. 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 an unfavourable economic environment is a testimony to the Company's 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. In the last annual report, we had mentioned the Company's assessment that highly professional services and products which offer exceptional value will be the key to success in these times. This intent was executed by embarking on a continuous improvement exercise involving quality, technology and process innovations across the Company. These have been discussed in greater detail in subsequent sections of this report. As a result, **Mahindra Lifespaces was able to achieve the desired differentiation and strengthen its positioning in the market which enabled it to put up one of its best performances in the segment.**

During the year, the Company was able to sell over 790 residential units across four ongoing and two newly launched projects in four cities, under the Mahindra Lifespaces brand, across its residential companies. This

performance is reflected in the standalone results of Mahindra Lifespaces where Standalone Income of the Company grew by 76.8 per cent from Rs. 198 crore in 2008-09 to Rs. 350 crore in 2009-10 and standalone Profit After Tax (PAT) grew by 71.7 per cent from Rs. 46 crore in 2008-09 to Rs. 79 crore in 2009-10.

Mahindra Lifespaces is one of the few companies in the real estate development industry in India with the experience of successfully serving consumers as well as businesses through its two segments of operations. The successful execution of this strategic intent of the Company is the key reason behind its success and consistent performance during these difficult times. Besides, prudent financial management kept the Company insulated from problems associated with liquidity and availability of funds which affected large sections of the real estate industry.

In the current economic environment, the Company reported good results for 2009-10 buoyed by strong turnaround in demand from the residential segment. The highlights of Mahindra Lifespaces financial performance during the year are given below:

Key Indicators of Performance

- Consolidated Income of the Company grew by 18.5 per cent from Rs. 371 crore in 2008-09 to Rs. 440 crore in 2009-10
- Profit before depreciation, interest and taxes (PBDIT) increased by 32.2 per cent from Rs. 102 crore in 2008-09 to Rs. 135 crore in 2009-10. Profit before taxes (PBT) grew by 16.4 per cent to Rs. 119 crore in 2009-10
- Profit after taxes (PAT) grew by 11.6 per cent from Rs. 72.2 crore in 2008-09 to Rs. 80.5 crore in 2009-10. After accounting for minority interest, the consolidated net profit (PAT) of the Company increased by 19.6 per cent from Rs.65.6 crore to Rs.78.5 crore during 2009-10.
- Diluted earnings per share (EPS) of the Company increased by 20 per cent to Rs. 18.9 in 2009-10 as compared to Rs. 15.8 in the previous year.

In the remainder of the report, we will discuss the markets and opportunities, operational and financial performance, as well as initiatives in the areas of quality, process innovations, sustainable development, and key functional areas such as human resources and information technology. We close the report with a discussion on risks and concerns and the outlook of the Company for the future.

Markets and Opportunities

The step-up in the performance of the Indian economy during the year had significant ramifications for the real estate development industry. However, as mentioned earlier, the impact on different segments in which the Company operates — residential, integrated infrastructure development and commercial — were dissimilar and staggered. While the demand for residential units picked-up faster and remained strong in the markets that the Company operates in, the

demand for integrated infrastructure and commercial development started turning around only in the second half of the year.

Residential

As far as the residential market is concerned, the demand situation was very encouraging, especially after the first quarter. At the macroeconomic level, the demand for residential units in India is expected to remain strong as estimates show that huge deficits in the supply of mass housing units continue. According to the Census, housing shortage in India is estimated at 24.7 million units — 14.1 million units in Rural and 10.6 million units in Urban. For the Eleventh Five Year Plan, the Planning Commission estimates the number of urban dwelling units is expected to increase from 58.8 million in 2006-07 to 66.1 million in 2011-12 — an annual increase of around 1.5 million units during the period.

Besides this, the fundamentals of the domestic market continue to be very encouraging. First, driven by strong and sustained growth of the economy, disposable incomes are increasing at a significant pace. According to recent research by the McKinsey Global Institute, **the number of households earning over Rs.5 lakh per annum will increase from 3.6 million in 2005 to 8.8 million in 2015.** This is expected to give a considerable push to the demand for housing in the consumer segments that the Company addresses.

The second factor is related to affordability. The rise in income opportunities and quality of jobs coupled with availability of home finance has brought down the average age of first time buyers of residential property considerably. On the supply side, property prices rationalised during the recession. Although the outlook improved during the year, the pull-back in prices varied a lot depending on the location, size, and category of the property. **Overall, valuations continued to be more realistic and attractive during the year. In an estimate done by HDFC, home affordability — measured as number of years of income required to own a house — has come down from 22 in 1995 to around 5 during the last few years.**

The third factor is related to a favourable demographic situation with young population and rapid urbanisation levels. Currently, 60 per cent of India's population is below 30 years of age and only 28 per cent of India's population resides in urban areas. Besides, reduction in household sizes due to preference for nuclear families will further boost demand for housing. **Given these trends, one would expect that as the economic recovery gathers further momentum, the demand for residential real estate in India will increase further.**

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 sustained growth of the Indian economy, availability and cost of real estate in large cities and metropolitan centres became a major constraint for the industry and services sector.

While the obvious solution is to move to smaller cities, there are severe infrastructure problems associated with that. In addition, needs of the companies varied according to the

industry and consequently a market emerged for infrastructure developers who could provide professional solutions at a reasonable cost. This presented a 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 territories and have additional benefits in terms of exemption from duties, taxes and tariffs. According to the latest data that is available, 574 SEZs have received formal approvals from the government, while another 151 have received in-principle approvals. Once operational, these SEZs would be spread across 2 lakh hectares of land. Of the 574 SEZs that have been formally approved, 350 have been already notified. **In these notified SEZs, investments worth Rs.115,600 crore have already been made and they currently employ over 2,27,000 persons. As on 31st December 2009, SEZs in India exported goods and services amounting to Rs.1,52,000 crore — which is a growth of 127 per cent over the corresponding period of the previous financial year (Source: www.sezindia.nic.in)**

Apart from SEZs, industrial or integrated developments are also being carried out for companies interested in servicing the domestic market who need land and built-up spaces to develop their operating facilities. These development projects take the form of industrial parks or business cities, which apart from fulfilling the need for such space, also provide residential units and complete social infrastructure such as retail, convenience shopping, schools and healthcare facilities necessary for people to live a comfortable life within a well planned environment.

The current recessionary environment also impacted this segment of the industry. When the economic crisis was at its peak in 2008-09, businesses wanting to set-up facilities either for exports or to service the Indian market deferred their investment decisions. This contracted the demand for these projects in 2009-10, which took longer to recover as these businesses recalibrated their plans as the year progressed. **It was only in the second half of the year that interest from customers in this segment started to increase. The situation has improved considerably thereon with an increase in the overall demand in this segment in recent months.**

Commercial and Retail

The market for commercial and retail space was perhaps the worst hit segment in the real estate development industry during the downturn. Inventory levels in the segment continue to be high as there is still a huge pipeline given the expectations of continued growth from sectors such as IT/ITES, Business Process Outsourcing (BPO) and organised retail — which have been driving the growth in this segment.

As in the case of integrated developments, the regeneration of interest in this segment is expected to take place with a lag. Although the situation is improving, the pace is still slow and varies depending on the size of the city and the

industry segment. In general, the smaller cities with less developed public and social infrastructure are the worst affected.

Even so, things are looking up, especially in the IT/ITES and the BPO segments that have been holding on in term of performance. Similarly, incremental demand from sectors such as banking and finance, hospitality, and healthcare is also expected to increase during the year. As far as the retail sector is concerned, the uptake has been subdued in comparison as only selective players in the industry have performed well and are looking to expand their store networks during the year.

As a result, given the current inventory levels and the pipeline, the commercial real estate segment will continue to be the laggard in terms of recovery. However, with economic recovery gathering further momentum, the outlook for commercial real estate is expected to improve as the year progresses.

Mahindra Lifespaces strategy of having a strong presence in both residential and integrated infrastructure development segments has been a source of strength to the Company during the last couple of years. Equally, the Company is now well placed to benefit from the strengthening of demand outlook across all these segments.

In the residential segment, the Company is looking to aggressively launch fresh projects and new phases of existing projects to capitalise on the opportunity. The Company will increasingly benefit from a series of measures oriented towards competing in a tougher market and staying differentiated. The Company has a continued focus on quality improvement initiatives and use of new materials and applications as well as creating sustainable and green projects that truly live up to the Company's promise of "Healthy Spaces. Healthy Living".

The Company's business in this segment is based on the guiding principle of "Customer Centricity". In its residential projects, the role of Customer Relationship Management (CRM) is not merely facilitating the handing over of the property. 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 units meet the expectations of the customers. Besides, all customer queries and grievances are handled by a dedicated team and escalated to the highest level to ensure timely and effective redressal. Mahindra Lifespaces continues to enjoy high referral based sales which is a proof of the level of trust and confidence that its customers have in the Company.

During the year, CRM embarked on a major initiative to improve the customer experience even further. This involved implementing an internet based CRM module within the IT platform of the Company. As a part of the welcome kit given at the time of sale on new projects, all customers will, going forward, receive registration details through a dedicated website, which will contain all updates on the project and details pertaining to billing and payment history. Customers will also be able to view and edit their contact details and register their complaints or give feedback.

The Company also communicates with its customers through its corporate newsletter "Refresh" which gives updates and other useful information on recent trends to homeowners. **During the year, "Refresh" won two prestigious awards from the Association of Business Communicators of India under the 'Newsletter Design' and 'Photo Feature' categories. This has been conferred to the Company for the fourth consecutive year. Besides this, the newsletter also won the Silver at the 'Communication Awards' from Public Relations Council of India.**

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

With Mahindra World City, Chennai, becoming fully operational in terms of both the business zones and social infrastructure, efforts are now on to enhance the experience of the people and communities that occupy the space by engaging them in the development process. **'Skyline', the Mahindra World City, Chennai newsletter is one such initiative which won an award from the Association of Business Communicators of India under the 'Headline' category.**

In addition to these segment specific achievements, the Company benefits from the 'Mahindra' brand — a name associated with honesty, transparency, fairness and trust. The Company documents all its processes, from land procurement to conceptualisation and completion, so as to ensure transparency in all its operations. Over time, this has enhanced the Company's reputation as a professionally managed real estate player. The Company has received 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 standalone 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.

Mahindra Lifespaces is the first residential developer in the country to take the initiative "Go Green" for its residential projects. 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. 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 precertification; whereas Aqualily has

achieved Gold precertification. The precertification process is currently on for two new projects.

As of 31st March 2010, the Company along with its subsidiaries has developed various residential projects covering 4.86 million square feet. It is currently developing 2.06 million square feet. Besides, projects covering 6.01 million square feet are at planning stage. Its current 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.

Completed and Ongoing Projects

During the year, the Company handed over the completed phases of its projects to their owners. This include the first and second phase of 'Sylvan County' in the Mahindra World City in Chennai, first phase of 'Mahindra Eminente' in Goregaon, western suburbs of Mumbai, and the first two phases of 'Mahindra Royale' in Pimpri, Pune. Besides these, several new projects and new phases of existing projects were launched during the year, which are at different stages of construction. Project-wise details have been given below:

'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 of saleable area. The construction of the Phase II of the project was completed during the year and a guest house for Mahindra & Mahindra Limited has also been since completed. The clubhouse of the project was inaugurated during the year.

'Mahindra Eminente', a premium high-rise residential complex with Spanish architecture at Goregaon, western suburbs of Mumbai, is spread over 5.58 acres covering 0.57 million square feet of saleable area. The construction of the first phase covering 0.27 million square feet was completed in March 2009. The Company successfully launched the second phase of the project during the year which comprises one tower with 0.15 million square feet of saleable area. The Company is also planning the launch of the third and final phase of the project in 2010-11 comprising one tower of 0.15 million square feet of saleable area.

'Mahindra Royale' is spread over 8.88 acres covering 0.63 million square feet of saleable area at Pimpri, Pune. The first two phases of this project which constitute 228 units in six towers covering 0.30 million square feet was completed in the previous year. During the year, the Company successfully launched the remaining two phases of the project which constitute 252 units in six towers covering 0.33 million square feet. Construction is progressing as per schedule and the Company expects to complete the entire project during 2010-11.

'Mahindra Splendour' in Bhandup, eastern suburbs of Mumbai, is spread over 8.46 acres and has a total saleable area of 0.80 million square feet. The Company successfully completed sale of phase I during the year and launched phase II to a good response. Construction is in progress in phase I & II and accordingly, the first phase which constitutes three towers covering 0.42 million square feet is expected to be

completed by March 2011, and the second phase of two towers covering 0.38 million square feet is likely to be completed by May 2012.

'Mahindra Chloris', in Faridabad in the National Capital Region, 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 the IEC security system which allows one to monitor the home from anywhere in the world. Civil work is complete and the finishing work is in progress. The project is progressing as per timelines for its scheduled completion by December 2010.

'Aqualily' is a premium project within Mahindra World City, Chennai, which offers world class living spaces by a lake, and amidst designer landscapes and lush green gardens. Spread across 55 acres of land, the project offers villas and apartments covering 1.52 million square feet. In the first phase launched in November 2009, the project offers villas covering 0.12 million square feet. This project is being implemented by a joint venture between Mahindra Residential Developers Limited, a subsidiary of Mahindra Lifespaces and an affiliate of Ayala Land, the largest and most trusted real estate brand in the Philippines.

'Mahindra Aura' in Gurgaon is Mahindra Lifespaces most recent offering in the National Capital Region. The project is spread over 17 acres and has a total saleable area of 1.20 million square feet. The first phase of the project constituting 231 apartments in three towers covering 0.27 million square feet was launched in December 2009 and has been fully sold out. Construction of the first phase of the project is expected to begin in 2010-11 and is scheduled to be completed by December 2012. The second phase of the project will be launched during 2010-11.

New Projects

In addition to the remaining phases of its existing projects such as 'Eminente', 'Aura' and 'Aqualily', the Company is in various stages of planning and implementing other new residential developments spread across 46 acres.

The Company is planning another residential development in Mahindra World City, Chennai which will be spread across 18 acres with a total saleable area of 0.80 million square feet. This project, Iris Court, will be implemented by Mahindra Integrated Township Limited, a subsidiary of Mahindra Lifespaces and will address the mid-market segment of the industry. The planning and architectural designs for the project are complete and the first phase of Iris Court is expected to be launched during 2010-11.

Apart from this, other residential projects that are under advanced stages of planning include a residential development through a joint venture (Mahindra Bebanco Developers Limited) in Nagpur spread over 25.2 acres with a saleable area of 1.30 million square feet. The architectural and unit plans for the project are ready and the first phase of the project, which includes row houses, cluster homes and apartments, is expected to be launched during 2010-11.

The Company is also planning to launch a project in Ghatkopar, Mumbai, spread over 2.5 acres with a saleable area of 0.22

million square feet. Planning and architectural design works have been initiated for the project.

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. This is also the first Special Economic Zone (SEZ) in the private sector. Besides this project, the Company added another project in this segment in Rajasthan — 'Mahindra World City', Jaipur, during the previous year. With these two projects, Mahindra Lifespaces has not only pioneered integrated developments in India, but has also created brand equity 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 infrastructure development segment.

Mahindra World City, Chennai

Mahindra World City, Chennai, is 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 networks 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. The Chennai international airport is located 35 kilometres from the World City.

With the recent expansion in area to cater to fresh demand from companies, the project is now spread across 1,550 acres. Besides this, the Company is looking to expand the project by another 100 acres. A part of this land acquisition is already complete and the remaining is expected to be completed during 2010-11. The expansion will be in the Domestic Tariff Area (DTA), with focus on manufacturing companies catering to the domestic market in India. There has been strong interest from leading multi-national companies to take-up this additional space.

During the year under review, corporate houses that have leased developed land parcels in Mahindra World City include Fujitec, Japan, Johnson & Johnson, and Hidromas, Turkey. Besides, companies such as Lincoln Electric, TTK Maps, Freight Systems, Capgemini, Sundaram Clayton, Armstrong and Mecaplast started their operations. Mahindra Research Valley, the central research and development arm of the Mahindra Group's Auto and Farm Equipment sectors has also become operational with people starting to move into their new facility. The centre will be formally inaugurated during 2010-11.

The industrial area in the project has 49 clients of which 27 are in the SEZs and the remaining 22 are in the DTA. Currently, 32 companies operate out of Mahindra World City, Chennai and several others are expected to start functioning soon. During the year, direct employment in the business city increased from 12,000 to 20,000 people. Exports also increased significantly during the year to Rs.2,300 crore from Rs.1,600 crore in the previous year. Once fully operational, Mahindra World City, Chennai, is expected to generate direct employment for approximately 100,000 people.

The Company had earlier renovated the railway station at Paranur to create India's first 'new look' railway station which is used by employees of the companies operating at Mahindra World City to commute to work. The daily traffic has also increased substantially and the station currently handles over 80 EMU and passenger services per day and is a model for successful public private partnership projects in the country. Bus services to Mahindra World City, Chennai, also improved significantly during the year, especially with the commencement of air conditioned services.

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 has completed its first premium housing project 'Sylvan County' during the year, including the clubhouse and other related infrastructure, and currently has over 125 families living in it. During the year, the Company launched another premium residential project 'Aquality' in a joint venture with Arch Capital and is planning to launch another project in the mid-market segment in 2010-11.

During the year, considerable progress was also made in creating social infrastructure necessary to support people residing and operating in the World City. The Mahindra World School, which had received CBSE certification and commenced operations during the previous year with 140 students, now has 278 students. The school has 28 teachers and state of the art facilities including an amphitheatre, mathematics and science labs, indoor and outdoor play facilities and audio visual media in classrooms. Currently operational till class IX, the school will add one grade every year. The first commercial complex of the city, 'The Canopy' spread over 60,000 square feet of retail in four blocks, also added new retail businesses and facilities during the year. This complex is very conveniently located with easy access from both the residential and business zones and has operational a food court, restaurant and cake shop, banks, ATMs, post and telecommunication services, convenience stores, a bookstore, and a medical centre.

With the increasing levels of occupancy and activity, the Company's quarterly customer engagement initiative, "Coalesce" has been received very well by the occupants. This is a communication exercise where Mahindra World City shares the development and improvement steps taken up in the project and also provides a forum for customer feedback 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 business city.

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 proposed to be developed as a Multi Product Special Economic Zone and Domestic Tariff Area across 3,000 acres. During 2009-10, the Company acquired another 32 acres of land to take the total area to 2,636 acres at the end of the financial year. It is in the process of acquiring the remaining land. This 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. When the project becomes fully operational, it is expected to bring in over Rs.10,000 crore of investment and generate direct employment for over 100,000 people.

Currently, the project has received notifications for three SEZs, namely IT/ITES, Light Engineering (including Automotive and Auto Components) and Handicrafts. In the future, the company has plans 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 IT zone which is spread over 383 acres has already been notified as an IT SEZ. **The infrastructure development for the first phase is complete and two anchor customers, Infosys BPO and DBOI Global Services are already operational, generating a direct employment of around 1,000 and exports of around Rs.100 crore during 2009-10.** The Company has also concluded lease transactions with several other blue chip companies such as Infosys Technologies, Nucleus Software, Connexions, Truworth, and Nagarro, and has also signed up with Tech Mahindra and Girnar Software for leasing out land in the project.

In addition to the leasing of land for development, the IT SEZ also includes 'Evolve' — a 1.4 million square feet multi-tenanted IT park spread over approximately 25 acres. Out of the completed construction of 2.3 lakh square feet in the project, around 1.15 lakh square feet space has been leased to DBOI Global Services and 0.39 lakh square feet to EXL Service BPO. Another 0.60 lakh square feet has been committed to Deutsche Bank. Given the demand for space in the segment, the Company is constructing another 0.83 lakh square feet in the project. This is expected to be completed during 2010-11.

The Company has also made good progress in its Light Engineering and Handicrafts SEZs of 250 acres each. Infrastructure development in Handicrafts and Light Engineering SEZs is in full swing and is expected to be completed during 2010-11. During the year, the Company

has signed several MoUs with renowned companies in both the SEZs.

In Handicrafts SEZ, the Company signed an MoU with Rama Handicrafts and lease related agreements were signed with Rajdhani Crafts, Ratan Textiles, Kirat Crafts, Rediprint, GAD Industries and Samurai. In Light Engineering SEZ, the Company signed an MoU with India Agrovision and lease agreements were concluded with Tijaria International, QH Talbros, Dynamic Powertech and Arjay Creations LLP.

Apart from the SEZs, the Company has made significant progress by attracting ICICI Bank and SBI in the Domestic Tariff Area of Mahindra World City, Jaipur. During the year, the Company concluded the lease agreement with State Bank of India for around 30 acres of land for the bank to establish their North India hub in Jaipur.

In terms of additional facilities, the business city already has an operational ATM, food court, fire fighting service, police station and a post office. During the year, the Company signed up agreements with Bharti and Tata Communications to provide telecommunication services in the World City. Mahindra World City, Jaipur, has also been selected as one of the 16 founding projects worldwide, by the Clinton Climate Initiative for creating climate positive cities.

Other Projects

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

Buoyed by the success of Mahindra World City, Chennai, and the current interest among potential customers for land and business spaces in the region, the Company is planning to launch another integrated development in Chennai. This project which will be spread across 1,000 acres towards the North of Chennai, which is home to large industries in the engineering and automobile sector. The project is being designed to provide world class infrastructure to mid-sized ancillary industries of this segment including auto components, electronics, precision engineering and logistics.

Apart from this, the Company is also acquiring land near Pune for a large format development in Maharashtra.

Commercial and Retail

As of 31st March 2010, the Company has developed various commercial projects covering 1.02 million square feet.

In addition, Mahindra Lifespaces through its subsidiary, Mahindra World City Jaipur Limited, is developing 1.40 million square feet of commercial IT space in Mahindra World City, Jaipur. Currently, 0.23 million square feet of development is complete and another 0.85 lakh square feet is under construction at the IT Park, 'Evolve'.

Mahindra Lifespaces has developed several commercial real estate projects in Delhi, Mumbai, Pune and Chennai in the past. The Company currently has developable commercial area in two locations in Mumbai and one in Pune adding up to total saleable area of 0.50 million square feet. The company will take up development at these three locations at the appropriate time.

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.

The scheme envisages supply of high quality potable water to the local textile industries as well as to the inhabitants of Tirupur and surrounding villages. The scheme has been currently set up to supply up to 185 million litres per day (MLD) of water to the consumers. Raw water is extracted from the river Cauvery, treated, stored and distributed to the consumers on a 24x7 basis. Apart from the quality of water, the advanced technology and automation enables high operating efficiencies and low levels of losses and wastage.

The project also includes domestic waste water collection and treatment implemented through a 15 MLD sewerage treatment plant. While the water supply project has been uninterruptedly supplying high quality water to its consumers, construction of the sewerage treatment plant is now virtually complete and trial operations have commenced.

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 since 1999. A surveillance audit for the quality management system of the Company was carried out successfully during the year. The Company's existing Quality Policy was also revised during the year in line with the need for continual improvement and moving towards total quality management principles. **During the year, the Company embraced 'Mahindra Quality Way', a Total Quality Management (TQM) initiative to enable the company to integrate business and management processes to strive for excellence and improve the quality of final product for enhanced customer satisfaction.**

The Company also carried-on with its previous year's initiative to established quality control laboratories at all its project sites, which have equipment to carry out quality checks on the material used in construction. During this year, the project specific quality plan was revised 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. Another major quality initiative taken by the Company includes experimental flats, where tests are carried out on a bare shell flat to identify areas of improvement and take corrective action.

During the year, the Company explored several innovative initiatives to improve the quality of product and processes, bring down the construction cycle time, and make operations more competitive. These include use of BIM technology, a 3-D model for integration of all services with civil design and development for error-free and faster construction, pre-

fabricated glass fibre reinforced gypsum wall panels, wire mesh concrete structures called 'ferrocrete', and enzyme technology for soil stabilisation in roads. Besides these, the Company has also filed for a patent for a more durable variety of fly ash brick that was developed in-house. The final assessment for the grant of patent is yet to be carried out by the authorities.

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. During the year, **Mahindra Lifespaces received the certification for best practices in health and safety systems as per OHSAS 18001:2007 (Occupational Health and Safety Assessment Series 18001:2007) for all its projects and Head Office.**

Sustainable Development

Mahindra Lifespaces has been in the forefront of the real estate industry in India to protect the environment through sustainable construction practices. **Mahindra Splendour won the Cityscape Awards 2009 in the Best Developer – Green Development (Future) category.**

During the year, the Company, continued with its focus on building environment friendly and energy efficient 'Green Buildings', in line with the standards established by the Indian Green Building Council's (IGBC) Green Home Rating System, with Aquality achieving Gold pre-certification. The Company has also applied for the pre-certification of the new phases of Eminence. The Company is also in the process of getting some of its in-house engineers and architects IGBC accredited for analysing the energy efficiency of its buildings.

During the year, the Company also prepared a Sustainability Roadmap for the next five years, as a part of which each Mahindra Lifespaces project has set one sustainability target. As a member of the Mahindra Group, Mahindra Lifespaces also actively participates in the sustainability council of senior executives of the Group to facilitate the Group's journey towards Corporate Sustainability Reporting. The preparation of the sustainability report for 2009-10 is under progress. For each of the previous two editions, the sustainability report achieved a performance rating of A+ by GRI.

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, made available medical and education assistance to economically disadvantaged and socially weaker sections of the society through the Mahindra Foundation's Central CSR fund. The Company also contributed funds to the Foundation for helping hearing impaired children from lower socio-economic strata of the society by gifting them with cochlear implants.

In addition, Mahindra Lifespaces independently carries out a variety of social initiatives in the areas 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 kids to enable them to earn their livelihood. In another initiative called 'Mahindra Re-Union', the Company jointly with NGOs, SAMTOL Foundation Mumbai and Hindu Sewa Sangh Mumbai, carried out a counselling camp for run-away kids. Out of 28 boys, parents of 22 boys were traced and were reunited with their families. The remaining were moved away from the street life and relocated with shelter homes. The Company also undertook repairs of play ground, pathways and drainage system of 'Asha Sadan' — a rescue home for girls run by Maharashtra State Women's Council.

During the year, on the International Women's Day, employees of the Company visited the Mount Mary Convent in Mumbai to celebrate the occasion with girl children. There were 150 children in the age group of 5 to 15 years. Apart from distributing sweets, the team also participated in a cultural programme organised for the event. Besides this, the members, under the concept "Pehla Kadam" donated old clothes, toys, bed sheets and money to the convent.

In the area of healthcare, a blood donation camp and a free medical health check-up camp for our workmen was organised by our members in Pune in coordination with Lions Club. The initiative reached out to the people in many neighbouring companies who actively participated in the initiative and benefited from it.

The Company also carried out maintenance of the major project on environment and sustainability launched in the previous year, which involved the plantation of 50,000 trees and creating water bodies. An additional 2000 trees were planted this year. 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.

The Company's subsidiary, Mahindra World City Developers Limited (MWCDL) successfully completed training of 700 students in its 'Multi Level Skill Training Initiative' for residents of adjacent localities. In another initiative called 'Teen Channel', the Company enables school dropouts to complete high school and proceed with higher studies. Over 500 students have benefited from the program so far.

During the year, Mahindra World City, Jaipur, concluded training of its first batch of 128 school drop-outs and unemployed youth under its "Employability Training Programme". 92 of the trained candidates have subsequently been employed and a new batch of another 130 candidates is in the process of commencing the programme. The Company also carries out a skill upgradation and entrepreneurship development programme for members of the local communities. Besides, it also supports local educational institutions and works for the environment by encouraging green practices such as tree plantation.

Project Harmony

Mahindra Lifespaces actively participated in this Group-level project which not only focused on integrating the IT infrastructure but also involved implementing a harmonised set of processes across all group companies to give a "OneMahindra" experience to all employees in the Group.

Apart from the elements of Human Resources and IT, which are discussed in subsequent sections, this cross functional exercise was also aimed at streamlining processes across functions such as Finance and Indirect Procurement.

The objective was to develop a common business platform to drive IT and operational excellence across the group — and help enable growth, reduce costs and exploit group synergies. Important qualitative benefits of the initiative are: rapidly disseminate best practices within the group, ability to focus on core business activities and outsource transactional activities, exploit synergies between common and inter-dependent businesses, support compliance, risk management and governance across the group, and facilitate talent management at the group level. Apart from these, the initiative has the capability to generate substantial savings by aggregating individual purchases and carrying out joint negotiations for group volumes for common items and shared services.

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. With the implementation of "Project Harmony", the HR transactional processes such as leave management, travel requests and medical claims have been integrated with the ERP system and are the same as across other Companies in the Mahindra Group.

The Performance Management System (PMS) was further strengthened by introducing an online feedback for employees to measure the effectiveness of the system. This is expected to make the process more objective and fair. The Company also carried out the Gallup – Employee Engagement survey, where the results showed significant improvements compared to the previous year.

Mahindra Lifespaces also started two initiatives under the banner "Expressions" — one is a quarterly newsletter and the other is a half yearly communication forum with the MD & CEO. The communication forum was one of the most widely appreciated initiatives which gave employees a common platform to share their views with the top management.

During the year, the Company also carried out several learning and development programmes. Workshops on "team building" and "effective communication" were also organised to motivate and build capabilities within the organisation. In another major programme at the Group level, managers were nominated for the "Harvard ManageMentor E-Learning Module", an online performance support program designed to help members succeed as a manager without slowing down.

As of 31st March 2010, the company had 195 employees on permanent rolls and 256 employees including the subsidiaries. Employee relations during the year remained cordial.

Information Technology

2009-10 was an important year for Mahindra Lifespaces and its subsidiaries as the SAP system went live on 6th April, 2009. Within a few months, the teething problems were resolved and the system was stabilised.

With the implementation of "Project Harmony", the Company currently benefits from a seamless integration with the best-in-class IT infrastructure of the parent company, Mahindra & Mahindra Limited. This has also allowed the Company to benefit from several initiatives taken at the Group level. Some key technology adoptions and initiatives of the Company during the year include:

- System to keep track of support call for SAP
- Authorisation Control for SAP Systems
- Online IT service desk and IT infrastructure asset management.
- Common telecom service provider across all locations for Mahindra Litespace and its subsidiaries to simplify and reduce communication cost
- Upgradation of the office system to MS Office 2007 and implementation of MS Office Communicator System

Financials

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

Table 1: Abridged Consolidated Profit and Loss Statement
(Rs. in crore)

	2009-10	2008-09
Operating Income	417.9	341.8
Other Income	22.1	29.4
Total Income	440.0	371.2
Operating Expenses	253.1	229.0
Other Expenses	52.1	40.3
Financial Expenses	9.3	3.7
Depreciation	6.6	(3.9)
Total Expenditure	321.1	269.1
PBDIT	134.8	101.9
PBDT	125.5	98.2
PBIT	128.2	105.8
PBT	118.9	102.1
Tax	38.3	29.9
PAT	80.5	72.2
Minority Interest	2.0	6.5
PAT (After Minority Interest)	78.5	65.6
Diluted EPS (Rs.)	18.9	15.8

During 2009-10, Mahindra Lifespaces delivered a creditable performance. Here are the key results.

Income from operations grew by 22.3 per cent from Rs. 341.8 crore in 2008-09 to Rs. 417.9 crore in 2009-10. In contrast, other income declined marginally to Rs.22.1 crore during the year. As a result, consolidated total income of the Company increased by 18.5 per cent from Rs.371.2 crore in 2008-09 to Rs.440 crore in 2009-10.

The Company was able to exercise significant control on its operating expenses to limit its growth to 10.6 per cent during the year. Consequently, operating profits (PBDIT) grew at an exceptional rate of 32.2 per cent from Rs.101.9 crore in 2008-09 to Rs.134.8 crore in 2009-10. Operating profitability, ratio of PBDIT to total income also increased from 27.5 per cent in 2008-09 to 30.6 per cent in 2009-10.

Although there was increase in financial expenses from Rs.3.7 crore in 2008-09 to Rs.9.3 crore during 2009-10, the Company's debt servicing situation remained comfortable. After accounting for financial expenses, cash profits (PBDT) increased at 27.8 per cent from Rs. 98.2 crore in 2008-09 to Rs. 125.5 crore in 2009-10. Profit before taxes (PBT) increased to Rs.118.9 crore during 2009-10.

Consolidated net profits (PAT) before minority interest grew by 11.6 per cent from Rs.72.2 crore in 2008-09 to Rs.80.5 crore in 2009-10. However, after minority interest, PAT increased by 19.6 per cent from Rs.65.6 crore in 2008-09 to Rs. 78.5 crore in 2009-10. As a result, diluted EPS also increased from Rs.15.8 in 2008-09 to Rs. 18.9 in 2009-10.

Mahindra Lifespaces has a comfortable capital structure with a debt equity ratio of less than 50 per cent for the consolidated entity. The liquidity situation of the Company during the year remained comfortable and surplus funds generated during the year have been invested in credit worthy instruments, including money market mutual funds and deposits with banks.

Demand from Maharashtra State Electricity Distribution Company Limited (MSEDCL)

During the year 2008-09 MSEDCL had raised an assessment bill for Rs.21.64 crore on the Company pertaining to a commercial complex at Pune. The Company has filed an appeal before Adjudicating Officer at Mumbai for quashing the said demand.

Demand from Income Tax Department

In respect of certain business incomes re-classified by the Income Tax Department as income from house property and other disallowances, the Company has succeeded at the Appellate Tribunal for some assessment years and is pursuing the matter further with the appellate authorities for other years. The liability net of Deferred Tax Asset / Liability would be Rs. 891.19 lakh (previous year Rs. 1,012.69 lakh).

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

The real estate industry in India was significantly affected by the global economic slowdown. Although the situation has

improved considerably during the year, sustained economic growth is the key to a stable growth in demand for the industry. Secondly, given the important role an expansionary fiscal policy has played in the improvement in economic performance, the withdrawal of the fiscal stimulus can adversely impact the industry. Third, with high domestic inflation, the Reserve Bank is under pressure to end its current cycle of monetary easing. Significant increase in interest rates, especially for home loans, can have a direct impact on the performance of the real estate sector and the Company.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, **the Company's focus on both residential and integrated developments has been a significant source of comfort during periods of poor economic performance. The Company's prudent financial management has also kept it relatively insulated from the financial crises and the economic downturn. The Company's initiatives to improve processes, bring down cost of implementation, and deliver value have borne fruit — allowing it to differentiate itself and withstand competition in the event that interest rates go up.**

Operational Risks

Key operational risks faced by the Company include longer gestation period for procurement of land, inability to sell the projects as per plan, 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 some of 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 in its residential and commercial business or in its integrated development projects.

In its integrated development business, the Company, with its approach towards acquisition of land based on fairness and trust, and transparent processes in developing the projects, has effectively mitigated some of the regulatory risks. The Company strongly believes that only those developments which are conceived at good locations and are clearly focused on upfront industrial infrastructure development within an integrated framework will stand the test of time.

Also, the Company's Mahindra World City offerings are broad based and aimed at businesses servicing both the 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 adequate internal controls 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

2010-11 is expected to be a much better year for the global economy. Advanced economies are expected to come out of the recession and post positive growth. The Indian economy, which continued to grow at a healthy rate during the crisis, is also expected to see a significant step-up in growth rates. At around 8 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 such growth levels can be sustained for a longer period of time. The Company also believes that this will continue to drive the demand for real estate across all segments in which the Company operates. The demand from the residential segment increased rapidly during the year. And the Company expects this trend to continue during 2010-11. At the same time, the Company expects interest from businesses for land and commercial developments to increase significantly during 2010-11.

The Company is well positioned to benefit from this opportunity and its outlook for 2010-11 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 on 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 the revised Clause 49 and has established procedures and systems to remain fully compliant with it as on 31st March, 2010.

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

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 over one half of the total number of Directors comprises independent Directors. None of the Directors are related to any other Director. The Management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Managing Director & Chief Executive Officer who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objective of enhancing stakeholders value is met. The Managing Director and Chief Executive Officer is an executive of the Company.

Mr. A. K. Nanda, non-executive Chairman of the Company, was in the whole-time employment of Mahindra and Mahindra Limited (M&M), the holding company and was drawing remuneration from it. He has resigned as an Executive Director of M&M with effect from the close of working hours on 31st March, 2010 and has been appointed as a non-executive Director on the Board of Directors of M&M, with effect from 1st April, 2010.

Mr. Uday Y. Phadke, non-executive Director of the Company is in the whole-time employment of the holding Company, Mahindra & Mahindra Limited and draws remuneration from it. Apart from the above and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Independent Directors 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 Directors of the Company are not inter-se related to each other.

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

a) Number of Board Meetings

Seven Board meetings were held during the year under review, 1st April, 2009 to 31st March, 2010, on the following dates: 24th April, 2009, 23rd June, 2009, 24th July, 2009, 3rd September, 2009, 26th October, 2009, 20th January, 2010 and 15th March, 2010. The maximum gap between any two meetings did not exceed four months. The last Annual General Meeting was held on 24th July, 2009.

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

As on 31st March, 2010, the Company's Board comprised seven members. The Chairman of the Board is a Non-Executive, Non-Independent Director. Two members of the Board are Non-Executive, Non-Independent Directors. The Managing Director & Chief Executive Officer is an Executive of the Company. Four members of the board 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	7	4	Yes
Mr. Arun Nanda, Chairman ##	Non-Executive Non-Independent	7	7	Yes
Mr. Uday Y. Phadke	Non-Executive Non-Independent	7	7	Yes
Mr. Sanjiv Kapoor	Non-Executive Independent	7	7	Yes
Mr. Shailesh Haribhakti	Non-Executive Independent	7	5	Yes
Mr. Anil Harish	Non-Executive Independent	7	3	Yes
Dr. Prakash Hebalkar	Non-Executive Independent	7	4	Yes
Mr. Pawan Malhotra*	Executive (Managing Director)	7	2	N.A.
Ms. Anita Arjundas**	Executive (Managing Director & Chief Executive Officer)	7	6	Yes

Resigned as Chairman and Director with effect from 15th March, 2010.

Elevated as Non-Executive Chairman with effect from 15th March, 2010.

* Resigned as Managing Director and Director with effect from 23rd June, 2009.

** Appointed as Managing Director & Chief Executive Officer with effect from 23rd June, 2009.

c) Details of Directorships/Committee Memberships* as of 31st March, 2010

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

Name of the Director	Director of Public Companies	Membership in Committee**	Chairmanship in Committee**
Mr. Anand G. Mahindra @ (Non-Executive Chairman)	13	1	—
Mr. Arun Nanda @@ (Non-Executive Chairman)	15	8	4
Mr. Uday Y. Phadke (Non-Executive Director)	11	9	4
Mr. Sanjiv Kapoor (Independent Director)	5	2	2
Mr. Shailesh Haribhakti (Independent Director)	15	10	5
Mr. Anil Harish (Independent Director)	14	9	5
Dr. Prakash Hebalkar (Independent Director)	2	3	—
Mr. Pawan Malhotra # (Managing Director)	2	1	—
Ms. Anita Arjundas ## (Managing Director & Chief Executive Officer)	12	3	—

* Including Directorship/Committee Memberships in Mahindra Lifespace Developers Limited as of 31st March, 2010.

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

@ Resigned as Chairman and Director with effect from 15th March, 2010.

@@ Appointed as Non-Executive Chairman with effect from 15th March, 2010. Earlier he was the Vice-Chairman of the Board of Directors and of the Company.

Resigned as Managing Director and Director with effect from 23rd June, 2009.

Appointed as Managing Director & Chief Executive Officer with effect from 23rd June, 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 & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed operations report is also presented at every Board Meeting. Amongst other things, the Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non-Executive Directors, compliance with statutory/regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors' 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, noting of 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 & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

3. Notes on Directors seeking Appointment/Re-Appointment

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

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

Mr. Anil Harish

Mr. Anil Harish graduated in Arts (Hons), did his LLB and then went to USA to pursue LLM. Mr. Harish is partner of M/s D M Harish & Co, Advocates. Mr. Harish is Director of several Private and Public Companies and has written articles for various magazines and professional journals. An authority on various topics related to real estate, taxation and collaboration, international investment, corporate laws and personal laws, he has addressed various seminars at both national as well as international levels.

He is Associate Vice President of Society of Indian Law Firms (SILF), and a member of Editorial Panel of the Magazine, "Property Scape", on the Advisory Board of Accommodation Times, Institute of Real Estate Management and on the Advisory Committee of All India Business Council. He is President of Hyderabad (Sind) National Collegiate Board. He is Trustee of D M Harish Foundation (Scholarships, Moot Court), Venture Capital Fund, "CIG Realty" and several other Charitable Trusts.

Mr. Harish is on the Board of Mahindra Lifespace Developers Limited, Valecha Engineering Limited, Hinduja Ventures Limited, K. C. Maritime (India) Limited, Advani Hotels & Resorts (India) Limited, Hotel Leela Venture

Limited, Mukta Arts Limited, Unitech Limited, Pantaloon Retail (India) Limited, Ador Welding Limited, Hinduja Global Solutions Limited, Futures Ventures India Limited, Ashok Leyland Limited, Oberoi Realty Limited, Trans Atlantic Consultants Private Limited, Quantum Advisors Private Limited, Helpyourngo.com (India) Private Limited, Freight Connection (India) Private Limited, Torm Shipping India Private Limited, Cenmar Maritime Agencies (India) Private Limited, Blue Rose Invt. P. Limited, Ge Seaco India Private Limited, Bharti AXA Investment Managers Private Limited, Oasis Preprint Services Private Limited, Mordril Properties (India) Private Limited, OMCI Shipmanagement Private Limited and Astoria Maritime Private Limited.

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

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

Mr. Harish's son and daughter hold 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7000 equity shares.

Mr. Uday Y. Phadke

Mr. Uday Y. Phadke is President – Finance & Legal of Mahindra & Mahindra Ltd. and is also a Member of the Group Executive Board.

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

Mr. Phadke is the Vice Chairman of Mahindra & Mahindra Financial Services Limited.

Mr. Phadke has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce and

Industry and on the Accounting Standards of Board of the Institute of Chartered Accountants of India. He is presently a Member of National Advisory Committee on Accounting Standards constituted under the Companies Act, 1956. He is also a Member of the Working Group on "Employee Benefits" constituted by the International Accounting Standards Board.

Mr. Phadke is on the Board of various Group companies such as Mahindra Lifespace Developers Limited, Mahindra & Mahindra Financial Services Limited, Mahindra Holidays & Resorts (India) Limited, Mahindra Gujarat Tractor Limited, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Mahindra Holdings Limited, Mahindra Rural Housing Finance Limited, Mahindra Insurance Brokers Limited and Mahindra Renault Private Limited. He is also on the Audit Committee of most of these Companies.

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

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

Mr. Phadke does not hold any shares in the Company.

Mr. Sanjiv Kapoor

Mr. Sanjiv Kapoor, a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India, is the senior partner of M/s. S K Kapoor & Co, Chartered Accountants, one of the leading Chartered Accountancy firms. As a partner of the firm, he has conducted audits of number of large institutions and corporations and PSUs such as Reserve Bank of India, Life Insurance Corporation of India, NTPC Limited, Indian Oil Limited, UTI, Bharat Sanchar Nigam Limited and commercial banks.

Mr. Kapoor has been a Director of Mahindra & Mahindra Limited, Ballarpur Industries Limited, Indian Bank, Corporation Bank, UPSE Securities Limited, Sahara Asset Management Company (P) Limited, Sahara India Life Insurance Company 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.

At present Mr. Kapoor is a Director on the Board of Mahindra Litespace Developers Limited, Mahindra World City Developers Limited, Mahindra Ugine Steel Company Limited & UP Stock Exchange Limited.

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
Mahindra Ugine Steel Co. Limited	Audit Remuneration	Member Member
U.P. Stock Exchange Limited	Disciplinary Committee	Member

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

4. Codes of Conduct

The Board of Directors of the Company has laid down two separate Codes of Conduct — one for Directors and another 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 respective Code of Conduct for the year under review. A Declaration signed by Managing Director & Chief Executive Officer to this effect is annexed to this report.

5. CEO /CFO Certification

As required under Section V of the Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director & Chief Executive Officer and General Manager – Finance of the Company have certified to the Board regarding their review on the Financial Statements, Cash flow Statements and other matters related to internal controls in the prescribed format for the year ended 31st March, 2010.

6. Remuneration paid to Directors

Remuneration Policy

While deciding on the remuneration for Directors, the Board and Compensation Committee (Committee) considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), his/ their experience, past performance and other relevant factors. The Board / Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

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 & the Chief Executive Officer 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 the Managing Director or any Director in the whole time employment of the parent Company 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 2009-10 is set forth below:

(Rs. in lakh)

Name of the Director	Category	Sitting Fees	Commission (Note 5)	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 Chairman *	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Uday Y. Phadke	Non-Executive	(Note 1)	Nil	Nil	Nil	Nil
Mr. Sanjiv Kapoor	Independent	1.40	5.00	Nil	Nil	6.40
Mr. Shailesh Haribhakti	Independent	1.20	5.00	Nil	Nil	6.20
Mr. Anil Harish	Independent	0.90	5.00	Nil	Nil	5.90
Dr. Prakash Hebalkar	Independent	0.50	5.00	Nil	Nil	5.50
Mr. Pawan Malhotra Managing Director (Note 6 & 7)	Executive	(Note 1)	Nil	9.90	1.49	11.39
Ms. Anita Arjundas Managing Director & Chief Executive Officer (Note 8 & 9)	Executive	(Note 1)	Nil	58.29	6.17	64.46

* Upon resignation of Mr. Anand G. Mahindra as Chairman and Director with effect from 15th March, 2010, Mr. Arun Nanda who was the Vice-Chairman was elevated as the Chairman of the Board of Directors and of the Company.

Notes :

- Non-Executive – Non-Independent Directors and the Managing Director & Chief Executive Officer 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.
- Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
- The Company has not advanced any loan to any Director.
- Except for Mr. Anand G. Mahindra and Dr. Prakash Hebalkar, the Company has granted Stock Options to the following Directors during the year 2008-09:

Name of the Director	No. of Stock Options granted on 25th April, 2008
Mr. Arun Nanda	2,00,000
Mr. Hemant Luthra	10,000
Mr. Uday Y. Phadke	10,000
Mr. Anil Harish	10,000
Mr. Sanjiv Kapoor	10,000
Mr. Shailesh Haribhakti	10,000
Mr. Pawan Malhotra	50,000
Ms. Anita Arjundas	50,000

5. Commission to Non-Executive Directors

Name of the Director	Amount (Rs. in Lakh)
Mr. Anil Harish	5
Mr. Sanjiv Kapoor	5
Mr. Shailesh Haribhakti	5
Dr. Prakash Hebalkar	5
Total	20

Employee Stock Option and Commission are the only components of remuneration that are performance-linked. All other components are fixed.

- Mr. Pawan Malhotra has resigned from the Board of the Company with effect from 23rd June, 2009.
- Salary to Mr. Pawan Malhotra includes
 - Salary and Allowances of Rs. 9.72 lakh
 - Perquisites of Rs. 1.67 lakh
- Ms. Anita Arjundas has been appointed as Managing Director & Chief Executive Officer (Executive Director) with effect from 23rd June, 2009.
- Salary to Ms. Anita Arjundas includes
 - Salary and Allowances of Rs. 49.75 lakh
 - Perquisites of Rs. 0.32 lakh
 - Performance pay of Rs. 14.39 lakh.

The nature of employment of the Managing Director & Chief Executive Officer with the Company is contractual and can be terminated by giving three months notice from either party. The contract does not provide for any severance fees. Ms. Arjundas's appointment is for a period of 5 years from 23rd June, 2009.

Shares and Convertible Instruments held by Directors

The detail of the Stock Options granted to the Directors is given under Note 4 of the previous section on Remuneration Policy.

As on 31st March, 2010:

- Mr. Arun Nanda holds 42,500 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company.
- Mr. Anil Harish's son and daughter hold 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7000 equity shares.
- Mr. Shailesh Haribhakti holds 100 equity shares in the Company.
- Mr. Uday Y. Phadke, Mr. Sanjiv Kapoor, Dr. Prakash Hebalkar and Ms. Anita Arjundas 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, viz. Mr. Uday Y. Phadke. Mr. Sanjiv Kapoor is the Chairman of the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee has been granted powers as prescribed under Clause 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.

During the year under review six meetings of the Committee were held on following dates: 24th April, 2009, 23rd July, 2009, 3rd September, 2009, 26th October, 2009, 19th January, 2010 and 25th February, 2010. The maximum gap between any two meetings did not exceed four months. Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Mr. Uday Y. Phadke attended all meetings; Mr. Anil Harish attended three meetings. Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 24th July, 2009.

The Vice-Chairman, the Managing Director & Chief Executive Officer, the Chief Operating Officer, the General

Manager – Finance, 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 comprises two Non-Executive Directors, 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.

Remuneration Committee

The Remuneration Committee of the Company comprises three Independent Directors, viz. Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Mr. Anil Harish, and one Non-Executive – Non-Independent Director, viz. Mr. Arun Nanda. Mr. Sanjiv Kapoor is the Chairman of the Committee. The terms of reference of the Remuneration Committee, inter-alia consist of determining 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 23rd June, 2009. Mr. Arun Nanda, Mr. Sanjiv Kapoor and Mr. Shailesh Haribhakti attended the meeting.

Loans & Investment Committee

The Loans & Investment Committee of the Company comprises three Non-Executive Directors, viz. Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Anil Harish who is also an 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 three meetings of the Committee were held on 2nd June, 2009, 17th July, 2009 and 31st December, 2009. Mr. Phadke and Mr. Harish attended all the meetings. Mr. Nanda attended two meetings.

Committee of Directors

The Board at its meeting held on 3rd September, 2009 had constituted a Committee of Directors consisting of Mr. Arun Nanda, Mr. Uday Y. Phadke and Dr. Prakash Hebalkar to evaluate the business plan of Knowledge

Township Limited (KTL) (a Subsidiary of the Company) and to consider and approve investment into KTL from time to time.

The Board in its meeting held on 26th October, 2009 inducted Ms. Anita Arjundas as a member of the Committee and enlarged the terms of reference of the Committee by authorising the Committee to consider and approve proposals for investment in the Water Sector.

The Committees' objective is to consider and approve within parameters set by Board, the terms on which investment be made by the Company from time to time in KTL as well as in the Water Sector.

Mr. Arun Nanda is Chairman of the Committee. During the year, one meeting of the Committee was held on 9th September, 2009 which was attended by all Committee members.

8. General Shareholder Information

Eleventh Annual General Meeting

Day / Date : Wednesday, 21st July, 2010
Time : 3.00 p.m.
Venue : Y.B. Chavan Centre,
Gen. Jagannathrao Bhonsle Marg,
Next to Sachivalaya Gymkhana,
Mumbai 400 021.

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

Year	Date	Time	Venue
2007	17 th September, 2007 8 th AGM	3.00 p.m.	Y B Chavan Centre, Mumbai
2008	28 th July, 2008 9 th AGM	3.00 p.m.	Y B Chavan Centre, Mumbai
2009	24 th July, 2009 10 th AGM	10.30 p.m.	Y B Chavan Centre, Mumbai

Details of special resolutions passed in Annual/Extra ordinary General Meetings held during past three years

<p>8th AGM 17th September, 2007</p> <p>9th AGM 28th July, 2008</p>	<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 and remuneration of Managing Director & Chief Executive Officer. For modification to Employees Stock Option Scheme with respect to the Fringe Benefit Tax (FBT). Commission to Non-Executive Directors.
--	--

<p>10th AGM 24th July, 2009</p>	<ul style="list-style-type: none"> For appointment and remuneration of Managing Director & Chief Executive Officer. For Maintenance of the Register of Members and related books at a place other than the Registered Office of the Company.
--	--

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

Saturday, 17th July, 2010 to Wednesday, 21st July, 2010 (both days inclusive)

Dividend Payment Date

On or after 22nd July, 2010

Financial Year

The financial year covers the period from 1st April, 2009 to 31st March, 2010

Financial reporting for 2010 – 11 (Tentative)

The First Quarter Results – 30th June, 2010	By end of July, 2010
The Half Yearly Results – 30th September, 2010	By end of October, 2010
Third Quarter Results – 31st December, 2010	By end of January, 2011
Approval of Annual Accounts – 31st March, 2011	By end of April, 2011

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, 2011.

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

BSE 532313

NSE MAHLIFE

Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares - INE813A01018

MAHINDRA LIFESPACE DEVELOPERS LIMITED

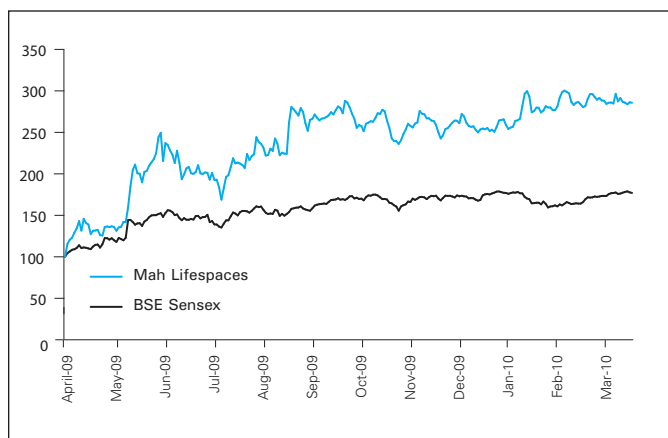
BSE and NSE – Monthly High / Low and Volumes

Year	Month	BSE			NSE		
		High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
2009	April	218.00	131.00	729083	218.50	130.00	1907662
2009	May	299.00	171.05	1327229	298.55	171.60	2858215
2009	June	340.00	241.15	2140931	339.00	241.15	3362290
2009	July	311.80	225.25	990255	311.90	226.60	1875085
2009	August	387.00	287.00	1478753	388.95	288.00	3221294
2009	September	396.90	335.55	404280	396.80	338.00	1217222
2009	October	382.75	315.50	406922	368.80	313.25	1023203
2009	November	378.80	311.50	182004	377.80	312.00	707739
2009	December	371.85	332.15	240713	374.50	330.55	653055
2010	January	424.80	335.15	1738409	423.30	336.00	3003745
2010	February	415.90	356.50	830598	415.90	356.50	593233
2010	March	410.00	375.00	339890	411.00	377.00	686784

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

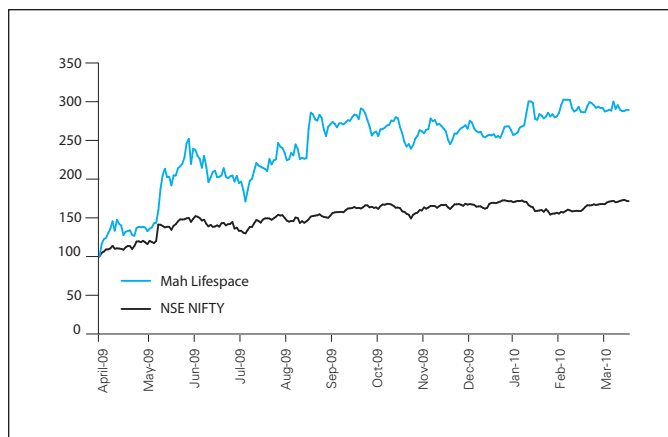
Year	Month	MLDL's Share's Closing Prices on BSE on the last trading day of the Month (Rs.)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month	BSE Realty Index at the Close of last trading day of the month
2009	April	169.00	11403.25	4278.54	4140.42	2130.41
2009	May	281.75	14625.25	5480.11	5520.25	3819.89
2009	June	269.65	14493.84	5296.58	5492.03	3207.19
2009	July	300.60	15670.31	5737.09	5940.38	3908.77
2009	August	368.80	15666.64	5774.96	6044.61	4413.59
2009	September	376.30	17126.84	6302.19	6552.75	4509.66
2009	October	321.75	15896.28	5846.03	6142.43	3827.13
2009	November	331.25	16926.22	6245.49	6584.98	3660.45
2009	December	340.35	17464.81	6456.97	6842.25	3855.78
2010	January	376.05	16357.96	6061.68	6509.90	3500.22
2010	February	376.75	16429.55	6114.27	6518.38	3236.69
2010	March	383.90	17527.77	6521.55	6919.55	3273.56

Chart A: Mahindra Lifespaces Share Performance versus BSE Sensex



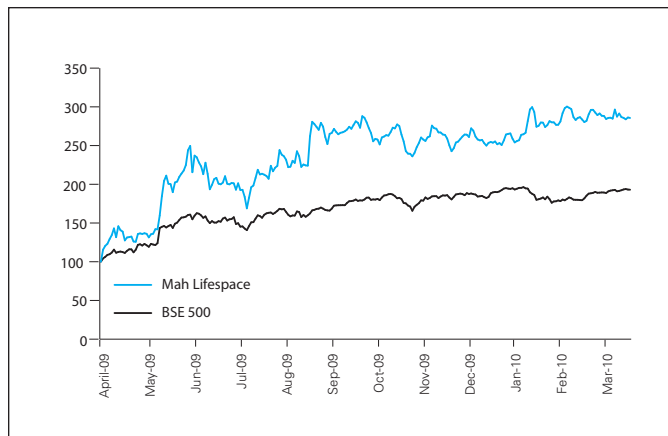
Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 1st April 2009

Chart B: Mahindra Lifespaces Share Performance versus NSE NIFTY



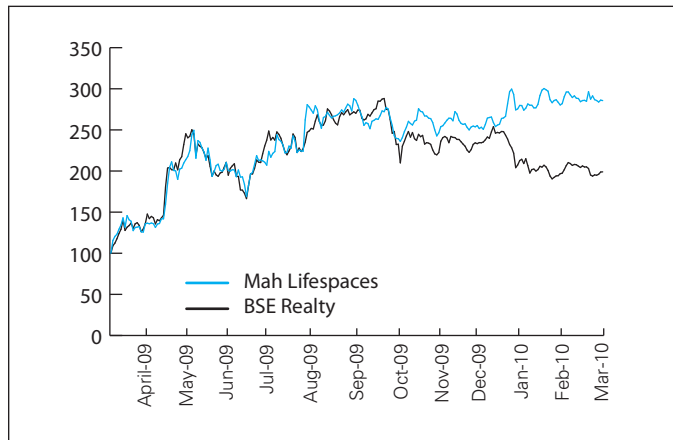
Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 1st April 2009

Chart C: Mahindra Lifespaces Share Performance versus BSE 500



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 1st April 2009

Chart D: Mahindra Lifespaces Share Performance versus BSE Realty



Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 1st April 2009

Registrar and Share Transfer Agent

Sharepro Services (India) Private 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

Investor Relation Centre

Sharepro Services (India) Pvt. Limited
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400021.
Tel : 022 - 66134700

Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, Mr. Suhas Kulkarni, Company Secretary has been authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer provided that the transferee does not hold 100,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2010

No. of Equity shares	No. of share-holders	% of share-holders	No. of shares held	% of share-holding
1 - 100	75945	90.84	1718846	4.21
101 - 200	3870	4.63	575354	1.41
201 - 300	1327	1.59	336769	0.82
301 - 400	659	0.79	235459	0.58
401 - 500	523	0.63	247316	0.60
501 - 1,000	738	0.88	543150	1.33
1,001 - 2,000	275	0.33	393686	0.97
2,001 - 3,000	92	0.11	228559	0.56
3,001 - 4,000	41	0.05	144665	0.35
4,001 - 5,000	20	0.02	92273	0.23
5,001- 10,000	38	0.04	268521	0.66
10,001 & above	72	0.09	36024552	88.28
Total	83600	100.00	40809150	100.00

Shareholding Pattern as on 31st March, 2010

Category	No. of Equity shares held	% of shareholding
Promoters	20846126	51.08
Insurance Companies & Banks	488516	1.20
UTI and Mutual Funds	5124433	12.56
FII's	8130078	19.92
NRI's/OBC	220943	0.54
Bank of New York (for GDR Holders)	86070	0.21
Domestic Companies	629372	1.54
Resident Individuals	5283612	12.95
Total	40809150	100.00

Dematerialisation of Shares

As of 31st March, 2010, 39,994,885 shares (98.00%) 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, 2010 outstanding GDR's represent 86,070 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: 022-33273000 / 39493300

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: 95-20-39493300 / 33273700

The Canopy, II Floor, Unit.No-II
Mahindra World City
Special Economic Zone,
Natham Sub P.O., Near Paratur 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: 022-33273000 / 39493300
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, 2009 to 31st March, 2010

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	7
2. Number of complaints resolved	7
3. Complaints pending as at 31 st March, 2010	Nil
4. Number of share transfers pending for approval as at 31 st March, 2010	Nil

There were no pending complaints as on 31st March, 2010.

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 and the rules framed thereunder.

10. Materially Significant Related Party Transactions

During the financial year 2009-10, 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. 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, 2010, 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. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

13. Corporate Governance Voluntary Guidelines 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporates and after consideration of the feedback received from them would review these guidelines for further improvements after a period of one year.

The Company has been a strong believer in good corporate governance and has been adopting the best practices

that have evolved over the last decade.

As of 31st March, 2010, the Company is compliant with some of the Voluntary Guidelines to the extent that they are consistent with provision of Clause 49 of Listing Agreement.

13. 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, 2010, none of the subsidiary companies 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 Economic Times (English) and Maharashtra Times (Marathi). 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 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, Anita Arjundas, Managing Director & Chief Executive Officer 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**

Anita Arjundas
Managing Director & Chief Executive Officer

Mumbai, 23rd April, 2010

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, 2010 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 Chief Executive Officer & CFO, have been certified by the Managing Director & Chief Executive Officer 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, 2010, no grievances are pending for period exceeding one month against the Company as per the records maintained by the Share Transfer and Shareholder's Grievances 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
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W
Padmini Khare Kaicker
Partner
M. No. 44784
Mumbai
Dated: 23rd April, 2010

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 2010 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. 5 of Schedule 20 regarding change in the method of recognition of revenue due to which operating income for the year is lower by Rs. 71 lakhs and profit after tax is lower by Rs. 22 lakhs.
 - ii. Note No. 8 (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.
 - iii. Note No. 10 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.
 - 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, 2010,
 - 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, 2010, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 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
B. K. Khare and Co.
Chartered Accountants
 Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
 Membership No. 44784

Mumbai
 Dated: April 23, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of Mahindra Lifespace Developers Limited ended 31st March, 2010.

- 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 disputed Income Tax demand as under:

Sr. No.	Assessment Year	Nature of Dues	Amount Rs. in lacs	Forum where case is pending
1	2007-08	Income Tax	425.08	Commissioner of Income Tax (Appeals)
2	2005-06	Penalty	28.74	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) The Company did not have any term loans outstanding during the year.
- 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 as per the 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
B. K. Khare and Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Mumbai
Dated: April 23, 2010

Balance Sheet as at 31st March, 2010

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,080.92	5,080.92
Employee Stock Option Outstanding	2	40.17	21.42
Reserves & Surplus	3	90,757.77	84,613.82
		95,878.86	89,716.16
Deferred Tax Liability (Net)	4	183.36	361.97
TOTAL		96,062.22	90,078.13
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	4,637.76	4,904.97
Less : Depreciation		1,400.75	1,423.37
Net Block		3,237.01	3,481.60
Capital Work in Progress		-	249.67
		3,237.01	3,731.27
Investments	6	40,955.16	36,152.67
Current Assets, Loans and Advances :			
Inventories	7	28,796.20	30,107.26
Sundry Debtors	8	9,892.17	3,713.01
Cash and Bank Balances	9	10,512.42	9,880.00
Other Current Assets	10	3,229.99	2,862.89
Loans and Advances	11	16,008.51	13,297.93
		68,439.29	59,861.09
Less : Current Liabilities and Provisions :			
Current Liabilities	12	13,658.98	7,229.13
Provisions	13	2,910.26	2,437.77
		16,569.24	9,666.90
Net Current Assets		51,870.05	50,194.19
TOTAL		96,062.22	90,078.13
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
B K Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

For and on behalf of the Board

Arun Nanda Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Prakash Hebalkar Director

Anita Arjundas Managing Director & CEO

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income	14	32,065.25	16,540.47
Other Income	15	2,899.17	3,253.94
		34,964.42	19,794.41
EXPENDITURE			
Operating Expenses	16	21,266.95	12,432.57
Employee Remuneration & Benefits	17	1,199.34	755.94
Administration & Other Expenses	18	1,517.23	1,508.87
Interest & Finance charges	19	-	5.95
Depreciation		230.74	(686.30)
		24,214.26	14,017.03
Profit before taxation		10,750.16	5,777.38
Less : Provision for Current Taxation		2,990.92	947.72
Less : Provision for Deferred Taxation		(178.62)	193.20
Profit for the year after Tax		7,937.86	4,636.46
Add : Balance brought forward from previous year .		9,515.77	6,659.42
Amount Available for Appropriation		17,453.63	11,295.88
Appropriations			
Proposed Dividend			
On Equity Shares		1,428.32	1,020.23
On Preference Shares		105.00	105.00
Income tax on Proposed Dividend		260.59	191.23
Transfer to General Reserve		793.79	463.65
Balance Carried to Balance Sheet		14,865.93	9,515.77
		17,453.63	11,295.88
Basic Earnings Per Share		19.15	11.06
Diluted Earnings Per Share (Refer Note 23 of Schedule 20)		19.15	11.06
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
B K Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

For and on behalf of the Board

Arun Nanda Chairman

Uday Y. Phadke Director

Sanjiv Kapoor Director

Shailesh Haribhakti Director

Anil Harish Director

Prakash Hebalkar Director

Anita Arjundas Managing Director & CEO

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

Cash Flow Statement for the year ended 31st March, 2010

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	10,750.16	5,777.38
Adjustments for :		
Depreciation	230.74	(686.30)
Profit on sale of current investments	(0.36)	(8.18)
Amortisation of expenses	18.75	21.42
Amounts written back (Net)	—	(221.24)
Considered separately:		
Interest Income	(839.94)	(1,128.83)
Interest Expenses	—	5.95
Dividend Income	(953.40)	(1,704.83)
(Profit)/Loss on sale of Fixed assets (net)	(641.34)	(0.02)
Operating Profit Before Working Capital Changes.....	8,564.61	2,055.35
Adjustments for :		
Trade and Other Receivables	(7,449.19)	(1,021.63)
Inventories	1,311.05	(5,733.25)
Trade Payables and Other Liabilities	6,424.93	(152.31)
Cash Generated from Operations	8,851.40	(4,851.84)
Income taxes (paid) / received	(2,525.40)	(2,068.06)
Net Cash (used in) / from operating activities	6,326.00	(6,919.90)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(80.94)	(357.75)
Proceeds from sale of Fixed Assets	986.16	0.97
Proceeds /(Investments) in others (Net)	(3,662.51)	17,282.36
Investment in subsidiaries	(1,140.00)	(3,135.50)
Interest received	472.85	869.86
Dividend received	953.40	1,704.83
Deposits / Advances with Companies	(1,906.08)	390.45
Net Cash (used in) / from investing activities	(4,377.12)	16,755.22

Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
C. Cash flow from financing activities		
Interest paid	—	(5.95)
Dividend Paid	(1,316.46)	(1,316.44)
Issue of share capital	—	0.08
Net Cash (used in) /from financing activities	(1,316.46)	(1,322.31)
Net Increase/(Decrease) in Cash and Cash Equivalents	632.42	8,513.01
Cash and Cash Equivalents (Opening)	9,880.00	1,366.99
Cash and Cash Equivalents (Closing)	10,512.42	9,880.00

Notes:

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
B K Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

For and on behalf of the Board

Arun Nanda

Chairman

Uday Y. Phadke

Director

Sanjiv Kapoor

Director

Shailesh Haribhakti

Director

Anil Harish

Director

Prakash Hebalkar

Director

Anita Arjundas

Managing Director & CEO

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010**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 40,809,150) Equity Shares of Rs.10 each fully paid up	4,080.92	4,080.92
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	5,080.92

Of the above :

- a) 31,074,051 Equity Shares of Rs. 10 each
- 1,000,000 10.50% Non-Cumulative Redeemable Preference Shares of Rs. 100 each have been issued for consideration other than cash pursuant to two Schemes of Arrangement
- a) 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

SCHEDULE "2" :**EMPLOYEE STOCK OPTION OUTSTANDING****A) Employee Stock Option Outstanding:**

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Opening Balance	107.11	-
Add: Fresh grants of options	-	107.11
Less: Amount transferred to Securities premium/Options Lapsed	-	-
Closing balance	107.11	107.11

Less:

B) Deferred Employee Compensation Expenses :

Opening Balance	85.69	-
Add: Fresh grants of options	-	85.69
Less: Transfer to Employee Compensation / Options Lapsed	(18.75)	-
Closing balance	66.94	85.69
Total (A-B)	40.17	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	67,556.11
	67,556.11	67,556.11

General Reserve

Balance as per last Balance Sheet	1,188.36	724.71
Add:- Transfer from Profit and Loss Account	793.79	463.65
	1,982.15	1,188.36
Profit and Loss Account	14,865.93	9,515.77
	90,757.77	84,613.82

SCHEDULE "4" :**DEFERRED TAX LIABILITY (NET):**

Deferred Tax Liability

Relating to :

Difference between book and tax depreciation	914.10	922.28
--	--------	--------

Deferred Tax Asset

Relating to :

Provision for impairment in asset value	526.90	526.90
Expenses allowable on actual payment	203.84	33.41
	730.74	560.31
	183.36	361.97

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

SCHEDULE "5"

FIXED ASSETS :

Rs. in lakh

	COST				DEPRECIATION				NET BLOCK		
Particulars	As at March 31, 2009	Additions	Deductions	As at March 31, 2010	Up to March 31, 2009	Deductions	Adjustments	For the year	Up to March 31, 2010	As at March 31, 2010	As at March 31, 2009
Land	184.74	—	—	184.74	—	—	—	—	—	184.74	184.74
Building	3,978.63	—	380.67	3,597.96	923.30	59.16	—	61.91	926.05	2,671.91	3,055.33
Furniture & Fixtures	115.64	—	57.00	58.64	108.98	56.88	—	4.39	56.49	2.15	6.66
Plant & Machinery	242.42	1.70	107.75	136.37	206.73	106.60	—	11.62	111.75	24.62	35.69
Computers	264.61	10.12	19.77	254.96	146.15	18.32	—	38.88	166.72	88.24	118.46
Vehicles	118.93	29.25	32.61	115.57	38.21	12.40	—	18.75	44.56	71.01	80.72
Intangible assets	—	289.52	—	289.52	—	—	—	95.18	95.18	194.34	—
Total	4,904.97	330.59	597.80	4,637.76	1,423.37	253.35	—	230.74	1,400.75	3,237.01	3,481.60
Previous year 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	
Capital Work In Progress											249.67
											3,731.27

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "6" :				
INVESTMENTS (Refer Note 7)				
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	10,730.00
Mahindra World City (Maharashtra) Limited	10	1,120,000	112.00	112.00
Mahindra Integrated Township Limited	10	37,000,000	3,700.00	3,700.00
Knowledge Township Limited (Previously known as	10	21,000,000	2,100.00	1,260.00
Mahindra Knowledge City Limited)				
(8,400,000 Shares acquired during the year)				
Mahindra Bebanco Developers Limited	10	35,000	3.50	3.50
Industrial Township (Maharashtra) Limited	10	5,000,000	500.00	205.00
(Previously known as Mahindra Industrial Township Limited)				
(2,950,000 Shares acquired during the year)				
Raigad Business and Industrial Park Limited	10	50,000	5.00	—
(50,000 Shares acquired during the year)				
In Others				
Deepmangal Developers Private Limited	100	177	284.61	284.61
New Tirupur Area Development Corporation Limited	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% Cumulative Redeemable Preference Shares)				
Mahindra World City (Jaipur) Limited	10	18,500,000	1,850.00	1,850.00
(8% Redeemable Cumulative Preference Shares)				
In Others				
Mahindra Knowledge Park (Mohali) Limited	10	50,000	5.00	5.00
(7% Non Cumulative Redeemable			29,535.24	28,395.24
Participating Optionally Convertible Preference Shares)				
Current Investments, Unquoted, Non Trade				
(At lower of cost and fair value)				
In Units of Mutual Fund				
Redeemed during the year				
JM Money Manager Fund - Super Plus Plan Daily Dividend		7,071,895	—	707.56
BSL Savings Fund - Institutional Plan - Daily Dividend		18,139,991	—	1,815.23
DWS Liquid Plus Regular Plan Daily Dividend		9,994,212	—	1,000.92
UTI Liquid Plus Fund / UTI - Treasury Advantage Fund -...		101,419	—	1,014.41
Institutional Plan Daily Dividend Reinvestment				
Tata Floater Liquid Fund - Daily Dividend		15,093,220	—	1,514.70
ICICI Prudential Flexible Income Plan - Daily Dividend		7,031,795	—	708.80
Kotak Floater Long Term Fund - Daily Dividend		9,465,199	—	1,000.80

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

	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				
BSL Savings Fund - Institutional - Daily Dividend		14,796,060	1,480.61	—
TATA Floater Fund - Daily Dividend		14,263,647	1,431.44	—
UTI Treasury Advantage -IP - Daily Dividend		156,542	1,565.76	—
KOTAK Floater Fund - Daily Dividend		10,410,771	1,049.38	—
JM Money Manager - Super plus plan Daily Dividend		20,599,806	2,061.07	—
DWS Ultra Short Term Fund - Institutional Plan Daily Dividend		16,499,681	1,652.63	—
ICICI Pru Flexible Income Plan Premium - Daily Dividend		1,467,818	1,552.37	—
DSP Blackrock Floating Rate Fund - Daily Dividend		63,131	631.66	—
			11,424.92	7,762.42
			40,960.16	36,157.67
			(5.00)	(5.00)
			40,955.16	36,152.67
SCHEDULE "7" :				
INVENTORIES				
(At lower of cost and net realisable value)				
Raw material			364.53	301.66
Stock-in-trade			732.27	380.71
Construction Work in Progress			27,699.40	29,424.89
(Refer Notes 8(a) & 8(c))			28,796.20	30,107.26
SCHEDULE "8" :				
SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Outstanding over six months			1,984.19	1,458.04
Other debts			7,907.98	2,254.97
			9,892.17	3,713.01
SCHEDULE "9" :				
CASH AND BANK BALANCES				
Cash on hand			1.17	1.89
Balances with Scheduled Banks				
- On Current Accounts			2,470.74	872.81
- On Deposit Accounts			8,040.51	9,005.30
			10,512.42	9,880.00
SCHEDULE "10" :				
OTHER CURRENT ASSETS				
Interest accrued on Project advances (Refer Note 8b)			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			709.84	342.74
(including Rs.655.00 lakh, Previous year Rs.261.62 lakh due from subsidiaries)			3,229.99	2,862.89

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

	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	5,664.13	3,758.04
(Maximum outstanding during the year Rs. 5,567.05 lakh, Previous year Rs.3,703.13 lakh)		
Advances recoverable in cash or in kind or for value to be received	3,765.33	2,528.50
Project Advances (Refer Note 8b and 8c)		
Considered good	4,140.26	4,140.26
Considered doubtful	121.25	121.25
	4,261.51	4,261.51
Less : Provision for doubtful advances	(121.25)	(121.25)
	4,140.26	4,140.26
Intercompany Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax Rs. 6,881.55 lakh Previous year Rs. 3,890.63 lakh)	1,809.94	2,275.47
Staff Loans and Advances	11.85	14.10
Deposits	442.96	407.52
	16,008.51	13,297.93
SCHEDULE "12" : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 9a)	—	—
— Total outstanding dues of micro enterprises & small enterprises	—	—
— Others	2,631.29	1,552.40
Due to Subsidiary Company	—	37.91
Advances and Deposits	8,550.17	2,612.89
Unclaimed Dividends (Refer Note 9b)	23.69	20.25
Other Liabilities	2,453.83	3,005.68
	13,658.98	7,229.13
SCHEDULE "13" : PROVISIONS		
Proposed Dividend	1,793.91	1,316.46
Provision for Losses to project Completion (Refer Note 9c)	1,023.00	1,023.00
Provision for Leave Encashment Benefits	79.17	70.17
Provision for Gratuity	14.18	28.14
	2,910.26	2,437.77

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2010

SCHEDULE "14" : OPERATING INCOME

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Income from Projects	30,123.76	14,610.34
Project Management Fees* (gross)	141.99	155.61
Income from Operation of Commercial Complexes* (gross)	1,227.18	1,156.51
Business Centre Revenues * (gross)	572.32	618.01
	32,065.25	16,540.47

*(Income Tax deducted at source-Rs. lakh 303.22 lacs
Previous Year- Rs. 372.99 lakh)

SCHEDULE "15" : OTHER INCOME

Interest Income* (gross)		
- On Inter Corporate Deposits	489.39	866.77
- On Bank Deposits	325.00	253.42
- Others	25.55	8.65
Dividend on Long Term Investments-Trade (Subsidiary)	588.30	555.25
Dividend on Current Investments-Non Trade	365.10	1,149.58
Profit on sale of Current investments-Non Trade	0.36	8.18
Profit on sale of Fixed assets	641.34	0.02
Write-back of provisions for losses to completion	-	218.03
Miscellaneous Income	464.13	194.04
	2,899.17	3,253.94

*(Income Tax deducted at source-Rs. 121.65 lakh
Previous Year- Rs. 242.12 lakh)

SCHEDULE "16" : OPERATING EXPENSES

Cost of Project

Opening Stock		
— Stock in trade	380.71	380.71
— Work-in-progress	29,424.89	23,500.65
— Raw Material	301.66	492.65
	30,107.26	24,374.01

Add: Expenses incurred during the year :

Premium for Development Rights	5,120.95	3,103.47
Architect Fees	650.74	629.11
Preliminaries & Site Expenses	392.95	440.62
Civil, Electrical, Contracting etc.	11,206.64	11,270.20
Overheads allocated	677.08	772.57
Payment to Local Agencies	186.62	396.57
Insurance	64.14	32.15
Legal & Professional Fees	29.79	78.54
	18,328.91	16,723.23
	48,436.17	41,097.24

Carried Forward

Schedules annexed to and forming part of the Profit and Loss Account for the year ended on 31st March, 2010

SCHEDULE "16" : (Contd.) OPERATING EXPENSES

		Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Brought Forward			
Less :-Closing Stock			
Stock in trade	732.27		380.71
Work-in-progress	27,699.40		29,424.89
Raw Material	364.53		301.66
		28,796.20	30,107.26
		19,639.97	10,989.98
Rent, Rates & Taxes		316.13	311.53
Repairs & Maintenance - Commercial Properties		158.27	152.56
Professional Fees		57.87	11.82
Brokerage		221.83	92.47
Advertisement, Marketing & Business Development		118.46	649.73
Electricity		18.71	17.61
Other Operating Expenses		735.71	206.87
		21,266.95	12,432.57

SCHEDULE "17" : EMPLOYEE REMUNERATION & BENEFITS

Salaries, Allowances & Bonus	1,688.88	1,397.07
Contribution to Provident & Other Funds	64.37	49.82
Staff Welfare Expenses	145.55	102.00
	1,898.80	1,548.89
	(699.46)	(792.95)
Less :- Allocated to projects	1,199.34	755.94

SCHEDULE "18" : ADMINISTRATION & OTHER EXPENSES

Rent, Rates and Taxes	435.23	552.43
Insurance	3.58	6.57
Repairs and Maintenance		
— Buildings	10.42	27.49
— Others	157.59	95.13
Electricity Charges	21.33	21.23
Travelling & Conveyance	151.71	147.21
Legal & Professional Fees	229.93	206.40
Printing & Stationery	50.53	53.67
Communication	87.03	48.16
Advertisement, Marketing & Business Development	152.78	230.49
Auditors Remuneration	40.37	28.51
Miscellaneous Expenses	176.73	91.58
	1,517.23	1,508.84

SCHEDULE "19" : INTEREST

On other deposits	—	5.95
	—	5.95

Schedules annexed to and forming part of Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010.

SCHEDULE: "20"

NOTES TO ACCOUNTS

I) 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 notified under The Companies (Accounting Standard) Rules, 2006 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.

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 % per annum of cost.

d) Intangible Assets:

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months.

e) 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.

f) Inventories:

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. During the year, the Company has changed the method of valuation of Inventory from FIFO to Weighted Average Cost. The impact of the same is immaterial. 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.

g) 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 at least 10% of the sales consideration is realised.

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.

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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

2) Equity Share Capital and Warrants:

- a) The allotment of 45,351 (*Previous Year 45,351*) Equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

b) Employee Stock Option Scheme

The Company had granted 678,359 Equity shares on 25th April, 2008 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.100.42 lakh
Charge to Profit & Loss Account for the year	Rs.18.75 lakh
Compensation in respect of lapsed cases	—
Unamortized Amount Carried Forward	Rs.60.25 lakh

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 2010	March 2009	March 2010	March 2009
A	Net Profit After Tax (Rs. in lakh)	7937.86	4,636.46	7713.30	4,263.02
	Less Preference dividend	122.84	122.84	122.84	122.84
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	40,809,150	40,808,891	40,809,150	40,808,891
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	40,809,150	40,808,891	40,809,150	40,808,891
D	Basic Earning per Share (Rs.)	19.15	11.06	18.60	10.15
E	Diluted Earning per Share (Rs.)	19.15	11.06	18.60	10.15

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

Summary of Stock Option	Current Year	Previous Year
Options outstanding on 1st April, 2009	678,359	—
Options granted during the year	—	678,359
Options lapsed during the year	—	—
Options cancelled during the year	42,370	—
Options exercised during the year	—	—
Options outstanding on 31st March, 2010	635,989	678,359
Options vested but not exercised on 31 st March, 2010	158,507	—

Information in respect of options outstanding as at 31st March, 2010 :

Exercise price	No. of Options	Weighted average remaining life
Rs. 428	635,989	48 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:

During the previous year the company has changed the method of charging depreciation from written down value method to straight line method in order to follow uniform accounting policy for consolidation of the financials and to be in line with the parent company, during the previous year. As a result of the change, the depreciation charge for the previous 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 previous year and the reserves are higher by 870.06 lakh.

5) Revenue Recognition:

Until 31st March 2009, the Company was recognising revenue subject to fulfillment of other conditions, on collection of at least 5% of sales consideration. From the current year onwards, the Company is recognising revenue on receipt of at least 10% of sales consideration. If the company would have followed the same criteria of recognising the revenue based on 5% collection of the sales consideration the Income from Operations for the year ended 31st March, 2010 would have been higher by Rs.71 lakh and Profit after Tax would have been higher by Rs.22 lakh.

6) Capital Commitments

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

7) Investments

- a) In the opinion of the Management, no loss is expected to arise in respect of long term investments for which an additional provision is required to be made in the accounts.
- b) During the year the following company has become a 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.	Raigad Industrial & Business Park Limited	Equity	50,000	18/06/2009	5.00	100%

- 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 Money Plus - Institutional Daily Dividend Plan	—	—	51,642,326.295	5,168.47
DWS Fixed Term Fund Series 58 - Institutional dividend	—	—	15,000,000.000	1,500.00
DWS Ultra Short Term Fund - Regular Daily Dividend Plan	—	—	49,972,779.590	5,004.62
DWS Ultra Short Term Fund - Institutional Daily Dividend Plan	23,957,116.761	2,400.00	42,785,736.623	4,284.99
Kotak Flexi Debt Scheme - Daily Dividend	—	—	78,571,891.951	7,881.63
HSBC Interval Fund-II - Dividend	—	—	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 Sun Life Interval Income-Institutional- Monthly - Series I	—	—	8,164,236.679	816.42
Birla Sun Life Quarterly Interval Series 9	—	—	443,288.288	44.33
Birla Sun Life Quarterly Interval Series 2 - Dividend Reinvestment	—	—	1,325,783.008	132.64
Birla Sun Life Quarterly Interval Series 1 - Dividend Reinvestment	—	—	1,447,804.709	144.78
Birla Sun Life Savings Fund - Institutional - Daily Dividend	23,983,691.090	2,400.00	33,936,770.483	3,395.98
Tata Dynamic Bond Fund - A -Dividend	—	—	23,830,138.074	2,515.21
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 Fixed Horizon - Series 9 - Scheme D	—	—	15,123,756.697	1,512.41
Tata Liquid Super High Investment Fund - Daily Dividend	—	—	44,911.316	500.55
Tata Floater Fund - Daily Dividend (R)	18,274,020.664	1,833.91	—	—
UTI - Fixed Income Interval Fund - Monthly Interval Plan- I	—	—	193,013.250	19.30
UTI - Treasury Advantage Fund - Instl - Plan Daily Dividend (R)...	54,988.227	550.00	—	—
Kotak Flexi Debt Scheme Institutional - Daily Dividend	—	—	75,205,000.477	7,556.22
Kotak Liquid (Institutional) - Daily Dividend	—	—	20,459,835.291	2,501.85
Kotak Liquid (Institutional Premium) - Daily Dividend	—	—	8,179,324.573	1,000.18
Kotak Floater Long Term Fund - Dividend (R)	4,960,415.881	500.00	6,944,582.234	700.00
JM Fixed Maturity Fund Series XII Monthly Plan 2 - Institutional Div Plan	—	—	40,277,035.720	4,027.70
JM Fixed Maturity Fund Series X Quarterly Plan 3 - Institutional Div 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 Series X 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 High Liquidity Fund - Super Institutional	23,651,969.134	2,369.10	—	—
JM Money Manager Fund - Super Plus Plan	40,664,252.994	4,068.58	70,302,514.599	7,033.22
ICICI Prudential Flexible Income Plan Premium	472,880.314	500.00	—	—
ICICI Prudential Liquid Plan - Super Institutional Plan	199,972.150	200.02	—	—
	136,219,307.216	14,821.60	706,018,118.67	73,011.88

8) Inventories, Current Assets, Loans and Advances:

- Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory 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.
- Project advances and interest accrued thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.
- Construction Work-in-Progress, Project Advances and interest accrued thereon referred to in 8(a) and 8(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.

9) Sundry Creditors and Provisions:

- Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.
- There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
- The Company has, in case of certain projects, provided for Rs. 1,023.00 lakh (previous year Rs. 1,023.00 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)** 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.

11) Leases:

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

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

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Gross Carrying Amount of premises	2,642.03	3,022.71
Accumulated Depreciation	732.58	745.41
Depreciation for the year	43.07	(586.95)
Future minimum lease payments under non-cancellable operating leases		
• Not later than 1 year	809.14	990.33
• Later than 1 year and not later than 5 years	7.92	1,044.39
• Later than 5 years	—	—

- 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. in lakh	Previous Year Rs. in lakh
Future minimum lease payments under non-cancellable operating leases		
• Not later than 1 year	158.34	192.85
• Later than 1 year and not later than 5 years	—	—
• Later than 5 years	—	—

12) Contingent Liabilities

Matter	Current Year Rs. in lakh	Previous Year Rs. in lakh
a) Claims against the Company not acknowledged as debts represent :		
i) A suit filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management the above claim is not sustainable.	42.67	Nil
ii) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court	88.44	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	2,164.04
b) Income tax matter under appeal		
In respect of certain business incomes reclassified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities	1,366.50	2,132.58
The liability net of Deferred Tax Asset/Deferred Tax Liability would be Rs. 891.19 lakh (previous year Rs. 1,012.69 lakh)		
13) Operating Expenses includes a provision of Rs. 442.00 lakh made in respect of an Arbitration award, against which the company has filed an appeal.		

14) Managerial Remuneration

	Current Year* Rs. in lakh	Previous Year Rs. in lakh
Salaries and Allowances	63.66	56.83
Contribution to Provident, Gratuity and Superannuation Funds	10.19	7.63
Perquisites (estimated monetary value)	1.99	8.66
Total	75.84	73.12

*The remuneration to the Managing Director for the current year is for the period 01st April, 2009 to 23rd June, 2009 for Mr.Pawan Malhotra and for the period 23rd June, 2009 to 31st March, 2010 for Ms. Anita Arjundas.

15) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

	Rs. in lakh	Current Year Rs. in lakh	Previous Year Rs. in lakh
Profit before Tax		10,750.16	5,777.38
Add :			
Depreciation as per accounts	230.74		(686.30)
Managerial remuneration	75.84		73.12
Director's fees	4.00		3.00
Commission to Directors (Non Executive Directors)	20.00		—
Loss on disposal of fixed assets not allowable as per proviso to Section 349	0.94	311.52	0.03
		11,081.68	5,167.23
Less :			
Depreciation under Section 350	204.63		(848.91)
Loss on disposal of fixed assets allowable as per proviso to Section 349	0.94		0.03
Profit on sale of fixed assets not allowable as per proviso to Section 349	582.33	787.90	—
Net Profit as per Section 349 of the Companies Act, 1956		10,293.78	6,016.11
5% of Net Profit as computed above		514.69	300.81

16) Retirement Benefits**a) Gratuity**

(1) Description of the Plan:

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

(2) Principal actuarial assumptions:

	Current Year	Previous Year
Discount rate	8.00%	7.00%
Rate of Return on Plan Assets	9.50%	9.50%

(3) Reconciliation of Benefit Obligation:

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Liability at the beginning of the year	74.12	59.68
Interest Cost	5.12	4.73
Current Service Cost	20.21	22.72
Benefit Paid	(1.66)	(1.07)
Actuarial (Gain) / Loss on Obligations	(25.06)	(11.94)
Liability at the end of the year	72.73	74.12
Fair Value of Plan Assets at the end of the year	58.55	45.98
Amount recognised and disclosed under the head "Provisions for Gratuity" .	14.18	28.14

(4) Reconciliation of Fair value of Plan Assets:

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Fair Value of Plan Assets at the beginning of the year	45.98	42.35
Adjustment to the opening balance	4.41	4.06
Expected Return on Plan Assets	5.17	4.27
Contributions	9.82	0.64
Benefit Paid	(1.66)	(1.07)
Actuarial Gain /(Loss) on Obligations	(5.17)	(4.27)
Fair Value of Plan Assets at the end of the year	58.55	45.98

(5) Expenses recognised in the Profit and Loss Account under the head "Employee Remuneration & Benefits":

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Current Service Cost	20.21	22.72
Interest Cost	5.13	4.73
Expected Return on Plan Assets	(5.17)	(4.27)
Net Actuarial (Gain) / Loss recognised	(19.89)	(7.67)
Expenses recognised in Profit and Loss Account	0.28	15.51

b) Leave Encashment:

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

(2) Principal actuarial assumptions:

	Current Year	Previous Year
Discount rate	8.00%	7.00%

(3) Reconciliation of Benefit Obligation:

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Liability at the beginning of the year	70.17	28.55
Interest Cost	3.14	2.13
Current Service Cost	24.20	51.92
Benefit Paid	(5.30)	(3.89)
Actuarial (Gain) / Loss on Obligations	(13.04)	(8.54)
Liability at the end of the year recognised and disclosed under the head "Provisions for Leave Encashment"	79.17	70.17

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

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Current Service Cost	24.20	51.92
Interest Cost	3.13	2.13
Net Actuarial (Gain) / Loss recognised	(13.04)	(8.54)
Expenses to be recognised in Profit and Loss Account	14.29	45.51

17) Auditors' Remuneration (including service tax):

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Audit Fees	17.92	18.87
Tax Audit Fees	1.37	1.38
Tax matters	20.40	4.95
Certification and Other Services	0.66	3.31
Total	40.35	28.51

18) Earnings in Foreign Currency:

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Consideration received on sale of residential units	72.94	47.65
Total	72.94	47.65

19) Expenditure in Foreign Currency:

a) Other expenditure

	Current Year Rs. in lakh	Previous Year Rs. in lakh
Travelling	5.34	2.37
Marketing expenses	8.80	14.96
Others	0.43	12.66
Total	14.57	29.99

b) Value of Imported and Indigenous Consumption

	Current Year Rs. in lakh	Previous Year Rs. in lakh
1) Imported	—	—
2) Indigenously obtained	869.12	1,357.73
Total	869.12	1,357.73
% Imported	—	—
% Indigenously obtained	100%	100%
	100%	100%

20) Segmental Reporting

(Rs in lakh)

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,227.18	30,265.75	572.32	32,065.25
Previous Year	1,156.51	14,765.96	618.01	16,540.47
Inter-segment Revenues	—	—	—	—
Previous Year	—	—	—	—
TOTAL REVENUE	1,227.18	30,265.75	572.32	32,065.25
Previous Year	1,156.51	14,765.96	618.01	16,540.47
SEGMENT RESULT	1,052.23	9,550.65	158.95	10,761.83
Previous Year	1,576.91	3,065.92	185.49	4,829.32
Unallocated Corporate Expenses (net)	—	—	—	(841.48)
Previous Year	—	—	—	(174.82)
Operating profit	—	—	—	9,920.35
Previous Year	—	—	—	4,654.50
Interest expense	—	—	—	—
Previous Year	—	—	—	(5.95)
Interest income	—	—	—	829.81
Previous Year	—	—	—	1,128.83
Income taxes	—	—	—	(2,812.30)
Previous Year	—	—	—	(1,140.92)
Net Profit	—	—	—	7,937.86
Previous Year	—	—	—	4,636.46
OTHER INFORMATION				
Segment Assets	2,526.19	76,009.19	188.47	78,723.85
Previous Year	2,612.19	69,558.18	154.61	72,324.98
Unallocated Corporate Assets	—	—	—	33,907.62
Previous Year	—	—	—	27,420.05
TOTAL ASSETS	—	—	—	1,12,631.47
Previous Year	—	—	—	99,745.03
Segment Liabilities	626.13	12,553.24	144.26	13,323.63
Previous Year	637.11	6,543.81	162.06	7,342.98
Unallocated Corporate Liabilities	—	—	—	3,428.99
Previous Year	—	—	—	2,685.89
TOTAL LIABILITIES	—	—	—	16,752.61
Previous Year	—	—	—	10,028.87
Capital Expenditure	—	1.91	—	330.61
Previous Year	—	2.34	0.32	108.08
Depreciation	51.70	8.65	1.86	230.74
Previous Year	(554.34)	4.60	21.31	(686.30)

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest expense of Rs. 252.37 Lakh (Previous year Rs. 116.82 Lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

21) 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

Industrial Township (Maharashtra) Limited
(formerly known as Mahindra Industrial Township Limited)

Knowledge Township Limited
(formerly known as Mahindra Knowledge City Limited)

Mahindra Bebanco Developers Limited

Mahindra World City (Maharashtra) Limited

Raigad Industrial & Business Park Limited (w.e.f 18-06-2009)

Fellow Subsidiaries

Bristlecone India Limited.

Mahindra Holidays & Resorts India Limited.

Mahindra Two Wheelers Private Limited

Mahindra Consulting Engineers Limited.

Mahindra Rural Housing Finance Limited

Tech Mahindra Limited

Key Management Personnel

Pawan Kumar Malhotra – Managing Director (for the period 1st April 2009 to 23rd June, 2009)

Anita Arjundas- Managing Director & Chief Executive Officer (for the period 23rd June 2009 to 31st March, 2010)

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 2010:

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	1,750.87	384.26	7.37	—
<i>Previous Year</i>	1,064.89	120.27	0.41	—
Receiving of services	372.40	88.71	9.79	—
<i>Previous Year</i>	497.19	79.58	2.79	—
Sale of Goods	20.57	—	—	—
<i>Previous Year</i>	—	—	—	—
Remuneration	—	—	—	75.84
<i>Previous Year</i>	—	—	—	73.12
Expense Reimbursement	98.51	50.38	—	—
<i>Previous Year</i>	6.50	(15.91)	1.32	—
Purchase Return	—	758.26	—	—
<i>Previous Year</i>	—	—	—	—
Finance given during the year	993.33	3,503.91	—	—
<i>Previous Year</i>	—	4,327.32	7,500.00	—

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
Purchase of Shares	—	1,140.00	—	—
<i>Previous Year</i>	—	3,135.50	—	—
Purchase of Land	—	—	—	—
<i>Previous Year</i>	—	758.26	—	—
ICD refunded	—	500.00	—	—
<i>Previous Year</i>	—	4,013.30	7,500.00	—
Interest received	—	489.39	—	—
<i>Previous Year</i>	—	470.80	383.55	—
Dividend Paid	626.15	—	—	—
<i>Previous Year</i>	385.03	—	241.13	—
Dividend Received	—	588.30	—	—
<i>Previous Year</i>	—	555.25	—	—
Receivables	994.00	6,344.95	2.46	—
<i>Previous Year</i>	0.73	4,045.48	2.91	—
Payables	622.39	—	4.87	—
<i>Previous Year</i>	611.53	37.91	6.72	—

The significant related party transactions are as under:

Nature of Transactions	Enterprises controlling the Company	Amount Rs lakh	Enterprises under the control of the Company	Amount Rs lakh	Enterprises under the Common control of the Company/ Fellow Subsidiaries	Amount Rs lakh	Key Management Personnel	Amount Rs lakh
Rendering of services	<i>Mahindra & Mahindra Limited</i>	1,750.87	<i>Mahindra Residential Developers Limited</i>	366.66	<i>Mahindra Two Wheelers Limited</i>	7.37	—	—
Receiving of services	<i>Mahindra & Mahindra Limited</i>	372.40	<i>Mahindra World City Developers Limited</i>	88.71	<i>Bristlecone India Limited</i>	1.79	—	—
	—	—	—	—	<i>Mahindra Holidays & Resorts India Limited</i>	2.88	—	—
	—	—	—	—	<i>Tech Mahindra Limited</i>	5.13	—	—
Sale of Goods	<i>Mahindra & Mahindra Limited</i>	20.57	—	—	—	—	—	—
Remuneration	—	—	—	—	—	—	<i>Anita Arjundas</i>	64.46
	—	—	—	—	—	—	<i>Pawan Malhotra</i>	11.39
Expense Reimbursement	<i>Mahindra & Mahindra Limited</i>	98.51	<i>Mahindra Integrated Township Limited</i>	43.74	—	—	—	—

MAHINDRA LIFESPACE DEVELOPERS LIMITED

Nature of Transactions	Enterprises controlling the Company	Amount Rs lakh	Enterprises under the control of the Company	Amount Rs lakh	Enterprises under the Common control of the Company/ Fellow Subsidiaries	Amount Rs lakh	Key Management Personnel	Amount Rs lakh
Purchase return	—	—	Mahindra World City Developers Limited	758.26	—	—	—	—
Finance given during the year	Mahindra & Mahindra Limited	993.33	Mahindra World City (Jaipur) Limited	1,000.00	—	—	—	—
	—	—	Knowledge Township Limited (formerly known as Mahindra Knowledge City Limited)	1,210.00	—	—	—	—
Purchase of Shares	—	—	Knowledge Township Limited (formerly known as Mahindra Knowledge City Limited)	840.00	—	—	—	—
			Industrial Township (Maharashtra) Limited (formerly known as Mahindra Industrial Township Limited)	295.00				
			Raigad Industrial & Business Park Limited	5.00				
ICD refunded	—	—	Knowledge Township Limited (formerly known as Mahindra Knowledge City Limited)	500.00	—	—	—	—
Deposit refunded	—	—	—	—	Mahindra Two Wheelers Limited	1.00	—	—
Interest received	—	—	Mahindra Integrated Township Limited	243.58	—	—	—	—
	—	—	Mahindra Bebanco Developers Limited	196.78	—	—	—	—
Dividend paid during the year	Mahindra & Mahindra Limited	626.15	—	—	—	—	—	—
Receivables	Mahindra & Mahindra Limited	994.00	Mahindra Bebanco Developers Limited	2,053.46	Mahindra Consulting Engineers Limited.	2.46	—	—
	—	—	Mahindra Integrated Township Limited	2,479.98	—	—	—	—

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	Key Management Personnel	Amount Rs lakhs
	—	—	Knowledge Township Limited (formerly known as Mahindra Knowledge City Limited)	735.34	—	—	—	—
	—	—	Mahindra World City (Jaipur) Limited	1,000.00	—	—	—	—
Payables	Mahindra & Mahindra Limited	622.39	—	—	Mahindra Holidays & Resorts India Limited	4.87	—	—

22) 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.

23) Earnings per share

Calculation of Net Profit available for Equity Shareholders:

	Current Year Rs. in Lakh	Previous Year Rs. in Lakh
A Net Profit After Tax	7,937.86	4,636.46
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	122.84	122.84
Profit available for Equity Shareholders	7,815.02	4,513.62
B Weighted Average number of Equity Shares of Rs. 10/- each	408.09	408.09
C Basic and Diluted Earnings per Share (Rs)	19.15	11.06

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

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

26. 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	1	0

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										N	I	L

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

Total Liabilities						1	1	2	6	3	1	4	6	
Total Assets						1	1	2	6	3	1	4	6	
Sources of Funds														
Paid-Up-Capital								5	0	8	0	9	2	
Reserves & Surplus						9	0	7	5	7	7	7		
Secured Loans										N	I	L		
Deferred tax Liability								1	8	3	3	6		
Unsecured Loans										N	I	L		
Application of Funds														
Net Fixed Assets								3	2	3	7	0	1	
Investments								4	0	9	5	5	1	6
Net Current Assets								5	1	8	7	0	0	5
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)								3	4	9	6	4	4	2
Total Expenditure								2	4	2	1	4	2	6
Profit(+)/Loss(-) before tax							+	1	0	7	5	0	1	6
Profit(+)/Loss(-) after tax							+	7	9	3	7	8	6	
Earnings per share in Rupees										1	9	.	1	5
Dividend rate (%)													3	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

Arun Nanda
Uday Y. Phadke
Sanjiv Kapoor
Shailesh Haribhakti
Anil Harish
Prakash Hebalkar
Anita Arjundas

Chairman
Director
Director
Director
Director
Director
Managing Director & CEO

Suhas Kulkarni
Company Secretary

Mumbai : 23rd April, 2010

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

Rs. in lakh

	Mahindra Infrastructure Developers Limited	Mahindra World City Developers Limited	Mahindra World City (Jaipur) Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Knowledge Township Limited (Formerly Mahindra Knowledge City Limited)	Mahindra Residential Developers Limited	Mahindra Bebenco Developers Limited	Industrial Township (Maharashtra) Limited (Formerly Mahindra Industrial Township Limited)	Raigad & Business Park Limited	Industrial Limited
The Financial Year of the Subsidiary Company ended on	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010
Number of Shares in the Subsidiary Company held by Mahindra Lifespace Developers Limited at the above date :											
Equity	14,400,000	16,524,993	107,300,000	1,120,000	37,000,000	21,000,000	250,000	35,000	5,000,000	50,000	
Extent of holding	80%	82.62%	74%	100%	95.48%	100%	48.70%	70.00%	100.00%	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:											
1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. for the year ended 31st March, 2010.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited for the year ended 31st March, 2010.	22.03	903.76	582.73	(0.82)	(424.08)	(1.20)	(186.11)	(0.80)	(4.45)	(6.35)	
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:											
1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. for the year ended 31st March, 2009.	Nil	2,673.80	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable
2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited for the year ended 31st March, 2009.	38.81	3,880.36	114.74	(7.97)	(16.49)	(37.68)	(31.45)	(22.38)	(6.55)	Not Applicable	

Arun Nanda*Chairman***Uday Y. Phadke***Director***Sanjiv Kapoor***Director***Shailesh Haribhakti***Director***Anil Harish***Director***Prakash Hebalkar***Director***Anita Arjundas***Managing Director & CEO***Suhas Kulkarni**
*Company Secretary**Mumbai : 23rd April, 2010*

Summary of financial performance of the subsidiaries for the year April 2009 - March 2010

SUBSIDIARY	Mahindra Infrastructure Developers Limited	Mahindra World City Developers Limited	Mahindra World City (Jaipur) Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Knowledge Township Limited (Formerly Mahindra Knowledge City Limited)	Mahindra Residential Developers Limited	Mahindra Bebenco Developers Limited	Industrial Township (Maharashtra) Mahindra Formerly Mahindra Industrial Township Limited	Raigad Industrial & Business Park Limited
	MIDL	MWCDL	MWCJL	MWCML	MITL	CTL	MRDL	MBDL	ITML	RIBP
Particulars	Rs lakh	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	5,004.01	2,100.00	26.00	5.00	500.00	5.00
Reserves/(Debit balance as per Profit & Loss A/c)	81.26	2,173.52	723.95	(8.89)	(466.98)	(38.87)	5,435.33	(33.11)	(11.00)	(6.35)
Total Assets	2,022.06	27,776.32	51,072.12	112.83	8,907.50	2,836.83	5,547.79	2,952.49	501.10	10.42
Total Liabilities	2,022.06	27,776.32	51,072.12	112.83	8,907.50	2,836.83	5,547.79	2,952.49	501.10	10.42
Investments (except in case of investment in subsidiaries)*	1,507.50	1.00	1,511.54	—	—	2.59	—	—	—	—
Turnover	117.26	3,150.49	5,359.65	0.17	100.64	0.97	1,105.75	—	0.66	—
Profit before Taxation	61.29	1,608.78	1,180.96	(0.82)	(444.26)	(1.20)	(382.15)	(1.14)	(4.45)	(6.35)
Provision for Taxation	33.75	514.91	393.48	—	(0.10)	—	—	—	—	—
Profit after Taxation	27.54	1,093.87	787.48	(0.82)	(444.16)	(1.20)	(382.15)	(1.14)	(4.45)	(6.35)
Proposed Dividend		510.00	254.25							

Investments of MWCDL of Rs 2,600,000 shown above do not include its investment in MITL of Rs 13,00,00,000 as MITL is a subsidiary of Mahindra Lifespace Developers Limited

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, its subsidiaries & joint ventures as at March 31, 2010 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. 62,019.21 lakhs as at March 31, 2010 and the Group's share of total revenues of Rs. 9,031.04 lakhs and net cash outflow amounting to Rs. 1,820.14 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. 1,286.65 lakhs as at March 31, 2010 and the Group's share of total revenues of Rs. 532.76 lakhs and net cash outflows amounting to Rs. 34.04 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. 5 of Schedule 23 regarding change in the method of recognition of revenue due to which operating income for the year is lower by Rs. 71 lakhs and profit after tax is lower by Rs. 22 lakhs.
 - ii. Note No. 8 (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.
 - iii. Note No. 12 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.
 - 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, 2010,
 - 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
B. K. Khare and Co.
Chartered Accountants
 Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
 Membership No. 44784

Mumbai
 Dated: April 23, 2010

Consolidated Balance Sheet as at 31st March, 2010

	Schedule	Current Year Rupees in lakh	Previous Year Rupees in lakh
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,080.92	5,080.92
Employee Stock Options Outstanding	2	40.17	21.42
Reserves & Surplus	3	93,755.33	88,388.26
		98,876.42	93,490.60
Preference Capital of Joint Venture		—	392.34
Loan Funds			
Secured Loans	4	41,311.77	32,469.83
Unsecured Loans	5	759.21	740.20
		42,070.98	33,210.03
Deferred Tax Liability (Net)	6	970.88	857.22
Minority Interest	7	8,216.21	8,558.72
TOTAL...		150,134.49	136,508.91
APPLICATION OF FUNDS			
Fixed Assets :			
Goodwill on Consolidation		2,900.95	2,900.95
Gross Block	8	18,620.81	17,081.20
Less : Depreciation		2,315.34	2,051.02
Net Block		16,305.47	15,030.18
Capital Work in Progress		1,274.99	4,552.98
		20,481.41	22,484.11
Investments	9	14,811.71	10,830.86
Current Assets, Loans and Advances :			
Inventories	10	90,629.35	76,773.80
Sundry Debtors	11	12,133.98	7,326.32
Cash and Bank Balances	12	13,298.56	14,486.28
Other Current Assets	13	2,547.29	2,880.26
Loans and Advances	14	20,748.36	19,933.59
		139,357.54	121,400.24
Less : Current Liabilities and Provisions :			
Current Liabilities	15	21,528.20	15,706.16
Provisions	16	2,987.97	2,500.15
		24,516.17	18,206.31
Net Current Assets		114,841.37	103,193.93
TOTAL...		150,134.49	136,508.91
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 1 to 16 and 23

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

Padmini Khare Kaicker
Partner

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

For and on behalf of the Board

Arun Nanda Chairman
Uday Y. Phadke Director
Sanjiv Kapoor Director
Shailesh Haribhakti Director
Anil Harish Director
Prakash Hebalkar Director
Anita Arjundas Managing Director & CEO

Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
INCOME			
Operating Income	17	41,786.87	34,177.95
Other Income	18	2,208.59	2,939.87
		43,995.46	37,117.82
EXPENDITURE			
Operating Expenses	19	25,314.52	22,896.94
Employee Remuneration & Benefits	20	1,810.86	1,378.93
Administration & Other Expenses	21	3,394.40	2,647.56
Interest & Finance charges	22	928.87	374.54
Depreciation		658.63	(389.53)
		32,107.28	26,908.44
Profit before Tax		11,888.18	10,209.38
Less : Provision for Current Tax		(3,726.45)	(2,576.74)
Less : Provision for Deferred Tax		(197.33)	(479.52)
Add: MAT credit eligible for Set off		88.90	71.00
Profit for the year after Tax		8,053.30	7,224.12
Less : Short Provision for tax for earlier years		-	(5.69)
Profit after tax		8,053.30	7,218.43
Less: Minority Interest		(204.25)	(654.32)
Consolidated Net Profit		7,849.05	6,564.11
Add : Balance brought forward from previous year		10,713.84	5,929.84
Less: Adjustment on account of Joint Venture Elimination		(581.00)	-
Amount Available for Appropriation		17,981.89	12,493.95
APPROPRIATIONS			
Proposed Dividend:			
On Equity Shares		1,428.32	1,020.23
On Preference Shares		105.00	105.00
Income Tax on Proposed Dividend		260.59	191.23
Income Tax on Dividend		107.07	
Transfer to General Reserve		865.79	463.65
Balance Carried Forward to Balance Sheet		15,215.12	10,713.84
		17,981.89	12,493.95
Basic Earnings per Share(Refer Note 23, Schedule 23)		18.93	15.79
Diluted Earnings per Share (Refer Note 23, Schedule 23)		18.93	15.79
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 Profit and Loss Account
and Schedules 17 to 23

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

Padmini Khare Kaicker
Partner

For and on behalf of the Board

Arun Nanda	Chairman
Uday Y. Phadke	Director
Sanjiv Kapoor	Director
Shailesh Haribhakti	Director
Anil Harish	Director
Prakash Hebalkar	Director
Anita Arjundas	Managing Director & CEO

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2010

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
A. Cash flow from operating activities		
Net Profit Before Tax	11,888.18	10,209.38
Adjustments for :		
Depreciation	658.63	(389.53)
Amortisation of expenses	18.75	21.42
Considered separately		
Interest Income	(647.55)	(918.05)
Interest Expense	928.87	374.54
Profit on Sale of Investments	(436.71)	(232.52)
Dividend Income	(368.54)	(1,167.47)
Provision Written Back(Net)	-	(218.03)
Loss/(Profit) on sale of Fixed assets (Net)	(638.32)	(0.06)
Operating Profit Before Working Capital Changes	11,403.31	7,679.66
Adjustments for :		
Trade and Other Receivables	(6,167.74)	(10,036.39)
Inventories	(13,855.77)	(10,515.20)
Trade Payables and Other Liabilities	9,951.04	4,879.89
Cash Generated from Operations	1,330.84	(7,992.04)
Income taxes received / (paid)	(3,288.81)	(3,868.09)
Net Cash (used in) / from operating activities	(1,957.97)	(11,860.13)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(1,345.75)	(8,416.09)
Proceeds from Sale of Fixed Assets	991.26	1.26
Proceeds / (Investments) in Others (Net)	(3,519.18)	22,444.52
Minority interest	(342.44)	3,417.67
Interest received	980.52	620.42
Dividend received	368.54	1,167.47
Net Cash from / (used in) investing activities	(2,867.05)	19,235.25

Consolidated Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
C. Cash flow from financing activities		
Increase in borrowings	8,860.95	4,658.23
Interest paid	(3,907.19)	(3,488.86)
Dividend Paid	(1,316.46)	(1,316.44)
Issue of Equity Share Capital	-	0.08
Share Premium Proceeds	-	2,647.22
Net Cash from / (used in) financing activities	3,637.30	2,500.23
Net increase/(decrease) in cash and cash equivalents	(1,187.72)	9,875.35
Cash and Cash Equivalents (Opening)	14,486.28	4,610.92
Cash and Cash Equivalents (Closing)	13,298.56	14,486.28

Notes:

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
B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner

Mumbai : 23rd April, 2010

Suhas Kulkarni
Company Secretary

For and on behalf of the Board

Arun Nanda

Chairman

Uday Y. Phadke

Director

Sanjiv Kapoor

Director

Shailesh Haribhakti

Director

Anil Harish

Director

Prakash Hebalkar

Director

Anita Arjundas

Managing Director & CEO

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010

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 4,08,54,501) Equity Shares of Rs.10 each....	4,085.45	4,085.45
1,000,000	(Previous year 10,00,000)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 4,08,09,150)Equity Shares of Rs.10 each fully paid up	4,080.92	4,080.92
1,000,000	(Previous year 10,00,000)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	5,080.92

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 Limited, 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 Consolidated Balance Sheet as at 31st March, 2010**SCHEDULE "2" :****A) Employee Stock Option Outstanding:**

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Opening Balance	107.11	-
Add: Fresh grant of options.....	-	107.11
Less: Amount transferred to Securities premium/Options Lapsed	-	-
Closing Balance	107.11	107.11

Less:**B) Deferred Employee Compensation Expenses:**

Opening Balance	85.69	-
Add: Fresh grant of options.....	-	85.69
Less: Transfer to Employee Compensation / Options Lapsed	(18.75)	-
Closing Balance	66.94	85.69
Total (A-B)	40.17	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	70,203.33	67,556.11
Add: Premium on shares issued during the year	-	2,647.22
	70,203.33	70,203.33

General Reserve

Balance as per last Balance Sheet	1,117.51	653.86
Add: Transfer from Profit & Loss Account	865.79	463.65

	1,983.30	1,117.51
Profit and Loss Account	15,215.12	10,713.84
	93,755.33	88,388.26

SCHEDULE "4" :**SECURED LOANS (Refer Note 6)**

From Banks		
Short term Loan	113.77	-
Term loans	41,198.00	31,998.00
	41,311.77	31,998.00
Add: Share of jointly controlled entities	-	471.83
	41,311.77	32,469.83

SCHEDULE "5" :**UNSECURED LOANS**

Short Term Loans		
- From Companies	759.21	740.20
	759.21	740.20

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010**SCHEDULE "6" :****DEFERRED TAX LIABILITY (NET):**

Deferred Tax Liability

Relating to :

Difference between book and tax depreciation	1,730.25	1,408.26
--	-----------------	----------

	1,730.25	1,408.26
--	-----------------	----------

Add: Share in Jointly controlled entities	-	72.52
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	1,730.25	1,480.78
--	-----------------	----------

Deferred Tax Asset

Relating to :

Provision for impairment in asset value	526.90	527.00
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Business loss carried forward	2.20	35.54
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Unabsorbed Depreciation	-	11.86
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Expenses allowable on actual payment	224.44	49.16
--	---------------	-------

	753.54	623.56
--	---------------	--------

Add: Share in Jointly controlled entities	5.83	-
---	-------------	---

	759.37	623.56
--	---------------	--------

	970.88	857.22
--	---------------	--------

SCHEDULE "7" :**MINORITY INTEREST**

Shares held by Minorities in Subsidiaries	8,216.21	8,558.72
---	-----------------	----------

	8,216.21	8,558.72
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Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010

SCHEDULE "g"

FIXED ASSETS (CONSOLIDATED) :

Rupees in lakh

	COST						DEPRECIATION					NET BLOCK	
Particulars	As at March 31, 2009	Adjust- ments(*)	Additions	Deductions	As at March 31, 2010	Up to March 31, 2010	Adjust- ments(*)	Deductions	For the Year	Up to March, 31 2010	As at March, 31 2010	As at March, 31 2009	
Land	715.07	-	-	-	715.07	10.67	-	-	4.27	14.94	700.13	704.40	
Building	10,487.30	-	2,811.55	380.67	12,918.18	1,102.39	-	59.16	230.11	1,273.34	11,644.84	9,384.91	
Furniture & Fixtures	1,040.52	-	429.69	56.99	1,413.22	190.26	-	56.88	101.00	234.38	1,178.84	850.26	
Plant & Machinery	1,929.43	-	693.54	109.27	2,513.70	337.78	-	107.39	108.41	338.80	2,174.90	1,591.65	
Computers	348.19	-	13.14	19.77	341.56	187.03	-	18.32	49.47	218.18	123.38	161.16	
Vehicles	214.26	-	78.01	40.42	251.85	59.16	-	14.27	28.16	73.05	178.80	155.10	
Intangible Assets	-	-	397.14	-	397.14	-	-	-	130.57	130.57	266.57	-	
Total	14,734.77	-	4,423.07	607.12	18,550.72	1,887.29	-	256.02	651.99	2,283.26	16,267.46	12,847.48	
Share in Jointly Controlled Entities	2,346.43	(2,278.10)	5.54	3.78	70.09	163.73	(136.32)	1.97	6.64	32.08	38.01	2,182.70	
Grand Total	17,081.20	(2,278.10)	4,428.61	610.90	18,620.81	2,051.02	(136.32)	257.99	658.63	2,315.34	16,305.47	15,030.18	
<i>Previous year total</i>	9,900.26	-	7,185.80	4.86	17,081.20	2,444.23	-	3.66	(389.53)	2,051.02	15,030.18		
Capital Work In Progress											1,274.99	4,552.98	
											17,580.46	19,583.16	

(*) Indicates reversal due to sale of stake in the Associate Company-Ascendas Mahindra IT Park Limited

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010

	Face Value Rupees	Number of shares/units	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "9" :				
INVESTMENTS (Refer Note 7)				
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)				
Equity Shares				
In Others				
Ascendas Mahindra IT Park Pvt Ltd	10	10,000	1.00	-
(10,000 Equity shares of Rs. 10 each Fully paid up)			1.00	-
In Units of Mutual Fund				
Redeemed 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	7,071,895.35		707.56
ICICI Prudential Flexible Income Plan Growth	10	2,237,064.60		361.52
ICICI Prudential Institutional Liquid Plan Super Institutional Growth	10	155,533.09		20.00
Kotak Flexi Debt Scheme - Growth	10	1,113,552.99		151.79
TATA Floater Fund - Growth	10	1,028,583.07		132.43
UTI Treasury Advantage Fund - Growth Plan	10	4,504.52		100.04
SBI - SHF- Ultra Short Term Fund - Institutional Daily Dividend	10	211,113.90		21.12
BSL Savings Fund - Institutional Plan - Daily Dividend Reinvestment	10	18,139,991.14		1,815.23
Dws Liquid Plus Regular Plan Daily Dividend Reinvestment	10	9,994,212.05		1,000.92
UTI Liquid Plus Fund / UTI - Treasury Advantage Fund -Institutional Plan	10	101,419.05		1,014.41
Daily Dividend Reinvestment				
Tata Floater Fund-Daily Dividend Reinvestment	10	15,093,220.44		1,514.70
Kotak Floater Fund- Daily Dividend Reinvestment	10	7,031,795.29		708.79
ICICI Prudential Flexible Income Plan	10	9,465,198.59		1,000.80
Acquired during the year				
Birla Sunlife Cash Plus - Institutional - Growth		210.90	0.05	
Birla Sunlife Savings Fund - Institutional - Growth	10	806,058.49	140.50	
BSL Savings Fund - Instl - Daily Dividend Reinvestment	10	14,796,059.82	1,480.61	
ICICI Prudential Flexible Income Plan Growth	10	193,219.495	330.11	
ICICI Prudential Institutional Liquid Plan Super Institutional Growth		18.401	0.04	
Kotak Flexi Debt Scheme - Growth	10	1,904,677.902	215.16	
TATA Floater Fund - Growth	10	15,797,279.518	210.02	
SBI - SHF- Ultra Short Term Fund - Institutional Daily Dividend	10	1,879,003.240	225.02	
Kotak liquid (Institutional) Growth	10	181.794	0.03	
JM High Liquidity Fund- Institutional Plan- Growth	10	347,875.227	50.05	
JM Money Manager - Super plus plan	10	23,254,508.309	2,401.61	
Religare Ultra Short Term Fund - Regular	10	356,069.000	35.66	
UTI Treasury Advantage -IP	10	156,542.097	1,565.76	
TATA Floater Fund - Daily Dividend Reinvestment	10	1,533,632.844	1,431.44	
ICICI Pru Flexible Income Plan Premium	10	1,467,818.358	1,554.95	
KOTAK Floater Fund - Daily Dividend {R}	10	10,410,771.168	1,049.38	
DWS Ultra Short Term Fund - Institutional	10	16,499,680.900	1,652.63	
DSP Blackrock Floating Rate Fund	10	63,131.059	631.65	
			12,974.67	8,957.16
Less : Provision for Diminution in Value of Investments			14,839.76 (28.85)	10,821.25 (28.85)
Add:Share of jointly controlled entites			14,810.91 0.80	10,792.40 38.46
			14,811.71	10,830.86

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
SCHEDULE "10" :		
INVENTORIES		
(At lower of cost and net realisable values)		
Raw Material	415.69	330.87
Stock-in-trade	751.34	397.84
Construction Work in Progress (Refer Note 8a & 8c)	89,462.32	76,045.09
	90,629.35	76,773.80
SCHEDULE "11" :		
SUNDRY DEBTORS		
Unsecured, Considered Good		
Outstanding over six months	1,903.55	1,527.85
Other debts,	9,162.96	4,788.07
	11,066.51	6,315.92
Add:Share of jointly controlled entites	1,067.47	1,010.40
	12,133.98	7,326.32
SCHEDULE "12" :		
CASH AND BANK BALANCES		
Cash on hand	2.32	2.94
Balances with Scheduled Banks		
- On Current Accounts	3,192.46	2,084.60
- On Deposit Accounts	9,914.36	11,911.66
- On Margin Accounts	29.55	29.55
	13,138.69	14,028.75
Add:Share of jointly controlled entites	159.87	457.53
	13,298.56	14,486.28
SCHEDULE "13" :		
OTHER CURRENT ASSETS		
Interest accrued on Project advances (Refer Note 8b)	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 on deposits	21.90	342.75
	2,542.05	2,862.90
Add:Share of jointly controlled entites	5.24	17.36
	2,547.29	2,880.26

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010**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	3,991.20	4,519.97
Project Advances (Refer Note 8b & 8c)		
Considered good	13,723.75	11,637.66
Considered doubtful	121.25	121.54
	13,845.00	11,759.20
Less : Provision for doubtful advances	(121.25)	(121.54)
	13,723.75	11,637.66
Intercompany Deposits	174.04	174.04
Advance payment of Income tax (net of Provision for tax Rs.9,813.10 lakh, Previous year 5,388.54 lakh	2,173.84	2,719.14
Staff Loans / Advances	12.47	14.10
Deposits	654.46	670.67
	20,729.76	19,735.58
Add : Share of jointly controlled entities	18.60	198.01
	20,748.36	19,933.59

SCHEDULE "15" :**CURRENT LIABILITIES**

Sundry Creditors (Refer Note 10a)

- Total outstanding dues of micro enterprises & small enterprises	-	-
- Others	4,115.47	6,798.06
Advances and Deposits	11,990.12	4,560.05
Unclaimed Dividends (Refer Note 10b)	6.21	20.25
Other Liabilities	4,903.39	2,975.83
Interest accrued but not due on loans	218.72	147.84
	21,233.91	14,502.03
Add : Share of jointly controlled entities	294.29	1,204.13
	21,528.20	15,706.16

SCHEDULE "16" :**PROVISIONS**

Proposed Dividend	1,793.91	1,316.46
Provision for losses to project completion (Refer Note 10c)	1,023.00	1,023.00
Provision for Leave Encashment Benefits	117.80	94.37
Provision for Gratuity	43.09	50.33
	2,977.80	2,484.16
Add : Share of jointly controlled entities	10.17	15.99
	2,987.97	2,500.15

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "17" :

OPERATING INCOME

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Income from Projects	38,843.27	30,900.39
Project Management Fees* (gross)	141.99	155.61
Income from Operation of Commercial Complexes (gross)*	1,734.52	1,473.79
Business Centre Revenues* (gross)	572.32	618.01
	41,292.10	33,147.80
Add: Share in Jointly controlled entities	494.77	1,030.15
	41,786.87	34,177.95

* (Income Tax deducted at source-Rs.303.22 lakh
Previous Year - Rs.372.99 lakh)

SCHEDULE "18" :

OTHER INCOME

Interest Earned* (gross)		
- On InterCorporate Deposits	0.00	395.97
- On Bank Deposits	475.58	475.74
- Others	171.97	46.34
Dividend - On Current Investments-Non Trade	368.54	1,167.47
Profit on Sale of Current Investments-Non Trade	36.71	232.52
Profit on Sale of Long Term investments- Non Trade	400.00	-
Profit on Sale of other Fixed Assets (Net)	638.32	0.06
Write-back of provisions for losses to completion	-	218.03
Miscellaneous Income	79.29	223.23
	2,170.41	2,759.36
Add: Share in Jointly controlled entities	38.18	180.51
	2,208.59	2,939.87

* (Income Tax deducted at source-Rs.190.32 lakh
Previous Year - Rs. Rs.327.14lakh)

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "19" :

OPERATING EXPENSES

Cost of Projects

Opening Stock in trade		397.84	385.58
Opening Work-in-progress		76,045.09	65,378.81
Opening Raw Material		330.87	494.21
		76,773.80	66,258.60

Add: Expenses incurred during the year :

Land Cost / Premium for Development Rights	19,719.85		13,725.60
Architect Fees	826.97		1,050.08
Preliminaries & Site Expenses	394.84		451.32
Civil, Electrical, Contracting etc.	11,879.27		11,284.30
Interest (net)	3,149.63		3,247.88
Overheads allocated	1,009.40		1,281.64
Payment to Local Agencies	228.44		396.57
Insurance	64.14		37.13
Legal & Professional Fees	72.28		135.69
Other Expenses	32.59		83.73
		37,377.41	31,693.95

Less :-Closing Work-in-progress	(89,462.32)		97,952.56
Closing Raw Material	(415.69)		(76,045.09)
Closing Stock in trade	(751.34)		(330.87)
Capital Work in Progress	(147.63)		(397.84)
		(90,776.98)	(288.54)

		23,374.22	20,890.22
Project Management Fees	147.12		-
Rent, Rates & Taxes	316.13		311.53
Repairs & Maintenance - Commercial Properties	158.27		152.56
Professional Fees	57.87		116.48
Brokerage	221.83		152.55
Advertisement, Marketing & Business Development	407.64		649.73
Electricity	18.71		17.61
Other Operating Expenses	552.20		411.65
		25,253.99	22,702.33

Add: Share in Jointly controlled entities		60.53	194.61
		25,314.52	22,896.94

SCHEDULE "20" :

EMPLOYEE REMUNERATION AND BENEFITS

Salaries, Allowances & Bonus	2,394.18		2,043.58
Contribution to Provident & Other Funds	93.82		73.12
Staff Welfare Expenses	182.98		131.73
	2,670.98		2,248.43

Less :- Allocated to projects	(994.03)		(1,037.68)
	1,676.95		1,210.75

Add: Share in Jointly controlled entities		133.91	168.18
		1,810.86	1,378.93

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "21" :

ADMINISTRATION AND OTHER EXPENSES

	Current Year Rupees in Lakh	Previous Year Rupees in Lakh
Rent, Rates and Taxes	455.74	585.77
Insurance	24.56	20.48
Repairs and Maintenance		
- Buildings	12.78	33.07
- Others	184.48	142.93
Electricity Charges	212.26	155.49
Travelling & Conveyance	270.47	270.78
Legal & Professional Fees	405.59	295.68
Printing & Stationery	60.75	68.62
Communication	105.57	70.87
Advertisement, Marketing & Business Development	472.30	452.09
Auditors Remuneration	60.58	45.22
Miscellaneous Expenses	1,039.33	359.32
	3,304.41	2,500.33
Add: Share in Jointly controlled entities	89.99	147.23
	3,394.40	2,647.56

SCHEDULE "22" :

INTEREST AND FINANCE CHARGES

Interest		
On Fixed Loans	3,995.79	3,901.76
On other deposits	-	5.95
	3,995.79	3,907.71
Less : Allocated to projects	(3,066.92)	(3,583.52)
	928.87	324.19
Add: Share in Jointly controlled entities	-	50.35
	928.87	374.54

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010.

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 notified under The Companies (Accounting Standard) Rules, 2006 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.

c) Basis of consolidation :

The Consolidated Financial Statements relate to Mahindra Lifespace Developers Limited (the Company), its subsidiary companies and the interest of the Company in joint ventures and associates.

A. Basis of accounting:

- (i) The Financial Statements of the subsidiary companies and the joint venture companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of the Company i.e. 31st March 2010. The accounts of all the subsidiaries, the Joint Ventures and Associates are audited except for Mahindra Water Utilities Limited.
- (ii) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.

B. Principles of Consolidation:

The Consolidated Financial Statements have been prepared on the following basis:-

- (i) The Financial Statements of the Company and its subsidiary companies (which are not in the nature of joint ventures) have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.
- (ii) The Consolidated Financial Statements include the interest of the Company in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Company's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line items in the Consolidated Financial Statements.
- (iii) The share of equity in the subsidiary companies as on the date of investment, being in excess of the cost of investment of the Company, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries" and shown under the head "Reserves and Surplus" in the Consolidated Financial Statements.
- (iv) Minority interest in the Net Asset of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

The consolidation of accounts is done for Mahindra Lifespace Developers Limited, the parent company, with its subsidiaries incorporated in India in accordance with the requirements of Accounting Standard (AS)21- 'Consolidated Financial Statements' notified by the Central Government.

Name of Subsidiary

Mahindra Infrastructure Developers Limited	80.00%	80.00%
Mahindra World City Developers Limited	82.62%	82.62%
Mahindra World City (Jaipur) Limited	74.00%	74.00%
Mahindra World City (Maharashtra) Limited	100.00%	100.00%
Mahindra Integrated Township Limited.	95.48%	95.48%
Knowledge Township Limited. (formerly Mahindra Knowledge City Limited)	100.00%	100.00%
Mahindra Residential Developers Limited	48.70%	48.70%
Mahindra Bebanco Developers Limited	70.00%	70.00%
Industrial Township Maharashtra Limited (Formerly Mahindra Industrial Township Limited)	100.00%	100.00%
Raigad Industrial Business Park Limited (with effect from 18 th June, 2009)	100.00%	Nil

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%	100.00%
48.70%	48.70%
70.00%	70.00%
100.00%	100.00%
100.00%	Nil

Investments in Joint Ventures are dealt with in accordance with the Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures" notified by the Central Government.

Name of Joint Ventures

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

(*)- The Stake has been sold during the current Year.

Proportion of Ownership Interest	
Current Year	Previous Year
40.00%	40.00%
39.99%	39.99%
-(*)	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" notified by the Central Government. 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 20).

Name of Associates

Rathna Bhoomi Enterprises Private Limited

Proportion of Ownership Interest

50.00%

d) Fixed Assets :

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

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

Depreciation 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 Holding 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 % per annum of cost.

e) Intangible Assets:

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets' economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months

f) Fixed Assets held for disposal:

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

g) 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 recognise 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.

h) Inventories :

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. During the year, the Company has changed the method of valuation of Inventory from FIFO to Weighted Average Cost. The impact of the same is immaterial. 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.

i) 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 at least 10% of the sales consideration is realised.

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.

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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

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).

b) Employee Stock Option Scheme

During the previous 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.100.42 lakh
Charge to Profit & Loss Account for the year	Rs.18.75 lakh
Compensation in respect of lapsed cases	Nil
Unamortized Amount Carried Forward	Rs.60.25 lakh

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

MAHINDRA LIFESPACE DEVELOPERS LIMITED (CONSOLIDATED)

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 2010	March 2009	March 2010	March 2009
A	Net Profit After Tax (Rs. in lakh)	7937.86	4,636.46	7713.30	4,263.02
	Less Preference dividend	122.84	122.84	122.84	122.84
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	40,809,150	40,808,891	40,809,150	40,808,891
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	40,809,150	40,808,891	40,809,150	40,808,891
D	Basic Earning per Share (Rs.)	19.15	11.06	18.60	10.15
E	Diluted Earning per Share (Rs.)	19.15	11.06	18.60	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	Current Year	Previous Year
Options outstanding on 1st April, 2009	678,359	-
Options granted during the year	-	678,359
Options lapsed during the year	-	-
Options cancelled during the year	42,370	-
Options exercised during the year	-	-
Options outstanding on 31st March, 2010	635,989	678,359
Options vested but not exercised on 31st March, 2010	158,507	-

Information in respect of options outstanding as at 31st March, 2010:

Exercise price	No. of Options	Weighted average remaining life
Rs. 428	635,989	48 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.

4) Depreciation:

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

5) Revenue Recognition:

Until 31st March 2009, the Company was recognising revenue subject to fulfillment of other conditions, on collection of at least 5% of sales consideration. From the current year onwards, the Company is recognising revenue on receipt of at least 10% of sales consideration. If the company would have followed the same criteria of recognising the revenue based on 5% collection of the sales consideration the Income from Operations for the year ended 31st March, 2010 would have been higher by Rs.71 lakh and Profit after Tax would have been higher by Rs.22 lakh.

6) 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.

7) Investments

- In the opinion of the Management, no loss is expected to arise in respect of Investments for which an additional provision is required to be made in the accounts.
- During the year the 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.	Raigad Industrial & Business Park Limited	Equity	50,000	18/06/2009	5.00	100%

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
AIG Quarterly Interval Fund - Series II		—	100,000.000	1,000.00
Birla Sun Life Cash Plus – Institutional – Growth	4,884,728.000	1,199.95	1,691,973.000	400.000
Birla Sun life Cash Plus – Institutional Prem. – Daily Dividend	-	-	6,489,358.000	650.201
Birla Sun Life Cash Plus – Retail – Growth	1,095,542.000	262.31	279,852.000	65.000
Birla Sun Life Interval Income-Instl- Monthly - Series I		-	8,164,236.679	816.42
Birla Sun Life Quarterly Interval Series 1 - Dividend Reinvestment		-	1,447,804.709	144.78
Birla Sun Life Quarterly Interval Series 2 - Dividend Reinvestment		-	1,325,783.008	132.64
Birla Sun Life Quarterly Interval Series 9 -		-	443,288.288	44.33
Birla Sun Life Savings Fund - Institutional - Daily Dividend	23,983,691.090	2,400.00	33,936,770.483	3,395.98
Birla Sun Life Savings Fund – Institutional – Growth	7,351,520.000	1,263.62	-	-
Birla Sun Life Savings Fund – Institutional– Daily Dividend	865,345.000	86.59	-	-
Birla Sun Life Savings Fund – Retail – Growth	221,703.000	37.01	403,746.000	65.037
DWS Fixed Term Fund Series 58 - Institutional dividend		-	15,000,000.000	1,500.00
DWS Liquid Plus Fund-Regularly Daily Dividend Plan	-	-	449,339.00	45.00
DWS Money Plus - Institutional Daily Dividend Plan		-	51,642,326.227	5,168.47
DWS Ultra Short Term Fund - Institutional Daily Dividend	23,957,116.761	2,400.00	42,785,736.623	4,284.99
DWS Ultra Short Term Fund - Regular Daily Dividend Plan		-	49,972,779.590	5,004.62
DSPML FMP-3M-Series GR			5,000,000.000	500.00
Franklin - Templeton Floating Rate Income Fund Long Term Plan Super Instt. Option-Growth	-	-	7,492,156.000	1,628.185
Franklin- Templeton India Treasury Management Account Institutional Plan-Growth	-	-	2,182,013.000	520.077
HDFC Cash Management Fund – Savings Plan – Growth	2,764,019.000	525.00	5,997,084.000	1,076.000
HDFC Cash Management Fund – Treasury Advantage – Growth	1,741,136.000	345.00	-	-
HDFC-HDFC Cash Management Fund-Saving Plus Plan-wholesale Growth			8,456,530.000	1,565.341
HDFC-HDFC Liquid Fund-Premium Plan Growth			3,248,843.000	535.000
HSBC Interval Fund-II - Dividend			20,459,593.626	2,045.98
ICICI Pru Flexible Income Plan Premium	472,880.314	500.00		
ICICI Prudential Liquid Plan Super Institutional Growth	-	-	2,002,531.000	250.000
ICICI Prudential Flexible Income Plan – Growth	121,543.000	205.50	-	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	381,952.188	40.39	472,957.00	50.01
ICICI Prudential Interval Fund 5th Monthly Interval Plan	-	-	2,000,000.000	200.000
ICICI Prudential Liquid Plan – Growth	15,822.000	35.00	938,742.000	200.000
ICICI Prudential Liquid Plan – Institutional – Growth	176,273.000	399.96	1,456,329.000	310.000
ICICI PRUDENTIAL LIQUID PLAN - SUPER Institutional Plan	199,972.150	200.02		
ING Liquid Fund	-	-	2,236,986.000	300.000
ING Liquid Fund – Institutional – Growth	710,565.000	100.00	273,220.000	49.551
ING Liquid Plus Fund-Institutional Daily Dividend	-	-	3,020,838.000	302.183
ING Treasury Advantage Fund – Institutional – Growth	831,298.000	100.03	-	-
JM FMF Series X Quarterly Plan 3 - Institutional Dividend Plan		-	34,682,333.309	3,468.23
JM FMF Series X Quarterly Plan 5-Institutional Plan		-	25,533,415.728	2,553.35
JM FMF Series XII Monthly Plan 2 - Institutional Dividend Plan		-	40,277,035.720	4,027.70
JM FMF Series XII Quarterly Plan 3 - Institutional Plan		-	20,463,366.146	2,046.34

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	Current Year		Previous Year	
	No of Units	Rs. in Lakh	No of Units	Rs. in Lakh
JM HLF – Institutional – Growth	4,354,456.000	630.95	-	-
JM HLF – Regular – Growth	252,751.000	63.00	-	-
JM HLF - Super Institutional	23,651,969.134	2,369.10	-	-
JM MMF – Regular – Growth	193,220.000	25.00	-	-
JM MMF - Super Plan	-	-	10,076,644.058	1,008.22
JM MMF – Super Plus – Growth	4,174,206.000	538.46	-	-
JM MMF - Super Plus Plan	40,664,252.994	4,068.58	70,302,514.599	7,033.22
JM MMF Super Plus Plan - Daily Dividend	479,745.735	48.00	499,815.00	50.01
Kotak Flexi Debt Scheme – Growth	1,109,255.000	155.08	-	-
Kotak Flexi Debt Scheme - Daily Dividend	-	-	2,504,851.000	251.264
Kotak Floater Long Term Fund - Dividend Reinvestment	4,960,415.881	500.00	6,944,582.234	700.00
Kotak Flexi Debt Scheme - Daily Dividend	-	-	78,571,891.951	7,881.63
Kotak Flexi Debt Scheme – Institutional – Growth	13,168,284.000	1,184.16	9,222,290.000	925.217
Kotak Flexi Debt Scheme Institutional - Daily Dividend	-	-	75,205,000.477	7,556.22
Kotak Floater Long Term Growth	520,327.000	75.00	8,255,736.000	1,123.653
Kotak Liquid – Institutional – Growth	5,953,607.000	1,080.38	-	-
Kotak Liquid – Institutional Premium – Growth	2,691,698.000	498.05	12,056,917.000	2,056.360
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	8,179,324.573	1,000.18
Kotak Liquid (Institutional) - Daily Dividend	-	-	20,459,835.291	2,501.85
Kotak- Liquid Regular - Growth	1,224,922.000	213.92	457,897.000	78.222
Kotak Liquid(Institutional) Growth	-	-	2,619,151.000	450.000
LICMF FMP SERIES 41 (3MONTHS) - Dividend	-	-	25,455,323.650	2,545.53
SBI Magnum Insta Cash Fund – Cash Option – Growth	4,106,309.000	633.00	-	-
SBI Magnum Insta Cash Fund – Liquid Floater – Growth	196,644.000	30.33	-	-
SBI Premier Liquid Fund – Institutional – Growth	1,541,001.000	225.00	36,553,894.000	4,889.000
SBI Ultra Short Term Fund – Institutional – Daily Dividend	2,405.000	0.24	-	-
SBI Ultra Short Term Fund – Institutional – Growth	1,424,168.000	170.00	24,811,030.000	2,712.848
Tata Dynamic Bond Fund - A - Dividend	-	-	23,830,138.074	2,515.21
Tata Dynamic Bond Fund Option B - Dividend	-	-	24,832,680.328	2,546.63
Tata Fixed Horizon - Series 9 - Scheme D	-	-	15,123,756.697	1,512.41
Tata Floater Fund - Daily Dividend Reinvestment	18,274,020.664	1,833.91	-	-
TATA Floater Fund – Growth	4,975,199.000	663.05	-	-
Tata Floating Rate Fund - Long Term - Income Bonus	-	-	564,031.969	57.11
Tata Liquid Fund Appreciation	9,814.000	200.00	-	-
TATA Liquid High Investment Fund – Growth	19,738.000	314.41	-	-
Tata Liquid Super High Investment Fund - Daily Dividend	-	-	44,911.316	500.55
TATA Liquid Super High Investment Fund – Growth	13,783.000	228.40	24,981.000	400.000
Templeton Fixed Horizon Fund Series X-Plan B-growth	-	-	5,165,529.000	516.553
UTI - Fixed Inc Interl Fund - Monthly Interl Plan- I	-	-	193,013.250	19.30
UTI - Treasury Advantage Fund - Institutional Plan Daily Dividend	54,988.227	550.00	-	-
UTI Floating Rate Fund – Short Term – Growth	15,183.000	219.23	-	-
UTI Liquid Cash Plan – Institutional – Growth	34,196.000	517.73	6,971.000	100.000
UTI Treasury Advantage Fund – Growth	20,076.000	297.28	-	-
	203,861,741.138	27,432.60	862,289,677.60	95,276.59

8) 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 8(a) and 8(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, which is in the process of being referred to arbitration.
- 9) Loans and advances include advance of Rs.1,834 lakh (Previous year 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 (Previous year 36.25 acres), owned by a director of that company and his associates.

10) Sundry Creditors and Provisions:

- a) Based on the information available with the Company there are no dues outstanding in respect of Micro, Small, and Medium Enterprises as of Balance Sheet date.
 - 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 lakh (Previous year Rs. 1,023 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.
- 11) 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 2010 is Rs. 277.42 lakh (Previous year Rs. 830.11 lakh).
- 12) 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.
- 13) 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 have conducted preliminary studies and surveys for the project.

14) 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. in Lakh	Previous Year Rs. in Lakh
Gross Carrying Amount of premises	9,019.29	6,951.81
Accumulated Depreciation	1,078.40	885.32
Depreciation for the year	246.01	(462.78)
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year	1,482.77	1,304.27
➤ Later than 1 year and not later than 5 years	1,304.88	2,422.08
➤ Later than 5 years	798.47	410.52

- 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. in Lakh	Previous Year Rs. in Lakh
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year	153.66	188.17
➤ Later than 1 year and not later than 5 years	-	-
➤ Later than 5 years	-	-

15) Contingent Liabilities

Matter	Current Year Rs. in Lakh	Previous year Rs. in Lakh
a) Claims against the Company not acknowledged as debts represent :		
i) A Revision First appeal filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management the above claim is not sustainable.	42.67	Nil
ii) Claims raised by a civil contractor in respect of a project at Mumbai.	88.44	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	2,164.04
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. 891.19 Lakh (<i>previous year Rs. 1012.69 Lakh</i>) Other Income Tax demand, for which the Subsidiary Companies are contesting with the Appellate Authorities	1,366.50 73.17	2,132.58 22.79
c) Guarantee/ Counter guarantee given by Mahindra Infrastructure Developers Limited for its joint ventures	900.00	900.00

16) Operating Expense includes a provision of Rs. 442.00 lakh made in respect of an Arbitration award, against which the company has filed an appeal.

17) Segmental Reporting

Rs. in Lakh

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,227.18	39,987.37	572.32	41,786.87
<i>Previous Year</i>	1,156.51	32,403.43	618.01	34,177.94
Inter-segment Revenues	-	-	-	-
<i>Previous Year</i>	-	-	-	-
TOTAL REVENUE	1,227.18	39,987.37	572.32	41,786.87
<i>Previous Year</i>	1,156.51	32,403.43	618.01	34,177.94
SEGMENT RESULT	1,052.23	12,287.47	158.95	13,500.25
<i>Previous Year</i>	1,571.99	8,079.65	159.00	9,810.64
Unallocated Corporate Expenses (net)	-	-	-	(1,324.52)
<i>Previous Year</i>	-	-	-	(145.07)
Operating profit	-	-	-	12,175.53
<i>Previous Year</i>	-	-	-	9,665.57
Interest expense	-	-	-	(928.87)
<i>Previous Year</i>	-	-	-	(374.54)
Interest income	-	-	-	641.55
<i>Previous Year</i>	-	-	-	917.70
Income taxes	-	-	-	(3,834.88)
<i>Previous Year</i>	-	-	-	(2,989.99)
Net Profit	-	-	-	8,053.33
<i>Previous Year</i>	-	-	-	7,218.73

17) Segmental Reporting

Rs. in Lakh

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
OTHER INFORMATION				
Segment Assets	2,526.19	138,711.67	188.47	141,426.33
Previous Year	2,602.24	124,293.78	154.61	127,050.63
Unallocated Corporate Assets	-	-	-	33,041.57
Previous Year	-	-	-	26,808.36
TOTAL ASSETS	-	-	-	17,4467.90
Previous Year	-	-	-	153,858.98
Segment Liabilities	626.13	71,575.41	144.26	72,345.58
Previous Year	637.11	57,244.44	162.06	58,043.62
Unallocated Corporate Liabilities	-	-	-	3,245.63
Previous Year	-	-	-	1,007.32
TOTAL LIABILITIES	-	-	-	75,591.21
Previous Year	-	-	-	60,371.66
Capital Expenditure	-	4,099.93	-	4,428.62
Previous Year	-	7,080.13	0.32	7,185.79
Depreciation	51.70	436.52	1.86	658.63
Previous Year	(554.34)	427.68	21.31	(389.53)

Note: The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of Rs. 252.37 lakh (Previous year Rs. 116.82 lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

18) Related Parties

List of related parties:	
Enterprises Controlling the Company	
Mahindra & Mahindra Limited	Holding Company
Fellow Subsidiaries	
Bristlecone India Limited.	Mahindra Logisoft Business Solutions Limited
Mahindra Holidays & Resorts India Limited.	Tech Mahindra Limited
Mahindra Two Wheelers Private Limited	Mahindra Logistics Limited
Mahindra Consulting Engineers Limited.	Mahindra Rural Housing Finance Limited
Joint Ventures & Associates of the Company	
Mahindra Water Utilities Limited (Joint Venture)	
Mahindra Inframan Water Utilities Pvt Limited (Joint Venture)	
Rathna Bhoomi Enterprises Pvt. Limited (Associate)	

Key Management Personnel

Mr. Pawan Kumar Malhotra – Managing Director for the period 1st April 2009 to 23rd June, 2009

Ms. Anita Arjundas - Managing Director and Chief Executive officer for the period 23rd June 2009 to 31st March, 2010.

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 2010 :

(Rs. in Lakh)

Nature of Transactions	Enterprise controlling the Company	Companies under common control including Fellow Subsidiaries	Key Management Personnel
Rendering of Services	1,912.14	10.40	-
<i>Previous Year</i>	1,680.67	2.68	-
Receiving of services	406.36	76.58	-
<i>Previous Year</i>	499.58	74.75	-
Sale of Assets	20.57	-	-
<i>Previous Year</i>	-	-	-
Remuneration	-	-	176.46
<i>Previous Year</i>	-	-	156.60
Expense Reimbursement	100.32	-	-
<i>Previous Year</i>	12.18	7.25	-
Finance given during the year	993.33	-	-
<i>Previous Year</i>	-	7,500.00	-
Finance taken during the year	538.70	-	-
<i>Previous Year</i>	-	-	-
Deposit Received	-	1.00	-
<i>Previous Year</i>	-	-	-
Deposit repaid	-	1.00	-
<i>Previous Year</i>	-	-	-
ICD repaid	-	-	-
<i>Previous Year</i>	-	7,500.00	-
Interest received	-	-	-
<i>Previous Year</i>	-	383.55	-
Dividend Paid	626.15	-	-
<i>Previous Year</i>	385.03	241.13	-
Receivables	994.00	2.46	-
<i>Previous Year</i>	0.88	6.28	-
Payables	1214.04	577.66	-
<i>Previous Year</i>	651.02	576.72	-

The significant related party transactions are as under:

Nature Transactions	Enterprises controlling the Company	Amount (Rs. in Lakhs)	Enterprises The common control of the Company/ Fellow Subsidiaries	Amount (Rs. in Lakhs)	Key Management of Personnel	Amount (Rs. in Lakhs)
Rendering of services	<i>Mahindra & Mahindra Limited</i>	1,912.14	<i>Mahindra Two Wheelers Pvt. Limited</i>	7.37	<i>Ms. Anita Arjundas</i> <i>Mr. B K Subbaiah</i> <i>Ms. Sangeeta Prasad</i> <i>Mr. Pawan Kumar Malhotra</i>	64.46 55.75 44.87 11.39
		-	<i>Mahindra Holidays & Resorts India Limited</i>	2.27		
Receiving of services	<i>Mahindra & Mahindra Limited</i>	406.36	<i>Mahindra Consulting Engineers Limited</i>	59.14		
		-	<i>Mahindra Logistics Limited</i>	7.64		
Sale of Goods	<i>Mahindra & Mahindra Limited</i>	20.57				
Remuneration						
Expense Reimbursement	<i>Mahindra & Mahindra Limited</i>	100.32				
Finance given during the year	<i>Mahindra & Mahindra Limited</i>	993.33				
Finance taken during the year	<i>Mahindra & Mahindra Limited</i>	538.70				
Dividend paid during the year	<i>Mahindra & Mahindra Limited</i>	626.15				
Deposits Received			<i>Mahindra Two Wheelers Pvt. Limited</i>	1.00		
Deposits repaid			<i>Mahindra Two Wheelers Pvt. Limited</i>	1.00		
Receivables	<i>Mahindra & Mahindra Limited</i>	994.00	<i>Mahindra Consulting Engineers Limited</i>	2.46		
Payables	<i>Mahindra & Mahindra Limited</i>	1,214.04	<i>Tech Mahindra Limited</i>	570.00		

- 19) The Subsidiary Company, Mahindra Infrastructure Developers Limited had entered into a Solid Waste Treatment Agreement on 17th January, 2003 ("the Agreement") with Tirupati Temple Devasthanam (TTD) for operating a solid waste treatment plant ("the project") at Tirupati. As per the terms of the Agreement, the Company had incurred expenditure on setting up plant and machinery and other facilities ("the facilities") on the Leasehold land brought in by TTD. Also as per the terms of the Agreement both parties had to fulfil their part of the obligations for running the project smoothly and efficiently and on the occurrence of any event constituting breach as defined there under by either party, the other party shall be entitled to issue a notice of termination specifying the event that constituted the breach and providing for a cure period of 90 days. TTD defaulted in fulfilling its obligations as laid down in the Agreement thereby adversely affecting the operations of the project. On 4th March, 2009, the Company issued a notice of termination of the Solid Waste Treatment Project for failure of TTD in performing its obligations and asked TTD to cure the breach during the cure period of 90 days. As TTD did not cure the breach even during the cure period of 90 days, the Company terminated the Agreement with effect from 19th June, 2009. As provided in the Agreement, on such termination the Company shall be entitled to be reimbursed by TTD the Written Down Value as appearing in the Company's books of accounts in respect of the facilities and a compensation as per the terms of the Agreement. TTD has not accepted the notice of termination and pending formal acceptance of the termination and takeover of the facilities by TTD, no effect has been given to the termination in the books of accounts of the company. Depreciation on the facilities has been provided for the period 1st April, 2009 to 19th June, 2009. The particulars of the facilities as on 20th June, 2009 to be transferred to TTD on acceptance of the termination by them are given below:

(Rs. in Lakh)

Description of Assets	Written Down Value of the Assets
Building	28.45
Plant & Machinery and Office Equipment	167.97
Computer	0.05
Furniture & Fixtures	0.10
Vehicle	0.47
Total	197.04

As on 20th June, 2009, the carrying amount of current assets pertaining to the above discontinuing operation was Rs. 22.73 lakh and its current liabilities were Rs. 19.99 lakh.

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the company for the period April 1, 2009 to March 31, 2010:

Rs. in Lakh

Particulars	Continuing Operation	Discontinuing Operation	Total
Income	115.38	1.88	117.26
Raw Materials & Finished Products	-	5.81	5.81
Personnel Expenses	25.11	10.59	35.69
Other Expenses	3.49	8.09	11.58
Depreciation	0.2	2.68	2.89
Profit/(Loss) for the year before taxation	86.57	(25.28)	61.29

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

a) Jointly Controlled operations

- i) Development of the following residential projects:

G.E. Gardens, Mumbai

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

b) Jointly controlled entities

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

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

	Current Year Rs. in Lakh	Previous Year Rs. in Lakh
Assets	1289.19	4,000.49
Liabilities	297.13	2,200.12
Income	532.95	1,210.65
Expenses	291.08	621.59

21) Details of Associates

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

22) 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.

23) Earnings per share

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

	Current Year Rs. in Lakh	Previous Year Rs. in Lakh
A Net Profit After Tax	7,849.05	6,564.11
Less : Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	122.84	122.84
Profit available for Equity Shareholders	7,726.21	6,441.27
B Weighted Average number of Equity Shares of Rs. 10/- each	408.09	408.09
C Basic and Diluted Earnings per Share (Rs)	18.93	15.79

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

Arun Nanda
Uday Y. Phadke
Sanjiv Kapoor
Shailesh Haribhakti
Anil Harish
Prakash Hebalkar
Anita Arjundas

Chairman
Director
Director
Director
Director
Director

Managing Director & CEO

Suhas Kulkarni
Company Secretary

Mumbai : 23rd April, 2010



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 **Eleventh Annual General Meeting** of the Company held on Wednesday, 21st July, 2010 at 3.00 p.m. at Y. B. Chavan Centre, Gen. Jagannath Bhonsle 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/
her of as my/
our proxy to vote for me / us and on my / our behalf at the **Eleventh Annual General Meeting** to be held on Wednesday,
21st July, 2010 at 3.00 p.m. or at any adjournments thereof.

Signed this day of 2010.

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.



MAHINDRA WORLD CITY,
CHENNAI.

CREATING CITIES
OF TOMORROW. TODAY.



MAHINDRA WORLD CITY, JAIPUR.



OUR CURRENT RESIDENTIAL PROJECTS



Mahindra Chloris, Faridabad, NCR
3 BHK, 3+serv BHK & 4+serv BHK
Area: 2000, 2400 & 2900 sq.ft.



Mahindra Aura, Gurgaon, NCR
2 BHK & 3 BHK. Area: 950, 1150 & 1350 sq.ft.



Mahindra Aqualily, Mahindra World City, New Chennai. Luxury Villas, Twin Homes & Apartments. Total Land Area: 55 acres.



Mahindra Splendour, Bhandup (W), Mumbai
2.5 BHK & 3 BHK. Area: 1465 & 1641 sq.ft.



Mahindra Royale, Pimpri, Pune
2 BHK & 3 BHK. Area: 1200 & 1600 sq.ft.
Phase I - Completed
Phase II - Ongoing



Sylvan County, Mahindra World City, New Chennai
Bungalows, Row Houses & Apartments.
Recently Completed.



Mahindra Eminent, Goregaon (W), Mumbai
3 BHK & 3.5 BHK. Area: 2050 & 2315 sq.ft.
Phase I - Completed
Phase II - Ongoing

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

Mahindra Towers, 5th Floor, Worli, Mumbai 400 018. Tel. : 022-3327 3000, 3949 3300. Fax : 022-2497 5084.

Website: www.mahindralifespaces.com Email: homes@mahindralifespaces.com

