DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Second Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the period June 2, 2010 to March 31, 2011
Total Income	**—**	—
Profit /(Loss) Before Depreciation, Interest and Taxation	**(33,758)**	(114,866)
Less : Depreciation	**—**	—
Profit / (Loss) Before Interest and Taxation	**(33,758)**	(114,866)
Less : Interest	**—**	
Profit / (Loss) Before Taxation	**(33,758)**	(114,866)
Less : Provision for Taxation	**—**	—
Profit / (Loss) for the year after Taxation	**(33,758)**	(114,866)
Add: Balance of Profit / (Loss) for earlier years	**(114,866)**	—
Balance carried forward to the Balance Sheet	**(148,624)**	(114,866)

Operations

During the year, your Company reviewed various proposals to undertake large format developments including residential developments. Your Company is looking out for suitable business opportunities in this area.

Dividend

In view of the losses, your Directors do not recommend a dividend for the year under review.

Capital

The Authorised Equity Share Capital of your Company is ₹10 lakh and the paid-up equity share capital of your Company is ₹ 5 lakh.

Your Company is a wholly-owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas retires by rotation and being eligible offers herself for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members of the Company affirming compliance with the Code.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee who was in receipt of remuneration of not less than ₹ 60,00,000 p.a. during the year ended March 31, 2012 or not less than ₹ 5,00,000 per month during any part of the said year.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 18, 2012 *Chairperson*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

(a)	Energy conservation measures taken	:	The Company is looking out for suitable opportunity in large format development including residential development and adequate energy conservation measures will be taken at an appropriate time.
(b)	Additional investments and proposals, if any, 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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 18, 2012 *Chairperson*

AUDITORS' REPORT

TO THE MEMBERS OF ANTHURIUM DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of Anthurium Developers Limited as at March 31, 2012 and the statement of Profit and Loss 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, (Order) 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 statement of Profit and Loss dealt with by this report are in agreement with the books of account.

    d) In our opinion, the Balance Sheet, the statement of Profit and Loss 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) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and 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 March 31, 2012,

        ii) in the case of the Statement of Profit and Loss, of the loss 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 March 31, 2012, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2012 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
M. No. 44784

Mumbai
Dated: April 18, 2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of Anthurium Developers for the year ended March 31, 2012.

1. The company did not own any fixed assets at the beginning or at the end of the year. Also it has not purchased or sold any fixed assets during the year. Therefore, provisions of sub-clause (a), (b) and (c) of sub-para (i) of para 4 of the Order are not applicable.

2. Since the company does not hold any finished goods, stores, spares and raw materials. Therefore, provisions of sub-clause (a), (b) and (c) of sub-para (ii) of para 4 of the Order are not applicable.

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, provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.

4. Since the company has not dealt in purchase and sale of any finished goods, stores, spares and raw materials. Also neither it owned any fixed assets at the beginning or at the end of the year nor has purchased or sold any fixed assets during the year. Therefore provisions of sub-para (iv) of para 4 of the Order are not applicable.

5. In respect of transactions entered in the register maintained under section 301 of the Companies Act, 1956:

   a) In our opinion and according to the information and explanation given to us, there were no transactions exceeding the value of ₹ five lakhs in case of any party that need to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956.

   b) As there are no transactions exceeding the value of ₹ five lakhs 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 regarding reasonability of price at which such transactions have been entered is not applicable

6. In our opinion and according to the information and explanations given to us, the company has not accepted any loans or deposits within the meaning of Rule 2(b) of the Companies (Acceptance of Deposit's Rule), 1975.

7. The provisions relating to internal audit are not applicable to the Company.

8. We have been informed that the Central Government has not prescribed maintenance of Cost records u/s 209(1)(d) of the Companies Act, 1956.

9. (i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respects of income-tax wealth tax, sales tax, custom duty and excise duty were outstanding, as on March 31, 2012, for a period more than six months from the date they became payable.

   (ii) There are no disputed dues outstanding as on 31st March 2012 on account of sales tax, customs duty, income tax, excise duty, service tax, income tax, wealth tax and cess.

10. The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institutions and Banks.

12. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.

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 during the year.

16. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not obtained any term loans during the year ended 31st March 2012.

17. In our opinion and according to information and explanations given to us and on an overall examination of the balance

ANNEXURE TO THE AUDITORS' REPORT (Contd...)

sheet of the company, no funds raised on short term basis have been used for long term investments.

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

19. The company has not issued any debentures during the year.

20. During the year the company has not raised any money by way of public issue.

21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of

B. K. Khare and Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Dated: April 18, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at Mar 31, 2012	As at March 31, 2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**500,000**	500,000
Reserves and surplus	3	**(148,624)**	(114,866)
		351,376	385,134
Current liabilities			
– Other current liabilities	4	**33,090**	16,545
Total		**384,466**	401,679
ASSETS			
Current assets			
– Cash and cash Equivalents	5	**384,466**	401,679
Total		**384,466**	401,679

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR MARCH 31, 2012

	Note	Year ended March 31, 2012	June 2,2010 to March 31, 2011
		₹	₹
EXPENDITURE			
Other expenses	6	33,758	114,866
		33,758	114,866
(Loss) before tax		**(33,758)**	(114,866)
Less: Tax expenses		—	—
(Loss) for the period		**(33,758)**	(114,866)
Earnings per equity share:			
Basic & Diluted		**(0.37)**	(2.77)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012	June 2,2010 to March 31, 2011
		₹	₹
A.	**Cash flow from operating activities**		
	(Loss) before tax	**(33,758)**	(114,866)
	Operating (loss) before working capital changes	**(33,758)**	(114,866)
	Changes in:		
	Increase / (decrease) in current liabilities	**16,545**	16,545
		16,545	16,545
	Cash (used in) operations	**(17,213)**	(98,321)
	Net cash (used in) operating activities	**(17,213)**	(98,321)
B.	**Cash flow from financing activities**		
	Proceeds from issue of shares	**—**	500,000
	Net cash from financing activities	**—**	500,000
	Net increase / (decrease) in cash and cash equivalents (A+B)	**(17,213)**	401,679
	Cash & cash equivalents		
	Opening balance	**401,679**	—
	Closing balance	**384,466**	401,679
	Net increase / (decrease) in cash and cash equivalents	**(17,213)**	401,679

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Background

The Company was incorporated on June 2, 2010 and is engaged in the business of development of Residential complexes and is in the process of identifying lands for acquisition for its projects.

1. Significant Accounting Policies

a Presentation and Disclosure of Financial Statements

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statement. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However it has significant impact on presentation and disclosures made in the financial statements. Assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. The Company has also reclassified / regrouped the previous year figures in accordance with the requirements applicable in the current year.

b Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

c Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

d Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2012	₹ As at March 31, 2011
2 Share Capital		
Authorised		
100,000 Equity shares of ₹ 10 each	10,00,000	10,00,000
Issued, subscribed andpaid up		
50,000 Equity shares of ₹ 10 each fully fully paid up	5,00,000	5,00,000
(The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)		
	5,00,000	5,00,000

a) Reconciliation of number of shares

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Equity Shares Balance as at the beginning of the year	50,000	5,00,000.00	—	—
Addition due to new issue	—	—	50,000	5,00,000.00
Balance as at the end of the year	50,000	5,00,000	50,000	5,00,000

b) Shares held by holding company

	As at March 31, 2012		As at March 31, 2011	
Equity Shares	No. of Shares	% holding	No. of Shares	% holding
Mahindra Lifespace Developer Limited	50,000	100.00	50,000	100.00

	As at March 31, 2012	₹ As at March 31, 2011
3 Reserve & Surplus		
Opening Balance of Profit & Loss Account	(1,14,866)	—
Add: (Loss) for the Current Year	(33,758)	(1,14,866)
Closing Balance of Profit and Loss Account..	(1,48,624)	(1,14,866)
4 Other Current Liabilities		
Other payables	33,090	16,545
	33,090	16,545

The particulars regarding dues to Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

5 Cash and cash Equivalents		
Bank Balances		
On current account	3,84,466	4,01,679
	3,84,466	4,01,679

	Year ended March 31, 2012	₹ June 2, 2010 to March 31, 2011
6 Administration & Other Expenses		
Miscellaneous expenses	1,218	626
Legal and Professional Charges	15,995	—
Auditors' Remuneration	16,545	16,545
Preliminary Expenses....................................	—	97,695
	33,758	1,14,866

7 Related Party Disclosures

(i) List of Related Parties

Mahindra & Mahindra Limited — Ultimate Holding Company

Mahindra Life Space Developers Limited — Holding Company

(ii) Related Party Transactions

	2011-12	2010-11
Issue of Share (₹)	Nil	5,00,000
Expenses reimbursed (₹).....................	Nil	31,521
Payable at the year end (₹).................	Nil	Nil

8 In line with AS 22, accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

9 Earning per share	2011-12	2010-11
Net (loss) after tax (₹)	(33,758)	(1,14,866)
Weighted average number of Equity shares (Nos.)	50000	41,507
Basic and Diluted Earnings per share (₹).......	(0.68)	(2.77)
Nominal value of shares (₹)...........................	10	10

10 Previous period figures have been regrouped / recast, wherever necessary, to conform to current year's classification. Previous period figures pertains to the period June 2, 2010 to March 31, 2011 and hence are strictly not comparable.

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Place : Mumbai
Date : April 18, 2012

Rajan Narayan
Beroz Gazdar } *Directors*

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fourth Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**3,710**	154,280
Profit / (Loss) Before Depreciation, Interest and Taxation	**(131,245)**	29,577
Less : Depreciation	**—**	—
Profit / (Loss) Before Interest and Taxation	**(131,245)**	29,577
Less : Interest	**—**	—
Profit / (Loss) Before Taxation	**(131,245)**	29,577
Less : Provision for Taxation	**—**	—
Profit / (Loss) for the year after Taxation	**(131,245)**	29,577
Add : Balance of Profit /(Loss) for earlier years	**(1,070,479)**	(1,100,056)
Balance carried forward to the Balance Sheet	**(1,201,724)**	(1,070,479)

Operations

During the year, your Company continued the process of acquisition of land in Maharashtra for the purpose of development of an Integrated Township with supporting infrastructure.

Dividend

In view of the carried forward losses, your Directors do not recommend a dividend for the year under review.

Capital

The Authorised Equity Share Capital of your Company is ₹10 crore and the paid-up equity capital of your Company is ₹5 crore.

Your Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Mr. Rajan Narayan retires by rotation and being eligible offers himself for re-appointment.

Audit Committee

The Audit Committee of the Company comprises of Ms. Anita Arjundas, Mr. Rajan Narayan and Mr. Suhas Kulkarni. Ms. Anita Arjundas is the Chairperson of the Audit Committee.

Audit Committee met four times during the year under review.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members of the Company affirming compliance with the Code.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received written certificate from the above auditors proposed to be reappointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee who was in receipt of remuneration of not less than ₹ 6,000,000/- p.a. during the year ended March 31, 2012 or not less than ₹ 500,000/- per month during any part of the said year.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 19, 2012 *Chairperson*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

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, being implemented for reduction of consumption of energ	:	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	:	The above measures have resulted in reduction of energy consumption.
(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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 19, 2012 *Chairperson*

AUDITORS' REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

1. We have audited the attached Balance Sheet of Industrial Township (Maharashtra) Limited as at March 31, 2012 , the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) 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 in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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 those books and proper returns adequate for the purposes of our audit;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 19, 2012

Annexure referred to in paragraph 3 of the Auditors' report to the members of Industrial Township (Maharashtra) Limited on the accounts for the year ended March 31, 2012

i. Having regard to the nature of Company's business / activities / result, clauses (i), (v) to (vii), (x) to (xx) of CARO are not applicable to the Company in the current year.

ii. In respect of its inventories:

a) As explained to us, the inventories representing land were physically verified during the year by the Management at reasonable intervals.

b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories. During the course of audit, we have not observed any major weakness in such internal control system.

v. According to the information and explanations given to us in respect of the statutory dues:

a) The Company has been regular in depositing undisputed dues in respect of Income Tax and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income Tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

c) As on March 31, 2012, there are no dues of Income Tax which has not been deposited on account of disputes.

vi. To the best of our knowledge and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed / reported during the year.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 19, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**50,000,000**	50,000,000
Reserves and Surplus	4	**(1,201,724)**	(1,070,479)
		48,798,276	48,929,521
Current Liabilities			
Short term Borrowings	5	**86,500,000**	30,000,000
Other Current liabilities	6	**9,327,738**	1,395,998
		95,827,738	31,395,998
Total		**144,626,014**	80,325,519
ASSETS			
Current Assets			
Current Investments	7	**—**	2,338,125
Inventories	8	**78,182,939**	2,794,373
Cash and cash equivalents	9	**716,095**	193,020
Short term loans and advances	10	**65,726,980**	75,000,000
		144,626,014	80,325,519
Total		**144,626,014**	80,325,519

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note Ref	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
INCOME			
Other Income	11	3,710	154,280
		3,710	154,280
EXPENDITURE			
Project Expenses	12	66,485,110	1,456,290
Changes in Inventories	13	(75,388,566)	(2,794,373)
Finance charges	14	8,903,456	1,338,083
Other expenses	15	134,955	124,703
		134,955	124,703
Loss before tax		(131,245)	29,577
Tax expense:		—	—
Loss for the year		(131,245)	29,577
Earning per equity share:			
Basic and Diluted		(0.03)	0.01

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
A.	**Cash flow from operating activities**		
	Loss before tax	**(131,245)**	29,577
	Adjustments for:		
	Dividend and Gain on Redemption	**(3,710)**	(154,280)
	Finance Charges	**8,903,456**	1,338,083
	Operating loss before working capital changes	**8,768,501**	1,213,380
	Changes in Working capital:		
	Adjustments for (increase)/ decrease in operating assets		
	(Increase) / decrease in short term loans and advances	**9,273,020**	(30,000,000)
	(Increase) / decrease in inventories	**(75,388,566)**	(2,794,373)
	Adjustments for (increase)/ decrease in operating liabilities		
	Increase / (decrease) other in current liabilities	**(971,715)**	(52,438)
		(67,087,261)	(32,846,811)
	Cash used in operations	**(58,318,760)**	(31,633,431)
	Taxes paid	**—**	—
	Net cash used in operating activities	**(58,318,760)**	(31,633,431)
B.	**Cash flow from investing activities:**		
	Proceeds from sale of investments	**2,338,125**	1,227,975
	Dividend Received	**3,710**	154,280
	Net cash flow from investing activities	**2,341,835**	1,382,255
C.	**Cash flow from financing activities:**		
	Proceeds from short term borrowings	**56,500,000**	30,000,000
	Interest on Inter corporate Deposit payable	**—**	—
	Net cash from financing activities	**56,500,000**	30,000,000
	Net increase / (decrease) in cash and cash equivalents	**523,075**	(251,176)
	Cash & cash equivalents		
	Opening balance	**193,020**	444,196
	Closing balance	**716,095**	193,020
	Net increase / (decrease) in cash and cash equivalents	**523,075**	(251,176)

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1 Corporate information

The Company was incorporated on 2nd July, 2008 and is engaged in the business of development of Industrial Park in Maharashtra. The Company is currently acquiring lands and carrying out preliminary surveys.

2 Significant Accounting Policies

a. Basis of Accounts

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c. Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

d. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f. Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

g. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

h. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

i. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
3 Share Capital		
Authorised		
10,000,000 equity shares of ₹ 10 each	**100,000,000**	100,000,000
Issued, subscribed and fully paid up		
5,000,000 equity shares of ₹10 each.	**50,000,000**	50,000,000
	50,000,000	50,000,000

a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

b Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Payment of capital on liquidation will be in proportion to the number of equity shares helf.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

			As at March 31, 2012 ₹	As at March 31, 2011 ₹
4 Reserves & Surplus				
Deficit from the statement of Profit and loss				
Opening balance..			**(1,070,479)**	(1,100,056)
Add: Loss for the Current Year			**(131,245)**	29,577
Closing Balance of Profit and Loss Account...			**(1,201,724)**	(1,070,479)
5 Short Term Borrowings				
Intercorporate deposits from Holding Company repayble on demand......................			**86,500,000**	30,000,000
			86,500,000	30,000,000
6 Other Current Liabilities				
Interest Accrued but not due on Intercorporate deposits..................................			**9,217,385**	1,204,275
Statutory remittances Witholding tax			**11,030**	92,400
Other..			**99,323**	99,323
			9,327,738	1,395,998
7 Current Investments				
(Unquoted and Non - Trade)				
	Units	Units		
Religare Ultra Short Term Regular	—	2,334.717	**—**	2,338,125
			—	2,338,125

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
8 Inventories		
(at lower of Cost and Net Realisable Value)		
Work In Progress	**78,182,939**	2,794,373
(represents Land and related expenses)	**78,182,939**	2,794,373
9 Cash and Cash Equivalents		
Cash on hand	**—**	3,196
Balances with Bank		
In current accounts	**716,095**	189,824
	716,095	193,020
10 Short Term Loans and Advances		
(Unsecured, considered good)		
Advance towards purchase of land	**65,726,980**	75,000,000
	65,726,980	75,000,000

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
11 Other Income		
Dividend from Mutual Funds	**3,301**	154,280
Profit on redemption of Mutual Funds	**409**	—
	3,710	154,280
12 Project Expenses		
Cost of land	**66,011,540**	—
Professional Fees	**374,883**	1,456,290
Other expenses	**98,687**	—
Closing Stock	**66,485,110**	1,456,290
13 Changes in Inventories		
Opening Work in Progress	**2,794,373**	—
Closing Work in Progress	**78,182,939**	2,794,373
	(75,388,566)	(2,794,373)
14 Finance Costs		
Interest on Inter Corporate Deposit	**8,903,456**	1,338,083
	8,903,456	1,338,083
15 Other Expenses		
Rates and taxes	**1,000**	6,020
Legal and Professional Charges	**19,303**	7,721
Auditors' remuneration		
Audit fees	**100,000**	100,000
Reimbursement of expenses / levies	**10,952**	10,962
Printing & Stationery	**3,700**	—
	134,955	124,703

16 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

17 Related Party Transaction

a List of Related Parties

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

b Related Party Transactions

₹

Particulars	2011-12	2010-11
Mahindra Lifespace Developers Limited		
Inter-Corporate Deposit taken	**56,500,000**	30,000,000
Interest on Inter Corporate Deposit taken	**8,903,456**	1,338,083
Outstanding balance	**95,717,385**	31,204,275

18 Earnings per Share

Particulars	2011-12	2010-11
Net Profit / (Loss) after tax (₹)	**(131,245)**	29,577
Weighted average number of equity shares (Nos)	**5,000,000**	5,000,000
Par value per share (₹)	**10**	10
Earnings per share - Basic and diluted (₹)	**(0.03)**	0.01

19 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

20 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 18, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fifth Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**501**	4,482
Profit / (Loss) Before Depreciation, Interest and Taxation	**(153,681)**	(138,525)
Less : Depreciation	**10,524**	10,527
Profit / (Loss) Before Interest and Taxation	**(164,205)**	(149,052)
Less : Interest	**—**	—
Profit / (Loss) Before Taxation	**(164,205)**	(149,052)
Less : Provision for Taxation	**—**	—
Profit / (Loss) for the year after Taxation	**(164,205)**	(149,052)
Add : Balance of Profit / (Loss) for earlier years	**(4,036,227)**	(3,887,175)
Balance carried forward to the Balance Sheet	**(4,200,432)**	(4,036,227)

Operations

Your Company has started acquisition of land to set up an Integrated Township in Maharashtra. During the year, your Company continued its land acquisition process in the targeted area.

Dividend

In view of the losses, your Directors do not recommend a dividend for the year under review.

Capital

The Authorised Equity Share Capital of your Company is ₹ 50 crore and the paid-up equity capital of your Company is ₹ 21 crore.

Your Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas and Mrs. Beroz Gazdar retire by rotation and being eligible offers themselves for re-appointment.

Audit Committee

The Audit Committee of the Company comprises of Ms. Anita Arjundas, Mr. Brij Mohan Kataria and Mrs. Beroz Gazdar. Ms. Anita Arjundas is the Chairperson of the Audit Committee.

Audit Committee met four times during the year under review.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members and Employees of the Company affirming compliance with the respective Codes.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012, or was employed for a part of Financial Year and was in receipt of remuneration of not less than ₹ 500,000 p.m. during any part of the year.

Acknowledgment

The Directors are thankful to all consultants, associates and employees of your Company for the support received from them during the year.

For and on behalf of the Board,

Arun Nanda
Chairman

Mumbai, April 19, 2012

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

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, 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	:	The above measures have resulted in reduction of energy consumption.
(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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Arun Nanda
Chairman

Mumbai, April 19, 2012

AUDITORS' REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

1. We have audited the attached Balance Sheet of Knowledge Township Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) 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 in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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 those books and proper returns adequate for the purposes of our audit;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

   (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

   (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 19, 2012

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Knowledge Township Limited on the accounts for the year ended March 31, 2012.

i. Having regard to the nature of Company's business / activities / result, clauses (v) to (vii), (x) to (xx) of CARO are not applicable to the Company in the current year.

ii. In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) No fixed asset have been disposed of by the Company during the year.

iii. In respect of its inventories:

(a) As explained to us, the inventories representing land were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iv. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and inventories. During the course of audit, we have not observed any major weakness in such internal control system

vi. According to the information and explanations given to us in respect of the statutory dues:

a) The Company has been regular in depositing undisputed dues in respect of Income Tax and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income Tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

c) As on March 31, 2012, there are no dues of Income Tax which has not been deposited on account of disputes.

vii. To the best of our knowledge and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed / reported during the year.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 19, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	3	**210,000,000**	210,000,000
Reserves & Surplus	4	**(4,200,432)**	(4,036,227)
		205,799,568	205,963,773
Current Liabilities			
Short term Borrowings	5	**180,600,000**	132,100,000
Other current liabilities	6	**30,955,132**	12,903,388
Short term provisions	7	**386,870**	257,383
		211,942,002	145,260,771
TOTAL		**417,741,570**	351,224,544
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	8	**15,792**	26,316
Long Term Loans and advances	9	**1,298**	10,417
Current Assets			
Inventories	10	**193,529,694**	151,083,842
Cash and cash equivalents	11	**121,560**	627,207
Short term loans and advances	12	**224,073,226**	199,476,762
		417,724,480	351,187,811
TOTAL		**417,741,570**	351,224,544

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

Sejal Shah
Company Secretary

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Director*

Beroz Gazdar *Director*

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note Ref	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
INCOME			
Other Income	13	**501**	4,482
		501	4,482
EXPENDITURE			
Project Expenses	14	**19,161,567**	121,434,748
Changes in inventories	15	**(42,445,852)**	(134,150,340)
Employee benefit expense	16	**2,616,520**	1,932,156
Finance Cost	17	**20,667,765**	10,783,436
Depreciation and amortization expense		**10,524**	10,527
Other expenses	18	**154,182**	143,007
		164,706	153,534
Loss before tax		**(164,205)**	(149,052)
Less : Tax expense		**—**	—
Loss after tax		**(164,205)**	(149,052)
Earning per equity share:			
Basic and Diluted		**(0.01)**	(0.01)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

Sejal Shah
Company Secretary

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Director*

Beroz Gazdar *Director*

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
A.	**Cash flow from operating activities**		
	Loss before tax	**(164,205)**	(149,052)
	Adjustments for:		
	Depreciation	**10,524**	10,527
	Dividend Income	**—**	(1,742)
	Finance Costs	**20,667,765**	10,783,436
	Operating loss before working capital changes	**20,514,084**	10,643,169
	Changes in working capital :		
	Adjustment for (increase) / decrease in operating assets		
	(Increase) / decrease in short term loans and advances	**(24,596,464)**	62,778,034
	(Increase) / decrease in inventories	**(63,113,616)**	(134,150,340)
	Adjustment for increase / (decrease) in operating liabilities		
	Increase / (decrease) in other current liabilities	**18,181,230**	(305,343)
		(69,528,850)	(71,677,649)
	Cash (used in) operations	**(49,014,766)**	(61,034,480)
	Taxes paid	**9,119**	16,960
	Net cash (used in) operating activities	**(49,005,647)**	(61,017,520)
B.	**Cash flow from investing activities:**		
	Purchase of investments	**—**	258,539
	Dividend received	**—**	1,742
	Net cash from investing activities	**—**	260,281
C.	**Cash flow from financing activities:**		
	Proceeds from borrowings	**48,500,000**	61,100,000
	Net cash from financing activities	**48,500,000**	61,100,000
	Net increase / (decrease) in cash and cash equivalents	**(505,647)**	342,761
	Cash & cash equivalents		
	Opening balance	**627,207**	284,446
	Closing balance	**121,560**	627,207
	Net increase / (decrease) in cash and cash equivalents	**(505,647)**	342,761

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F.Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

Sejal Shah
Company Secretary

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Director*

Beroz Gazdar *Director*

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1 Corporate information

The company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Maharashtra.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule XIV to the Companies Act, 1956.

Accordingly Computers are depreciated at 20% which is higher than the rates specified in schedule XIV to the Companies Act, 1956.

2.7 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.8 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.9 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

2.10 Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.11 Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

2.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.13 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
3	**Share Capital**		
	Authorised		
	50,000,000 equity shares of ₹ 10 each	**500,000,000**	500,000,000
	Issued, subscribed and fully paid up.		
	21,000,000 equity shares fully paid up of ₹10 each..	**210,000,000**	210,000,000
		210,000,000	210,000,000

a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

There has been no movement in the equity share capital during the year.

b. Terms/ Rights attached to Equity Shares

The company has only one class of Equity sahres having a par value of ₹10 per share. Each holder of Equity Shares is entitled to one vote per share.

c. Repayment of the capital on liquidation will be in proportion to the number of equity shares held.

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
4	**Reserves & Surplus**		
	Deficit in the Statement of Profit and Loss		
	Opening balance	**(4,036,227)**	(3,887,175)
	Add: Loss for the Current Year	**(164,205)**	(149,052)
	Closing Balance	**(4,200,432)**	(4,036,227)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
5	**Short Term Borrowings**		
	Intercorporate deposits from Holding company repayable on demand	180,600,000	132,100,000
		180,600,000	132,100,000
6	**Other Current Liabilities**		
	Interest Accrued but not due on Intercorporate Deposits (from Holding Company repayable on demand)	30,839,672	12,238,684
	Statutory remittances		
	Withholding Taxes	11,030	372,154
	Professional Taxes	800	800
	Others	103,630	291,750
		30,955,132	12,903,388

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
7	**Short Term Provisions**		
	Compensated absences	103,214	65,311
	Provision for bonus	283,656	192,072
		386,870	257,383

8 **Fixed Assets**

Tangible Assets ₹

Description of Assets	Gross Block As at April 1, 2011	Gross Block As at March 31, 2012	Accumulated Depreciation As at April 1, 2011	Accumulated Depreciation For the year	Accumulated Depreciation As at March 31, 2012	Net Block As at March 31, 2012	Net Block As at March 31, 2011
Computers	51,683	51,683	25,367	10,524	35,891	15,792	26,316
TOTAL	51,683	51,683	25,367	10,524	35,891	15,792	
Previous Year	51,683	51,683	14,840	10,527	25,367		26,316

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
9	**Long Term Loans and Advnces**		
	Advance income tax	1,298	10,417
		1,298	10,417
10	**Inventories** (at lower of cost and net realisable value)		
	Work in progress *(represents land and other related expenses)*	193,529,694	151,083,842
		193,529,694	151,083,842
11	**Cash and Cash Equivalents**		
	Cash on hand	—	7,748
	Balances with Banks		
	in current accounts	121,560	619,459
		121,560	627,207
12	**Short Term Loans and Advances (Unsecured, considered good)**		
	Advance for purchase of land	222,813,226	198,216,762
	Advance given to employees	10,000	10,000
	Claims recoverable	1,250,000	1,250,000
		224,073,226	199,476,762

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
13	**Other Income**		
	Interest on Income Tax refund	501	2,740
	Dividend from Mutual Funds	—	1,742
		501	4,482

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
14	**Project Expenses**		
	Cost of Land	17,022,468	117,024,739
	Legal & Professional fees	2,075,235	4,248,355
	Other Expenses	63,864	161,654
		19,161,567	121,434,748
15	**Changes in Inventories**		
	Opening Work in progress	151,083,842	16,933,502
	Closing Work in Progress	193,529,694	151,083,842
		(42,445,852)	(134,150,340)
16	**Employee Benefit Expenses**		
	Salaries, wages and bonus	2,394,916	1,713,371
	Staff welfare	221,604	218,785
		2,616,520	1,932,156
17	**Finance Costs**		
	Interest on Inter Corporate deposits	20,667,765	10,783,436
		20,667,765	10,783,436
18	**Other Expenses**		
	Rates and taxes	1,010	16,020
	Legal and Professional Charges	8,273	7,721
	Auditors' remuneration	—	—
	Audit Fee	100,000	100,000
	For Other services	10,300	10,300
	Reimbursement of expenses/levies	2,031	690
	Training expense	32,538	—
	Miscellaneous	30	8,276
		154,182	143,007

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

19 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues to such parties.

20 Related Party Disclosure

a List of Related Parties

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

Note: Related parties have been identified by the Management.

b Related Party Transactions

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Particulars	**2011-12** ₹	2010-11 ₹
Mahindra Lifespace Developers Limited		
Inter Corporate Deposit taken	**48,500,000**	61,100,000
Interest on Inter Corporate Deposit	**20,667,765**	10,783,436
Outstanding Payables as at the year end	**211,439,672**	144,338,684

21 Earnings per share

Particulars	**2011-12**	2010-11
Basic and Diluted :		
Net loss for the year (₹)	**(164,205)**	(149,052)
Weighted average number of equity shares (Nos.)	**21,000,000**	21,000,000
Par value per share (₹)	**10**	10
Earnings per share (₹)	**(0.01)**	(0.01)

22 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

23 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of Directors

Sejal Shah
Company Secretary

Anita Arjundas *Director*
Beroz Gazdar *Director*

Place : Mumbai
Date : April 18, 2012

Place : Mumbai
Date : April 18, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fourth Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**—**	—
Profit / (Loss) Before Depreciation, Interest and Taxation	**(28,850,877)**	(496,619)
Less : Depreciation	**301,732**	36,981
Profit / (Loss) Before Interest and Taxation	**(29,152,609)**	(533,600)
Less : Interest	**—**	—
Profit / (Loss) Before Taxation	**(29,152,609)**	(533,600)
Less : Provision for Taxation		
Deferred Tax	**(10,706,080)**	—
Profit / (Loss) for the year after Taxation	**(18,446,529)**	(533,600)
Add : Balance of Profit /(Loss) for earlier years	**(3,845,017)**	(3,311,417)
Balance carried forward	**(22,291,546)**	(3,845,017)

Operations

Your Company has undertaken the development (design, construction, marketing and sales) of a gated residential community namely, "Bloomdale" on approximately 10.2 hectares (~25.2 acres) of land at Multi– model International Hub Airport at Nagpur (MIHAN). The first phase of the project, which includes 210 units with a total saleable area of 0.24 million square feet, was launched in February 2012 and has met with a very good initial response. Construction of the project has already commenced.

Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

Capital

The Authorised and paid-up Equity Share Capital of the Company is ₹ 5 Lac which is presently held by Mahindra Lifespace Developers Limited (MLDL) and B.E. Billimoria & Co. Limited (BEBL) in the ratio of 70:30 respectively. Your Company is a subsidiary of MLDL and consequently a subsidiary of its ultimate holding company, Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas retires by rotation and being eligible offer herself for re-appointment.

Mr. Rajendra Joshi, Mr. Jayantt Manmadkar, Mr. Digant Kapadia were appointed as additional Directors at the meeting of the Board of Directors of the Company held on January 30, 2012 and Mr. Monesh Bhansali was appointed as additional Director at the meeting of the Board of Directors of the Company held on March 22, 2012. Mr. Rajendra Joshi, Mr. Jayantt Manmadkar, Mr. Digant Kapadia and Mr. Monesh Bhansali hold office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notices from a member signifying their intention to propose Mr. Rajendra Joshi, Mr. Jayantt Manmadkar, Mr. Digant Kapadia and Mr. Monesh Bhansali as candidates for the office of Director.

During the year, Mr. Kaiyoze Billimoria resigned as Director of the Company w.e.f. March 22, 2012. Your Board placed on record its appreciation of the services rendered by Mr. Kaiyoze Billimoria during his tenure as Director of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re– appointed, to the effect that their re– appointment, if made, would be in conformity with the limits specified in the said Section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Sustainability Development

"Bloomdale" is designed as a Green Building addressing certain priorities, which includes water conservation, reduction & reutilization of waste, energy conservation, reduction in CO2 emissions, conservation of resources like wood and lesser dependence on usage of virgin materials. So far 380 MT of Flyash is been utilized and 1706.50 Cu.m Sq. m. Top soil is been preserved in the project. "Bloomdale" will also be included under scope of GRI Sustainability reporting from F12-13 and will be a part of Standalone sustainability report.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee who was in receipt of remuneration of not less than ₹ 6,000,000/- p.a. during the year ended March 31, 2012 or not less than ₹ 500,000/- per month during any part of the said year.

Acknowledgments

The Directors are thankful to all consultants, associates and employees of your Company for the support received from them during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 19, 2012 *Chairperson*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

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, 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	:	The above measures have resulted in reduction of energy consumption
(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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Anita Arjundas
Mumbai, April 19, 2012 *Chairperson*

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA BEBANCO DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of Mahindra Bebanco Developers Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) 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 in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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 those books and proper returns adequate for the purposes of our audit;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
Membership No.21209

Chennai, April 19, 2012

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Mahindra Bebanco Developers Limited

(i) Having regard to the nature of the Company's business/ activities/result, clauses (iii), (v) to (vii),(x) to (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) No fixed assets have been disposed off by the Company during the year.

(iii) In respect of its inventories:

(a) As explained to us, the inventories representing land and buildings under construction were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and inventories. During the course of audit, we have not observed any major weakness in such internal control system.

(v) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed dues, including Income-tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) As on March 31, 2012 there are no dues of Income-tax which have not been deposited on account of disputes.

(vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **A.F. Ferguson & Co**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
Membership No.21209

Chennai, April 19, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	**As at March 31, 2012 ₹**	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**500,000**	500,000
Reserves and surplus	4	**(22,291,546)**	(3,845,017)
		(21,791,546)	(3,345,017)
Non- Current liabilities			
Long term provisions	5	**16,785**	—
		16,785	—
Current Liabilities			
Short term Borrowings	6	**363,641,835**	275,141,835
Other current liabilities	7	**186,705,370**	66,866,535
Short term provisions	8	**1,073,455**	866,250
		551,420,660	342,874,620
Total		**529,645,899**	339,529,603
ASSETS			
Fixed Assets			
Tangible assets	9	**1,196,318**	113,528
Deferred tax assets (net)	10	**10,706,080**	—
Long term loans and advances	11	**20,230,000**	30,300,000
		32,132,398	30,413,528
Current assets			
Currrent Investments	12	**2,807,591**	200,000
Inventories	13	**434,143,060**	304,473,046
Cash and Cash Equivalents	14	**6,140,624**	3,016,269
Short term loans and advances	15	**54,422,226**	1,426,760
		497,513,501	309,116,075
Total		**529,645,899**	339,529,603

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F. Ferguson & Co.**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Rajendra Joshi
Jayantt Manmadkar
Digant Kapadia
Monesh Bhansali
Directors

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note Ref	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
EXPENDITURE			
Cost of Projects	16	**129,670,014**	247,516,043
Changes in Inventories	17	**(129,670,014)**	(247,553,024)
Employee benefits expenses	18	**1,999,529**	26,953
Finance costs	19	**—**	—
Depreciation		**301,732**	36,981
Other expenses	20	**26,851,348**	506,647
		29,152,609	533,600
Loss before tax		**(29,152,609)**	(533,600)
Less : Tax expense			
– Deferred tax		**(10,706,080)**	—
Loss for the year		**(18,446,529)**	(533,600)
Earnings per equity share:			
Basic and diluted		**(368.93)**	(10.67)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F. Ferguson & Co.**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Rajendra Joshi
Jayantt Manmadkar
Digant Kapadia
Monesh Bhansali
Directors

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax	**(29,152,609)**	(533,600)
	Adjustments for:		
	Depreciation	**301,732**	36,981
	Finance Costs	**39,445,286**	28,378,765
	Income from Mutual Fund	**(361,436)**	—
	Interest from Fixed Deposits	**(356,200)**	(299,206)
	Operating loss before working capital changes	**9,876,773**	27,582,940
	Adjustments in operating assets		
	(Increase) / decrease in short term loans and advances	**(52,158,476)**	200,358,682
	(Increase) / decrease in inventories	**(129,670,014)**	(247,553,024)
	(Increase) / decrease in long term loans and advances	**10,070,000**	
	Adjustments in operating liabilities		
	(Increase) / decrease in long term long Term provisions	**16,785**	—
	Increase / (decrease) in other current liabilities	**80,600,754**	(2,471,271)
		(91,140,951)	(49,665,613)
	Cash (used in) operations	**(81,264,178)**	(22,082,673)
	Taxes paid	**(119,354)**	(14,462)
	Net cash (used in) operating activities	**(81,383,532)**	(22,097,135)
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	**(1,384,522)**	(43,851)
	Net cash from investing activities	**(1,384,522)**	(43,851)
C.	**Cash flow from financing activities:**		
	Proceeds from borrowings	**88,500,000**	39,717,835
	Repayment of borrowings	**—**	(17,500,000)
	Net cash from financing activities	**88,500,000**	22,217,835
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**5,731,946**	76,849
	Cash & cash equivalents		
	Opening balance	**261,269**	184,420
	Closing balance	**5,993,215**	261,269
	Net increase / (decrease) in cash and cash equivalents	**5,731,946**	76,849
	Cash & Cash equivalents comprise of :		
	Cash on Hand	**5,551**	2,040
	Balance with banks on current accounts	**3,180,073**	59,229
	Current Investments considered as cash and cash equivalents		
	Investments in Mutual Funds	**2,807,591**	200,000
	Total	**5,993,215**	261,269
	Reconciliation of cash and cash equivalents with the Balance Sheet		
	Cash and cash equivalents as per Balance Sheet	**6,140,624**	3,016,269
	Less: Bank Balances not considered as cash and cash equivalents	**2,955,000**	2,955,000
	Add: Current Investments in Mutual Funds	**2,807,591**	200,000
	Net cash and cash equivalents	**5,993,215**	261,269

In terms of our report attached

For **A.F. Ferguson & Co.**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Rajendra Joshi
Jayantt Manmadkar *Directors*
Digant Kapadia
Monesh Bhansali

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note

1 CORPORATE INFORMATION

The company is engaged in the business of development of residential complexes in MIHAN at Nagpur. In the current year the company has commenced construction and booking of the flats.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation

Fixed assets are depreciated on the Straight Line method in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956 based on the useful life estimated by the Management

Leasehold Improvements are amortised over the period of lease.

Furntiure & Fixtures,Computers/ Office equipments are depreciated at 20% which is higher than the rates specified in schedule XIV to the Companies Act, 1956.

2.7 Revenue

Income from property development activity is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature. Revenues are recognized only when all the following conditions are met:

1) The project costs incurred is at least 25% of the total estimated project costs including land

2) At least 10% of the sales consideration is realized.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.10 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee benefits

Employee benefits include provident fund and compensated absences

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

2.12 Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.13 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.14 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.15 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

3 Share Capital

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Authorised		
50,000 equity shares of ₹10 each fully paid up	**500,000**	500,000
Issued, subscribed and paid up. 50,000 equity shares of ₹10 each fully paid up	**500,000**	500,000
	500,000	500,000

a 35,000 equity shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

There has been no movement in the equity share capital during the year.

b Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c Details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2012		As at March 31, 2011	
	No of Shares	**Value of Shares ₹**	No of Shares	Value of Shares ₹
Mahindra Lifespace Developers Limited (70%)				
Equity	**35,000**	**350,000**	35,000	350,000
B. E. Billimoria & Co Limited (30%)				
Equity	**15,000**	**150,000**	15,000	150,000

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
4	**Reserves & Surplus**		
	Deficit in the Statement of Profit & Loss		
	Opening balance	**(3,845,017)**	(3,311,417)
	Add: (Loss) for the Current Year	**(18,446,529)**	(533,600)
	Closing Balance	**(22,291,546)**	(3,845,017)
5	**Long Term Provisions**		
	Compensated absences	**16,785**	—
		16,785	—
6	**Short Term Borrowings**		
	Inter Corporate Deposit		
	Holding company	**254,506,235**	192,556,235
	Others	**109,135,600**	82,585,600
		363,641,835	275,141,835
7	**Other Current Liabilities**		
	Contractual expenses payable	**41,683,686**	—
	Statutory Remittances		
	Withholding Taxes	**3,875,763**	760,485
	Works contract Tax	**1,020,077**	—
	Others	**6,100**	1,100
	Other Payables		
	Accrued Expenses	**12,126,693**	99,270
	Advances from Customers	**26,459,497**	—
	Interest accrued but not due on Inter corporate deposit	**101,506,437**	66,005,680
	Payable on purchase of Fixed Assets	**27,117**	—
		186,705,370	66,866,535
8	**Short Term Provisions**		
	Compensated absences	**160,704**	—
	Provision for bonus	**912,751**	866,250
		1,073,455	866,250

9 Fixed Assets (Amt. in ₹)

Description of Assets	Gross Block			Depreciation			Net Block	
Tangible Assets	As at April 1, 2011	Additions	**As at Mar 31, 2012**	As at April 1, 2011	For the year	**As at Mar 31, 2012**	**As at Mar 31, 2012**	As at March 31, 2011
Lease Hold Improvement	—	543,540	**543,540**	—	135,885	**135,885**	**407,655**	—
Computers	90,480	504,487	**594,967**	47,793	72,008	**119,801**	**475,166**	42,687
Plant & Equipments	50,399	156,595	**206,994**	14,872	31,542	**46,414**	**160,580**	35,527
Furniture & Fixture	—	150,450	**150,450**	—	52,534	**52,534**	**97,916**	—
Office Equipment	43,851	29,450	**73,301**	8,537	9,763	**18,300**	**55,001**	35,314
Total	184,730	1,384,522	**1,569,252**	71,202	301,732	**372,934**	**1,196,318**	
Previous year	*140,879*	*43,851*	*184,730*	*34,221*	*36,981*	*71,202*		*113,528*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

10 Deferred Tax Assets

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Deferred Tax Asset		
Unabsorbed Loss	**10,668,255**	—
Compensated absences	**57,586**	
Deferred Tax Liabilities		
Fixed Assets	**(19,761)**	—
	10,706,080	—

Based on the overall profitability of the project the management is virtually certain that the deferred tax asset arising out of the unabsorbed business loss will be recovered in the future years. Accordingly the deferred tax asset has been recognised in the books.

11 Long Term Loans and Advances

Security Deposits	**20,230,000**	30,300,000
	20,230,000	30,300,000

Security Deposits include ₹ 20,115,000 paid to Maharashtra Airport Development Company Limited, recoverable on completion of the project

12 Current Investments

	Units	Units		
JP Morgan India Treasury Fund	280,509	—	2,807,591	—
DWS treasury Fund Cash	—	19,795	—	200,000
			2,807,591	200,000

13 Inventories (valued at lower of cost and net realisable value)

Change in inventories of work in progress	**434,143,060**	304,473,046
(represents land and other realted expenses)	**434,143,060**	304,473,046

14 Cash and Cash Equivalents

Cash on Hand	**5,551**	2,040
Balances with banks		
On Current Accounts	**3,180,073**	59,229
Other bank balances		
On deposit account maturing after 3 months	**2,955,000**	2,955,000
	6,140,624	3,016,269

15 Short Term Loans and advances
(Unsecured, considered good)

Mobilisation advance given to vendors	**53,241,297**	—
Other advances	**972,380**	717,380
Interest Accrued on Fixed Deposits	**—**	620,185
Advance Tax	**208,549**	89,195
	54,422,226	1,426,760

16 Cost of Projects

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
Cost of land and registration charges	**8,256,116**	211,000,400
Construction Costs	**59,003,889**	—
Architect Fees	**18,141,792**	5,775,100
Other project expenses	**826,275**	413,044
Salaries & staff welfare expenses as allocated	**4,714,292**	2,247,940
Interest on Inter corporate deposit as allocated	**39,445,286**	28,378,765
Less:		
Interest from Fixed deposits	**(356,200)**	(299,206)
Dividend from Mutual Funds	**(361,436)**	—
	129,670,014	247,516,043

17 Changes in Inventories

Opening Work in Progress	**304,473,046**	56,920,022
Closing Work in progress	**434,143,060**	304,473,046
	(129,670,014)	(247,553,024)

18 Employee Benefit Expenses

Salalries wages & Bonus	**6,575,185**	2,247,940
Staff welfare expenses	**138,636**	26,953
	6,713,821	2,274,893
Less: Allocated to Projects	**(4,714,292)**	(2,247,940)
	1,999,529	26,953

19 Finance Cost

Interest on Intercorporate deposits	**39,445,286**	28,378,765
Less: Allocated to Projects	**(39,445,286)**	(28,378,765)
	—	—

20 Other Expenses

Marketing and Advertisement	**6,632,907**	386,050
Legal and Professional Fee	**18,356,741**	—
Rent	**383,066**	—
Rates and taxes	**5,000**	—
Repairs and Maintenance	**209,381**	—
Remuneration to auditors		
Audit Fees	**100,000**	100,000
Reimbursement of expenses / levies	**12,970**	10,300
Miscellaneous expenses	**1,151,283**	10,297
	26,851,348	506,647

Note

21 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues to such parties.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22 Related Party Disclosures

(i) List of related parties with whom transactions were entered during the year

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Asssociate Company	B.E. Billimoria & Co. Ltd.

Note: Related parties have been identified by the Management.

(ii) Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

₹

Nature of transactions:	Holding Company		Associate Company	
	2011-12	2010-11	**2011-12**	2010-11
Purchase of services	**17,868,242**	—	**51,003,890**	—
Interest on inter corporate deposit	**24,845,749**	19,860,792	**10,655,007**	8,517,961
Inter corporate deposit taken	**61,950,000**	27,802,735	**26,550,000**	11,915,100
Inter corporate deposit repaid	**—**	12,250,000	**—**	5,250,000
Net Payable	**333,954,147**	238,773,490	**11,96,36,519**	102,374,031

23 Earnings per Share

	2011-12	2010-11
Net (loss) after tax (₹)	**(18,446,529)**	(533,600)
Weighted average number of Equity shares (Nos.)	**50,000**	50,000
Nominal value of shares (₹)	**10**	10
Basic and Diluted Earnings/(loss) per share (₹)	**(368.93)**	(10.67)

24 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Rajendra Joshi
Jayantt Manmadkar *Directors*
Digant Kapadia
Monesh Bhansali

Place : Mumbai
Date : April 18 , 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eleventh Report together with the audited accounts of your Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(Amount In ₹)

	2012	2011
Income	**1,146,712**	4,064,572
Profit before Depreciation and Taxation	**(5,560,707)**	2,053,072
Less: Depreciation	**12,260**	12,944
(Loss) / Profit before Taxation	**(5,548,447)**	2,040,128
Less: Provision for Taxation		
Current Tax	**–**	507,252
Deferred Tax	**112,721**	(155,560)
(Loss) / Profit after Taxation	**(5,661,168)**	1,688,436
Profit brought forward from previous year	**9,814,784**	8,126,348
Balance carried to Balance Sheet	**4,153,616**	9,814,784

OPERATIONS

During the year under review, your Company's income has decreased to ₹ 11.47 lakhs as compared to ₹ 40.65 lakhs in the previous year.

Post the notice of termination of Municipal Solid Waste agreement issued by the Company to Tirumala Tirupati Devasthanam (TTD) due to non fulfillment of obligations on the part of TTD, the Company and TTD had several rounds of discussion on the way forward and the terms for the same are under discussion.

DIVIDEND

With a view to conserve resources, your Directors do not recommend any dividend for the year.

DIRECTORS

Mr. A. K. Nanda, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

AUDIT COMMITTEE

The Audit Committee presently comprises of Mr. S. Venkatraman (Chairman of the Committee), Mr. A. K. Nanda and Ms. Anita Arjundas.

The Audit Committee met twice during the year under review

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation 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 March 31, 2012 and of the loss 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.

CODES OF CONDUCT

The Company had adopted Codes of Conduct ('Codes') for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Directors, Members, the Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai retire as Auditors at the forthcoming Annual General Meeting. The members will be required to re-appoint auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has received written certificate from the above Auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced by its various initiatives on safety awareness, health surveys of employees etc. The health survey of site personnel is conducted once in a year. The persons working at site are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted any deposits from the public or employees during the year under review.

The Company has not made any loans/ advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Parent Companies - Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited listed with the Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, 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 to this Report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The Company had no employee, who was employed throughout the financial year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012 or who was employed for the part of the financial year and was in receipt of remuneration of not less than ₹ 500,000 p.m.

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, April 24, 2012

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

During the year, the Company has taken the following initiative:

Used High pressure Sodium vapour lamps and metal halide lamps for getting high efficiency. These lamps have power saving features.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in reduction of Energy consumption.

(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 R & D is carried out	:	None
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	:	None
6.	Imported Technology for the last 5 years	:	None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Amount In ₹)
Areas in which R & D is carried out	**2011 - 12**
Total Foreign Exchange earned:	Nil
Total Foreign Exchange used:	Nil

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, April 24, 2012

AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of **MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion, we draw attention to Note 26 of "Notes forming part of the financial statements" wherein no provision has been made for investment of ₹15,00,00,000 in New Tirupur Area Development Corporation Limited (NTADCL) in view of the revival of the operations being taken by the stakeholders of NTADCL.

4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to in paragraph 4 above and read with our comments in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 those books;

   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and 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 March 31, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

(A. C. Khanna)
(Partner)
(Membership No.17814)

Place: Mumbai,
Date: April 24, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/results, clauses (vi), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies between the book records and physical inventory have been noticed in respect of the assets physically verified during the year.

(c) During the year, the Company has not disposed any part of its fixed assets.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. However, in respect of interest of ₹ 0.29 Lakh accrued and due on unsecured loan granted in prior years, it has been provided for as a doubtful advance in the Accounts for the year ended March 31, 2008.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There are no sales of services during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956, particulars of which need to be entered in the register required to be maintained under that section. As there are no such contracts or arrangements, paragraph 4(v)(b) of the Order is not applicable.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) As represented to us by the Management, the Companies (Cost Accounting Record) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 is applicable to the Company during the year. We have broadly reviewed the cost records maintained by the Company. We have however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of Income-tax, Service Tax and Cess which have not been deposited as on March 31, 2012 on account of any disputes.

(x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117365W)

(A. C. Khanna)
(Partner)
Mumbai, April 24, 2012 *(Membership No. 17814)*

BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As at March 31, 2012 ₹	As at March 31, 2012 ₹	As at March 31, 2011 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES					
Shareholders' Funds:					
Share capital	3	**180,000,000**		180,000,000	
Reserve and surplus	4	**4,153,616**		9,814,784	
			184,153,616		189,814,784
Non-Current Liabilities:					
Deferred tax liabilities (Net)	23		**5,241,699**		5,128,978
Current Liabilities:					
Trade payables	5	**10,094,493**		8,736,634	
Other current liabilities	6	**907,875**		840,562	
Short term provisions	7	**4,172,555**		115,988	
			15,174,923		9,693,184
Total			**204,570,238**		204,636,946
ASSETS					
Non-Current Assets:					
Fixed assets					
(i) Tangible assets	8	**19,807,143**		19,734,940	
Non-current investments	9	**150,749,990**		150,749,990	
Long term loans and advances	10	**2,258,199**		3,873,459	
			172,815,332		174,358,389
Current Assets:					
Inventories	11	**1,715,114**		1,891,517	
Trade receivables	12	**22,113,421**		22,113,421	
Cash and cash equivalents	13	**6,656,590**		5,324,000	
Short term loans and advances	10	**107,828**		12,235	
Other current assets	14	**1,161,953**		937,384	
			31,754,906		30,278,557
Total			**204,570,238**		204,636,946

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman *Director*

Place: Mumbai
Date: April 24, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	**Year ended March 31, 2012 ₹**	Year ended March 31, 2011 ₹
CONTINUING OPERATIONS:			
Revenue from Operations (gross)	**15**	**—**	3,600,000
Less: Excise duty		**—**	—
Revenue from Operations (net)		**—**	3,600,000
Other Incomes	**16**	**894,712**	390,381
		894,712	3,990,381
EXPENDITURE			
Employee benefits expense	**17**	**640,379**	976,174
Depreciation and amortisation expense		**12,260**	12,944
Other expenses	**18**	**687,237**	256,477
		1,339,876	1,245,595
Profit/(Loss) before taxation		**(445,164)**	2,744,786
Less: Tax expense:			
Current tax		**—**	507,252
Deferred tax (Note 23)		**(3,523)**	(3,667)
		(3,523)	503,585
(Loss)/Profit from continuing operations		**(441,641)**	2,241,201
Discontinuing operations:			
(Loss)/Profit from discontinuing operations (before tax) (Note 24)		**(5,103,283)**	(704,658)
Less: Tax expense of discontinuing operations - deferred tax		**116,244**	(151,893)
(Loss) from discontinuing operations		**(5,219,527)**	(552,765)
Total operations:			
(Loss)/Profit for the year		**(5,661,168)**	1,688,436
Earnings per equity share (of ₹10 each)	**22**		
Basic:			
Continuing operations		**(0.02)**	0.12
Total operations		**(0.31)**	0.09
Diluted:			
Continuing operations		**(0.02)**	0.12
Total operations		**(0.31)**	0.09

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

A. K. Nanda *Chairman*

S. Venkatraman *Director*

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

Place: Mumbai
Date: April 24, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
Cash flow from operating activities:		
Net Profit before taxation	**(5,548,447)**	2,040,128
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation	**12,260**	12,944
Provision for Diminution in the value of business unit	**4,056,567**	—
Interest on bank deposits	**(549,762)**	(390,381)
Income taxes (paid)/refund	**1,615,260**	(605,313)
Changes in:		
Trade and other receivables	**(157,936)**	(3,698,786)
Trade and other payables	**584,920**	869,277
Net cash from/(used in) continuing operations	**12,862**	(1,772,131)
Changes in:		
Trade and other receivables	**(1,795)**	(46,516)
Inventories	**176,403**	92,593
Trade and other payables	**840,252**	29,045
Net cash from discontinued operations	**1,014,860**	75,122
Net cash from/(used in) operating activities	**1,027,722**	(1,697,009)
Cash flows from investing activities:		
Purchase of fixed assets	**(84,463)**	—
Interest received	**389,331**	472,471
Net cash from continuing operations	**304,868**	472,471
Net cash from discontinued operations	**—**	—
Net cash from investing activities	**304,868**	472,471
Cash flows from financing activities:		
Net cash from continuing operations	**—**	—
Net cash from discontinued operations	**—**	—
Net cash from financing activities	**—**	—
Net increase/(decrease) in cash and cash equivalents	**1,332,590**	(1,224,538)
Cash and cash equivalents (see Note below)		
Opening balance	**5,324,000**	6,548,538
Closing balance	**6,656,590**	5,324,000
Note:		
Cash and cash equivalents includes:		
Balances with banks		
in current account	**177,245**	162,419
in term deposit accounts*	**6,479,345**	5,161,581
	6,656,590	5,324,000

*Balances with banks include margin monies amounting to ₹ 311,057 (As at March 31, 2011 ₹ 286,808) which have an original maturity of more than 12 months.

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman *Director*

Place: Mumbai
Date: April 24, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. Corporate Information

Mahindra Infrastructure Developers Limited (the Company) is a public company incorporated in India on May 10, 2001 under the provisions of Companies Act, 1956. The Company is engaged in manufacturing and selling of Bio Manure.

2. Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Fixed Assets

(i) All Fixed Assets are carried at cost less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying assets upto the date the asset is ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the statement of Profit and Loss.

(ii) Depreciation on assets is calculated on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except depreciation on building which is provided at 4.75% p. a. on the SLM. (Refer note 24)

c) Investments

Long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

d) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost is arrived at on first-in first-out basis and includes overheads on absorption basis, where appropriate.

e) Revenue Recognition

Management fees arising from projects developed by the Company, is accounted in the year in which such income is established as receivable and is disclosed net of service tax charged to the Client which in turn is paid/payable to the Government.

Sales of products are recognised when the products are dispatched.

Dividend income is recognised in the statement of Profit and Loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

f) Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income or Minimum Alternative Tax (MAT) computed on book profits for the year. Tax credit on MAT is recognised in a subsequent year when the tax obligation is recognised on taxable income. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is virtual certainty, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

g) Segment reporting

The Company has a single reportable segment namely development of infrastructure projects and infrastructure related services for the purpose of Accounting Standard 17 on Segment Reporting.

3 Share capital

Particulars	**As at March 31, 2012**		As at March 31, 2011	
	Number of shares	**₹**	Number of shares	₹
Authorised Equity shares of ₹ 10 each with voting rights	**20,000,000**	**200,000,000**	20,000,000	200,000,000
	20,000,000	**200,000,000**	20,000,000	200,000,000
Issued, subscribed and fully paid-up shares Equity shares of ₹10 each	**18,000,000**	**180,000,000**	18,000,000	180,000,000
	18,000,000	**180,000,000**	18,000,000	180,000,000
Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period Opening balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000
Add: Issued during the year	**—**	**—**	—	—
Less: Buy back during the year	**—**	**—**	—	—
Closing balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company

Particulars	**As at March 31, 2012**	As at March 31, 2011
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominee	**18,000,000**	18,000,000

(iii) Details of shares held by each shareholder holding more than 5% shares

Particulars	**As at March 31, 2012**		As at March 31, 2011	
	Number of shares	**% holding**	Number of shares	% holding
Mahindra Lifespace Developers Limited	**17,999,994**	**99.99997%**	17,999,994	99.99997%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
4 Reserves and surplus		
Surplus in the statement of profit and loss		
Opening balance......................................	9,814,784	8,126,348
Add: Profit/(Loss)for the year....................	(5,661,168)	1,688,436
Closing balance	4,153,616	9,814,784
5 Trade payables		
Micro and small enterprises......................................	—	—
Other than micro and small enterprises......................	10,094,493	8,736,634
	10,094,493	8,736,634

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
6 Other current liabilities		
Employees' state insurance.....................	1,106	1,763
Provident fund..	3,330	3,330
Service tax	726,768	726,768
Tax deducted at source	176,671	108,701
	907,875	840,562
7 Short term provisions		
Provision for income tax including fringe benefit tax (net of payments)	115,988	115,988
Provision for Diminution in the value of business unit..	4,056,567	—
	4,172,555	115,988

8 Fixed assets ₹

	Gross Block				Depreciation				Net Block	
Tangible assets	Balance as at April 1, 2011	Addition	Disposal	Balance as at March 31, 2012	Balance as at April 1, 2011	For the year	Disposal / adjustments	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
Building	3,158,995	—	—	3,158,995	314,363	—	—	314,363	2,844,632	2,844,632
Plant and equipment	19,397,860	84,463	—	19,482,323	2,592,518	1,260	—	2,593,778	16,888,545	16,805,342
Furniture and fixtures	28,189	—	—	28,189	17,933	—	—	17,933	10,256	10,256
Vehicles	96,000	—	—	96,000	48,371	—	—	48,371	47,629	47,629
Office equipment	9,500	—	—	9,500	9,500	—	—	9,500	—	—
Computer	135,277	—	—	135,277	108,196	11,000	—	119,196	16,081	27,081
Total	22,825,821	84,463	—	22,910,284	3,090,881	12,260	—	3,103,141	19,807,143	19,734,940
Previous year	22,825,821	—	—	22,825,821	3,077,937	12,944	—	3,090,881	19,734,940	

	As at March 31, 2012		As at March 31, 2011	
9 Non current investment	Number of shares	₹	Number of shares	₹
Investments (At cost, unless otherwise specified):				
Unquoted shares (Non-trade and fully paid-up unless otherwise specified)				
Investment in joint ventures				
₹10 per share in Mahindra Inframan Water Utilities Private Limited- Equity shares		24,999	249,990	
24,999 249,990				
₹10 per share in Mahindra Water Utilities Limited- Equity shares	50,000	500,000	50,000	500,000
Investment in associates				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited - Equity shares	500	5,000	500	5,000
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited- Preference shares	238,500	2,385,000	238,500	2,385,000
Investment in others				
₹10 per share in New Tirupur Area Development Corporation Ltd (Note 26)	15,000,000	150,000,000	15,000,000	150,000,000
Total		153,139,990		153,139,990
Less: Provision for dimunition in value of investment		2,390,000		2,390,000
Total		150,749,990		150,749,990

	Non-current		Current	
10 Loans and advances	As at March 31, 2012 ₹	As at March 31, 2011 ₹	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Security deposits				
Unsecured, considered good	126,200	126,200	—	—
Loans and advances to related party				
Unsecured,doubtful	—	—	29,392	29,392
Less: Provision for doubtful loans and advances	—	—	29,392	29,392
	—	—	—	—
Other loans and advances Unsecured, considered good				
Advance income tax (net of provision)	2,131,999	3,747,259		
Prepaid expenses	—	—	11,030	9,235
Balance with statutory/government authorities	—	—	76,798	—
Advance to staff	—	—	20,000	3,000
	2,258,199	3,873,459	107,828	12,235

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
11 Inventories		
(at lower of cost and net reliasable value)		
Finished goods	**1,637,219**	1,813,622
Packing materials	**77,895**	77,895
	1,715,114	1,891,517
12 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**22,113,421**	20,308,186
Other trade receivables		
Unsecured, considered good	**—**	1,805,235
	22,113,421	22,113,421
13 Cash and cash equivalents		
Balances with banks		
in current account	**177,245**	162,419
in term deposit accounts [refer note below]	**6,479,345**	5,161,581
	6,656,590	5,324,000

Note

Balances with banks include margin monies amounting to ₹ 311,057 (As at March 31, 2011 ₹ 286,808) which have an original maturity of more than 12 months.

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
14 Other current assets		
Interest accrued but not due on term deposit accounts	**339,516**	179,085
Balance with statutory/government authorities	**822,437**	758,299
	1,161,953	937,384

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
15 Revenue from Operations		
Sale of services - Management fees	**—**	3,600,000
	—	3,600,000
16 Other income		
Interest on Bank deposits	**549,762**	390,381
Interest on Income tax refund	**314,950**	—
Other non-operating income (net)		
Excess provision written back	**30,000**	—
	894,712	390,381
17 Employee benefit expenses		
Secondment Charges	**618,000**	945,394
Staff welfare	**22,379**	30,780
	640,379	976,174
18 Other Expenses		
Professional Charges	**376,500**	33,500
Stamp and Filing fees	**1,240**	3,240
Sundry Balances written off	**21,743**	—
Payment to Auditors [Refer note below]	**272,300**	210,193
General and miscellaneous expenses *	**15,454**	9,544
	687,237	256,477

* General and miscellaneous expenses mainly includes bank charges and software expenses

Note :

Payment to Auditors:		
Audit Fees	**242,000**	210,000
Audit Fees - other services	**30,000**	—
Out of Pocket Expenses	**300**	193
	272,300	**210,193**

19. Contingent Liabilities not provided for

Guarantee/Counter Guarantee given by the Company:

₹

	Amount of Guarantee		Amount outstanding		Maximum liability of the Company	
	2012	2011	**2012**	2011	**2012**	2011
For Joint Venture Companies	180,000,000	180,000,000	180,000,000	180,000,000	90,000,000	90,000,000

20. No Companies have been identified under the Micro Small and Medium Enterprises Development Act, 2006 as on March 31, 2012 and hence the disclosures as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

21. Related Party Transactions

The Company has given the following relevant disclosures in pursuance of the Accounting Standard 18 "Related Party Disclosures"

List of related parties with whom the Company has transactions:

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited		Controlling Company
2	Mahindra Lifespace Developers Limited		Holding Company

Fellow Subsidiaries

1	Mahindra Consulting Engineers Limited

Joint Ventures

1	Mahindra Water Utilities Limited	2	Mahindra Inframan Water Utilities Private Limited

Transactions with related parties during the year and balance as on March 31, 2012

₹

Nature of transactions	Enterprise controlling the Company	Fellow Subsidiaries	Joint Ventures/ Associates
Rendering of services	—	—	—
	(—)	*(—)*	*(3,600,000)*
Sale of goods	—	252,000	—
	(—)	*(17,500)*	*(—)*
Expenses	618,000	918,492	—
	(946,115)	*(—)*	*(—)*
Maximum liability to the Company in respect of guarantees outstanding	—	—	90,000,000
	(—)	*(—)*	*(90,000,000)*
Receivables	—	—	21,913,260
	(—)	*(—)*	*(21,913,260)*
Payables	6,859,801	883,122	—
	(6,246,312)	*(128,262)*	*(—)*

1. Previous year's figures are in brackets and italic
2. During the year there were no amounts required to be written off and written back from such parties.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The Significant related party transactions are as under:

Nature of transactions	Enterprise controlling the Company	Amount ₹	Joint Ventures/ Associates/ Fellow subsidiaries	Amount ₹
Rendering of services	—	— *(—)*	Mahindra Water Utilities Limited(Joint Venture)	— *(3,600,000)*
Sale of Goods	—	— *(—)*	Mahindra Consulting Engineers Limited (Fellow subsidiary)	252,000 *(17,500)*
Expenses	Mahindra & Mahindra Limited (Controlling Company)	— *(217,475)*	—	— *(—)*
	Mahindra Lifespace Developers Limited (Holding Company)	618,000 *(728,640)*	Mahindra Consulting Engineers Limited (Fellow subsidiary)	918,492 *(—)*

Previous year's figures are in brackets and italic

22. Computation of "Earnings Per Share"

The computation of the "Earnings per share" in line with Accounting Standard 20 is as under:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after tax available for equity shareholders (₹)	**(5,661,168)**	1,688,436
Nominal value per share (₹)	**10**	10
Weighted Average number of Equity shares (No.)	**18,000,000**	18,000,000
Basic Earnings per share (₹)		
Continuing operations	**(0.02)**	0.12
Total operations	**(0.31)**	0.09
Total Weighted Average number of Equity shares (No.)	**18,000,000**	18,000,000
Diluted Earnings per share (₹)		
Continuing operations	**(0.02)**	0.12
Total operations	**(0.31)**	0.09

23. Deferred tax Liability/Asset

Particulars	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Deferred tax liability		
Difference between book depreciation and tax depreciation	**5,250,781**	5,138,060
Deferred tax assets		
Provision for doubtful loans and advances	**9,082**	9,082
Net deferred tax liability	**5,241,699**	5,128,978

24. For the Solid Waste Treatment Agreement on January 17, 2003 ("the Agreement") executed with Tirupati Temple Devasthanam (TTD) for operating a solid waste treatment plant ("the project") at Tirupati, the Company has terminated the Agreement with effect from June 19, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the agreement. The project has not been operating since the termination. Accordingly no depreciation on the facilities has been provided since June 20, 2009. The particulars of the facilities as on June 20, 2009 to be transferred to TTD on acceptance of the termination by them are given below:

Description of Assets	Written Down Value of the Assets ₹
Building	2,844,632
Plant & Machinery and Office Equipment	16,881,474
Computer	4,782
Furniture & Fixtures	10,256
Vehicle	47,629
Total	19,788,772

The carrying amount of current assets pertaining to the above discontinuing operation is ₹1,974,613 (2011: ₹2,257,206) and its current liabilities is ₹2,833,039 (2011: ₹2,028,328).

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the Company

₹

	Continuing Operation		Discontinuing Operation		Total	
Particulars	**2012**	2011	**2012**	2011	2012	2011
Income	**894,712**	3,990,381	**252,000**	74,191	1,146,712	4,064,572
Raw Materials & Finished Products	**—**	—	**(176,403)**	(92,593)	(176,403)	(92,593)
Personnel Expenses	**(640,379)**	(976,174)	**(242,399)**	(361,416)	(882,778)	(1,337,590)
Other Expenses	**(687,237)**	(256,477)	**(879,914)**	(324,840)	(1,567,151)	(581,317)
Depreciation	**(12,260)**	(12,944)	**—**	—	(12,260)	(12,944)
Diminution in the value of business unit	**—**	—	**(4,056,567)**	—	(4,056,567)	—
Profit/(Loss) for the year before taxation	**(445,164)**	2,744,786	**(5,103,283)**	(704,658)	(5,548,447)	2,040,128

25. Information pertaining to Joint Ventures

The company's share of the assets, liabilities, income and expenses of the jointly controlled entities for the year ended March 31, 2012 are as follows:

₹

	2012	2011	**2012**	2011
Name of Joint Venture	Mahindra Water Utilities Limited		Mahindra Inframan Water Utilities Pvt. Ltd.	
	Audited		Audited	
Equity Interest	**50%**	50%	**50%**	50%
Incorporated	**India**	India	**India**	India
Current assets	**76,331,515**	46,213,751	**373,722**	360,262
Non-current assets	**143,167,653**	146,428,594	**69,502**	68,781
Current liabilities	**54,346,776**	47,516,182	**11,581**	10,912
Non-current liabilities	**1,350,242**	1,286,053	**—**	—
Revenue	**61,669,047**	62,408,368	**26,864**	21,946
Cost of material consumed	**—**	—		
Depreciation of plant and machinery	**675,916**	835,054	**—**	—
Employee benefit expense	**18,621,251**	17,401,207	**—**	—
Finance costs	**1,534,812**	—	**—**	—
Other expenses	**10,554,760**	13,163,542	**7,310**	8,559
Profit before tax	**30,282,308**	31,008,565	**19,554**	13,387
Income tax expense	**10,320,269**	10,616,770	**6,042**	4,137
Profit after tax	**19,962,039**	20,391,795	**13,512**	9,250

26. The Company has an investment of ₹150,000,000 in the equity shares of New Tirupur Area Development Corporation Limited (NTADCL). Due to adverse business conditions, NTADCL has been making losses and there has been an erosion in the net worth. All the stakeholders of NTADCL including lenders and Tamil Nadu Government, a major shareholder, have taken various steps for reviving the operations. The lenders have agreed to extend concessions to NTADCL in terms of conversion of a part of their debt into equity, one time waiver of interest due, reduced interest rates on the loans, short moratorium for payment of interest and repayment of loans and extension of repayment period of loans. Similarly the Tamil Nadu Government has issued a Government Order dated March 16, 2012 proposing several measures like infusion of fresh equity, conversion of temporary funding provided into equity, assured off-take of water, increase in the tariff for existing domestic off-take, strict implementation of the law banning use of ground water for industrial use etc. It is expected that these measures by the Tamil Nadu Government and the stakeholders will lead to a turnaround in the operations of NTADCL and improve its financial position. Thus in the view of the management there is no permanent diminution in the value of the investments in NTADCL.

27. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

Mumbai, April 24, 2012 **S. Venkatraman** *Director*

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Sixteenth Annual Report together with the audited accounts of the Company for the financial year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(₹ in lakh)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Income	**2,910.94**	7.55
Profit before Interest and Taxation	**4.28**	(148.70)
Interest	**304.41**	420.37
Provision for Tax	**—**	—
Profit / (Loss) after tax for the year	**(300.13)**	(569.07)
Add : Balance of Profit / (Loss) for earlier years	**(1,036.05)**	(466.98)
Amount available for appropriation	**(1,336.18)**	(1,036.05)
Balance carried forward	**(1,336.19)**	(1,036.05)

Operations

Your Company's first project inside Mahindra World City, Chennai - 'Iris Court' is spread over 18 acres offering 702 apartments in the 1, 2 and 3 bedroom category. Iris Court is designed to comprise four towers and four loops set amidst a well landscaped layout and in close proximity to the Paranur railway station. Iris Court has been planned in 3 phases. The first phase of the project covering 0.27 million square feet was launched during 2010-11. It has been fully sold out and the construction work is in progress. The second phase of the project covering 0.30 million square feet was soft-launched in Jan-11 and has met with a very good response

Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

Capital

The Authorised Equity Share Capital of your Company is ₹ 60 crore. The paid up equity share capital of ₹ 50.37 crore of your Company is held by Mahindra Lifespace Developers Limited (MLDL) and Mahindra World City Developers Limited (MWCDL) in the ratio of 73.51:25.83 respectively and therefore your Company continues to be subsidiary of MLDL and consequently a subsidiary of the ultimate Holding Company, viz. Mahindra & Mahindra Limited.

During the year Equity Share Capital increased from ₹ 50.33 crore to ₹ 50.37 crore due to exercise of Stock Options.

Employee Stock Option Scheme (ESOS)

During the year, 70,000 Options have been exercised by the allottees out of 4,55,000 Options which were vested on March 31, 2008. The shares arising from exercise of 70,000 Options have been allotted on April 16, 2012.

Subsidiary of the Company

Your Company holds 51% of the paid up Equity Share Capital of Mahindra Residential Developers Limited (MRDL). Balance 49% is held by Velands Investments Limited (VIL) (earlier known as Velands Ventures Limited), an Ayala group company. Hence, MRDL continues to be a subsidiary of your Company and consequently a subsidiary of the Ultimate Holding companies, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited.

The audited accounts of your subsidiary Company for the year ended March 31, 2012 together with Directors' and Auditors' Report, and a statement pursuant to Section 212 of the Companies Act,1956 are attached.

Compensation Committee

The Compensation Committee of your Board comprises of Ms. Anita Arjundas (Chairperson), Mr. S. Chandru and Ms. Sangeeta Prasad. During the year, one meeting was held.

The terms of reference of the Compensation Committee inter-alia consists of appointment and Remuneration of the Managing Director/Whole-Time Director/Manager and grant of options under the Employee Stock Option Scheme to employees and Directors of the Company and those of Holding/subsidiary companies from time to time.

Directors

Ms. Sangeeta Prasad, Director retires by rotation and being eligible, offers herself for re-election at the forthcoming Annual General Meeting.

Mr. S. Chandru was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on May 6, 2011 and was confirmed as Director at the Annual General Meeting of the Company held on July 20, 2011.

During the year, Mr. Ramesh Ramanathan resigned as Director of the Company with effect from May 6, 2011. Your Board placed on record its appreciation for the services rendered by Mr. Ramesh Ramanathan during his tenure as Director of the Company.

Director's responsibility statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 March 31, 2012 and of the loss of the Company for the year ended on that date.
- 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;
- the annual accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee of the Company comprises of Ms. Anita Arjundas (Chairperson), Mr. S. Chandru and Ms. Sangeeta Prasad.

Audit Committee met two times during the year under review.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received written certificate from the above auditors proposed to be reappointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Code of Conduct

The Company had adopted Codes of Conduct ("the Codes") for its Directors and Senior Management personnel and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members affirming compliance with the respective Codes.

Public Deposits and Loans/Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012, or was employed for a part of Financial Year and was in receipt of remuneration of not less than ₹ 500,000 p.m. during any part of the year.

Acknowledgement

The Directors thank State Bank of India and associates of the Company for the support received from them during the year under review. The Directors also place on record their appreciation for the dedicated efforts put in by the consultants of the Company.

For and on behalf of the Board,

Place: Chennai **Anita Arjundas**
Date: April 16, 2012 *Chairperson*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

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, 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	:	The above measures have resulted in reduction of energy consumption
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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is furnished in the notes to accounts.

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

Anita Arjundas
Chairperson

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

1. **Report on the Financial Statements**

   We have audited the accompanying financial statements of Mahindra Integrated Township Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2012 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

   The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

3. **Auditors' Responsibility**

   Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5. **Opinion**

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
   b. in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
   c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. **Report on Other Legal and Regulatory Requirements**

   As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

7. **As required by Section 227(3) of the Act, 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 purposes 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 those books.
   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
   e. On the basis of the written representations received from the directors as on March 31, 2012 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai, April 16, 2012

Annexure referred to in paragraph 6 of the Auditors' Report to the members of Mahindra Integrated Township Limited on the Accounts for the year ended March 31, 2012

(i) Having regard to the nature of the Company's business / activities / result, clauses (iii), (v), (vi), (xii) to (xv), (xviii), (xix), and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the same.

(b) The fixed assets were physically verified during the year by the Management and no discrepancy was noticed on such verification.

(c) No fixed assets have been disposed off during the year.

(iii) In respect of its inventory:

(a) As explained to us, the inventories representing land and construction materials were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets. During the course of our audit, we have not observed any major weaknesses in such internal control system.

(v) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed dues, including Income tax, Service tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income tax, Service tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) As on March 31, 2012, there were no disputed dues on account of Income tax and Service tax which have not been deposited.

(viii) The accumulated losses of the Company at the end of the financial year was less than fifty percent of its net worth and the Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.

(x) The Company has applied term loans for the purpose for which the loans were obtained.

(xi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai, April 16, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at March 31, 2012	As at March 31, 2011
			₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**5,036.50**	5,033.25
Reserves and surplus	4	**(1,336.18)**	(1,036.05)
Money received towards ESOS pending allotment		**7.00**	3.25
		3,707.32	4,000.45
Non Current Liabilities:			
Long term Borrowings	5	**575.00**	—
Current Liabilities:			
Trade Payables	6	**262.54**	171.99
Other Current Liabilities	7	**341.89**	1,326.14
Short term borrowings	8	**5,120.00**	3,720.00
		5,724.43	5,218.13
Total		**10,006.75**	9,218.58
ASSETS			
Non Current Assets			
Tangible Fixed Assets	9	**1.07**	1.31
Non current Investments	10	**13.75**	13.75
Long term loans and advances	11	**98.33**	58.32
		113.15	73.38
Current Assets			
Inventories	12	**8,156.60**	8,732.81
Trade receivables	13	**1,576.11**	—
Cash and cash equivalents	14	**9.93**	169.09
Short- term loans and advances	15	**150.96**	243.30
		9,893.60	9,145.20
Total		**10,006.75**	9,218.58

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A.F. Ferguson & Co,**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Place : Chennai
Date : April 16, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

	Note	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from operations	16	**2,906.13**	—
Other Income	17	**4.81**	7.55
		2,910.94	7.55
EXPENDITURE			
Project Costs	18	**1,988.73**	896.45
Changes in Inventories	19	**576.21**	(904.02)
Finance Costs	20	**304.41**	378.48
Depreciation	9	**0.26**	0.13
Other expenses	21	**341.46**	205.58
		3,211.07	576.62
Loss before tax		**(300.13)**	(569.07)
Less: Tax expense		**—**	—
Loss for the year		**(300.13)**	(569.07)
Earnings pershare: (₹)			
Basic/(diluted)		**(0.60)**	(1.13)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A.F. Ferguson & Co,**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
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For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Place : Chennai
Date : April 16, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

		₹ in lacs
	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities		
(Loss) before tax	**(300.13)**	(569.07)
Adjustments for:		
Depreciation	**0.26**	0.13
Finance Costs	**304.41**	420.36
Interest income	**(1.43)**	(7.55)
Operating profit / (loss) before working capital changes	**3.11**	(156.13)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	**576.20**	(904.03)
Trade Receivables	**(1,576.11)**	—
Long term loans and advances	**(40.01)**	(3.93)
Short-term loans and advances	**132.34**	(231.11)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	**90.55**	207.60
Other current liabilities	**(851.73)**	426.51
	(1,668.76)	(504.96)
Cash used in operations	**(1,665.65)**	(661.09)
Income taxes paid (net of refunds)	**(40.00)**	0.02
Net cash used in operating activities	**(1,705.65)**	(661.07)
B. Cash flow from investing activities:		
Purchase of fixed assets	**(0.02)**	(1.00)
Interest received	**1.43**	7.55
Net cash from investing activities	**1.41**	6.55
C. Cash flow from financing activities:		
Money received towards ESOS pending allotment	**7.00**	3.25
Inter Corporate Deposits Received	**1,400.00**	900.00
Proceeds from long term borrowings	**575.00**	—
Finance costs	**(436.92)**	(610.59)
Net cash from financing activities	**1,545.08**	292.66
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(159.16)**	(361.85)
Opening balance	**169.09**	530.94
Closing balance	**9.93**	169.09

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A.F. Ferguson & Co,**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Place : Chennai
Date : April 16, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. Corporate Information

The Company is a special purpose vehicle formed for developing residential complexes at Mahindra World City, Chengalpet, Tamil Nadu.

2. Significant Accounting Policies

a) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c) Inventories

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the company.

d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f) Revenue Recognition

Income from property development activity is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature. Revenues are recognized only when all the following conditions are met

1. The project costs incurred exceed 25% of the total estimated project costs including land
2. At least 10% of the sales consideration is realized.
3. At least plinth level is achieved for a particular phase as certified by architect.

g) Other income

Interest income is accounted on accrual basis

h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use

Depreciation

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule XIV to the Companies Act, 1956.

i) Investments

Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for. Current investments are valued at lower of cost and fair value.

j) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the profit and loss account

k) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

l) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

m) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
3. Share Capital		
Authorised		
60,000,000 equity shares of ₹10 each	6,000.00	6,000.00
Issued, Subscribed and Paid up		
50,365,000 Equity Shares of ₹10 each	5,036.50	5,033.25
Total	5,036.50	5,033.25

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2012 No of Shares	As at March 31, 2012 Value of Shares ₹ in lacs	As at March 31, 2011 No of Shares	As at March 31, 2011 Value of Shares ₹ in lacs
Balance as at the beginning of the year	50,332,500	5,033.25	50,040,100	5,004.01
Add: Shares allotted during the year under ESOS scheme	32,500	3.25	292,400	29.24
Balance as at the end of the year	50,365,000	5,036.50	50,332,500	5,033.25

b. Terms/ Rights attached to Equity Shares

Equity Shares: The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c. Details of Share held by shareholers holding more than 5% of the aggre gate shares in the company

	As at March 31, 2012 No. of Shares	As at March 31, 2012 % Holding	As at March 31, 2011 No. of Shares	As at March 31, 2011 % Holding
Equity Shares				
Mahindra Lifespace Developers Limited, Holding Company	37,000,000	73.51	37,000,000	73.94
Mahindra World city Developers Limited, Fellow subsidiary	13,000,000	25.83	13,000,000	25.98

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
4. Reserves & Surplus		
Surplus in statement of Profit & Loss		
Balance at the beginning of the year	(1,036.05)	(466.98)
Add: Loss for the year	(300.13)	(569.07)
Balance at the end of the year	(1,336.18)	(1,036.05)
5. Long Term Borrowings		
Term loan from bank (Secured)	575.00	—
	575.00	—

The above term loan was availed from State Bank of India in March, 2012 and carries interest at the rate of 13% and is repayable in three instalments from September 2013. This loan is secured by simple mortgage over the leasehold rights on the land and the proposed residential complex thereon. There has been no default in payment of interest.

	As at March 31, 2012	As at March 31, 2011
6. Trade Payables		
Trade Payables	188.84	144.75
Retetion Money	73.70	27.24
	262.54	171.99
7. Other Current Liabilities		
Interest accrued but not due on borrowings		
Related Parties	143.74	277.58
Term loan	1.32	—
Other Payables		
Related parties	61.16	80.37
Statutory remittances - withholding taxes	0.11	22.30
Accrued expenses	4.28	1.99
Advances received		
Related Parties	—	538.70
Customers	131.28	405.20
	341.89	1,326.14
8. Short Terms Borrowings (Unsecured)		
Inter Corporate Deposits received from Related parties		
Mahindra World City Developers ltd	733.00	733.00
Mahindra Lifespace Developers Limited	3,287.00	2,987.00
Mahindra Residential Developers Limited	1,100.00	—
	5,120.00	3,720.00

9. Tangible Assets

₹ in lacs

Particulars	Gross block			Depreciation			Net block	
	As at 01.04.2011	Additions	**As at 31.03.2012**	As at 01.04.2011	For the year	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Computers	1.47	0.02	**1.49**	0.24	0.25	**0.49**	**1.00**	1.23
Office Equipment	0.08	—	**0.08**	0.00	0.01	**0.01**	**0.07**	0.08
Total	1.55	0.02	**1.57**	0.24	0.26	**0.50**	**1.07**	1.31
Previous year	0.55	1.00	**1.55**	0.12	0.13	**0.24**	**0.43**	1.31

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
10. Non Current Liabilities		
Long term, Trade (at cost)		
Mahindra Residential Developers Limited, Subsidiary Company		
— 127,500 equity shares of ₹10 each fully paid up	**12.75**	12.75
— 10,000 Preference shares of ₹10 each fully paid up	**1.00**	1.00
— One Share Warrant of ₹1 each	**—**	—
	13.75	13.75
11. Long Term & Advances		
Deposits to Related Party		
— Mahindra World City Developers Limited	**56.66**	56.66
Advance Income tax paid	**41.67**	1.66
	98.33	58.32
12. Inventories		
Construction work in progress (including leasehold land)	**8,007.85**	8,668.05
Construction materials	**148.75**	64.76
	8,156.60	8,732.81
13. Trade Receivables		
(Unsecured, considered good)		
Trade receivables outstanding for more than six months from the date they were due for payment	**—**	—
Other trade receivables	**1,576.11**	—
	1,576.11	—
14. Cash and Cash Equivalents		
Balances with banks		
— Cash on hand	**—**	0.09
— On current accounts	**9.93**	169.00
	9.93	169.09
15. Short Term Loans & Advances		
(Unsecured unless specifically stated, considered good)		
Mobilisation advances - Secured by Bank guarantees	**122.69**	168.75
Supplier advances	**28.02**	74.30
Other advances	**0.25**	0.25
	150.96	243.30

₹ in lacs

	Year ended March 31, 2012	Year ended March 31, 2011
16. Revenue from Operations		
Income from Projects	**2,906.13**	—
	2,906.13	—
17. Other Income		
Interest on deposit with bank	**1.43**	7.55
Interest on Income Tax Refund	**0.13**	—
Cancellation Income	**3.25**	—
	4.81	7.55
18. Project Costs		
Land and construction costs	**1,480.58**	714.44
Architect Fees	**(7.74)**	75.62
Site Expenses	**15.13**	4.33
Project management fees	**172.52**	48.75
Interest	**253.52**	41.90
Rates and taxes	**74.72**	11.41
	1,988.73	896.45
19. Changes in inventories		
Inventories at the end of the year:		
Construction materials	**148.75**	64.76
Work-in-progress	**8,007.85**	8,668.05
Inventories at the beginning of the year:		
Construction materials	**64.76**	—
Work-in-progress	**8,668.05**	7,828.79
Net (increase) / decrease	**576.21**	(904.02)
20. Finance Costs		
Interest on term loan	**1.32**	—
Interest paid to Related Parties on Inter corporate deposits	**556.61**	392.79
Other borrowing costs	**—**	27.59
Less : Allocated to projects	**(253.52)**	(41.90)
	304.41	378.48
21. Other Expenses		
Operation and maintenance expenses	**122.68**	137.82
Travelling & Conveyance	**0.90**	1.39
Legal & professional fees	**44.56**	3.75
Printing and stationery	**0.62**	—
Advertisement, marketing and business development	**38.09**	42.39
Deputation Charges	**74.86**	14.86
Auditors remuneration		
— Audit fees	**3.00**	2.00
— Reimbursement of expenses/levies	**0.37**	0.21
Office Establishment	**39.89**	—
Subscription & Periodicals	**2.51**	—
Miscellaneous expenses	**13.98**	3.16
	341.46	205.58

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22. Employees' Stock Option Scheme

a. Details of Employees' Stock Option Scheme (ESOS) are given below.

Grant date	November 26, 2007
Vesting date	March 31, 2008
Number of Options Granted / Vested	4.55 lacs
Contractual life	Options will lapse if not exercised within 5 years from the date of vesting
Exercise Price	₹10
Method of Settlement	By issue of shares at Exercise Price

b. Summary of Stock options.

Number of options outstanding at the beginning of the year	0.90 lacs
Number of options exercised (0.32 lacs allotted during the year)	0.70 lacs
Number of options outstanding at the end of the year	0.20 lacs
Number of options lapsed	Nil

c. The company has adopted the intrinsic value method in accounting for employee costs on account of ESOS. The intrinsic value of shares based on a valuation obtained from an independent valuer is ₹ 10 per equity share as on the grant date, November 26, 2007, based on the discounted cash flow method. As the difference between the intrinsic value and the exercise price per share is ₹ Nil, no employee compensation cost has been recognised.

d. The fair value of options, based on the valuation of the independent valuer as of the date of grant i.e. November 26, 2007 is ₹ 1.87.

e. Had the company adopted the fair value method in respect of options granted, the impact on the financial statements for the year ended March 31, 2012 would be

	₹ in lacs
Increase in employee compensation cost	1.70
Decrease in profit after tax	1.70
Decrease in basic & diluted earning per share	Nil

The total amount that would have been amortized over the vesting period is ₹ 8.51 lacs

f. The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Risk free interest rate	7.54%
Expected life	2.85
Expected volatility	Nil
Expected dividend yield	Nil

23. Other Commitments

	2011-2012	₹ in lacs 2010-2011
Work orders to contractors	**1,208.54**	2,170.57
Sale commitments	**9,558.76**	8,396.05

24. Expenditure incurred in foreign currency

2011-12	₹ in lacs 2010-11
—	7.91

25. Details of borrowing costs inventorised during the year

2011-12	₹ in lacs 2010-11
157.24	41.90

26. Earnings per share: 2011-2012 2010-2011

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(Loss) after tax for the year (₹)	(300.13)	(569.07)
Weighted average number of equity shares (Nos. lacs) – Basic and diluted	503.63	503.20
Basic and diluted Earnings Per Share (₹)	(0.60)	(1.13)

27. Related party transactions:

a) Names of related parties and nature of relationship where control exists:

Ultimate Holding Company – Mahindra & Mahindra Limited

Holding Company – Mahindra Lifespace Developers Limited

Fellow Subsidiary with whom transactions have been entered during the year

Mahindra World City Developers Limited

Subsidiary with whom transactions have been entered during the year

Mahindra Residential Developers Limited

Note: Related Parties have been identified by the Management.

b) The related party transactions are as under: ₹ in lacs

Nature of the Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Subsidiary
Inter Corporate Deposit received		300 (900)	— (—)	1,100 (—)
Interest Expense		407.89 (304.83)	92.85 (87.96)	55.87 (—)
Deputation charges		220.73 (37.36)		
Maintenance Charges			137.82 (137.82)	
Water Charges			11.32 (1.57)	
Balances at year end				
Deposits			56.66 (56.66)	
Intercorporate deposits		3,287 (2,987)	733 (733)	(1,100) (—)
Payables	— (538.70)	156.77 (3285.52)	21.32 (792.42)	26.79 (—)

Figures in brackets are in respect of the previous year.

28. There are no dues to Micro and Small Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

29. The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the Company to a 100% deduction of its income under the Income Tax Act, 1961 upto Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable from the current year.

30. The Company operates in a single segment, namely Property Development.

31. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Anita Arjundas	*Chairperson*
Sangeeta Prasad **S. Chandru**	*Directors*
Arti Shinde	*Company Secretary*

Place : Chennai
Date : April 16, 2012

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

Name of the Subsidiary Companies	Number of Shares in the Subsidiary Company held by Mahindra Integrated Township Limited at the financial year ending date		The net aggregate of profits/(losses) of the Subsidiary Companies so far as they concern the members of Mahindra Integrated Township Limited			
			For Current Financial Year		For Previous Financial Years	
	Equity	Extent of holding	Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended March 31, 2012	Not Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended March 31, 2012	Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended March 31, 2011	Not Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended March 31, 2011
	Nos.	%	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Mahindra Residential Developers Limited	127,500	51%	Nil	555.31	N.A.	(129.04)

Notes:

The financial year of the Subsidiary Company ended on March 31, 2012.

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

Place : Chennai
Date : April 16, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Fifth Report together with the audited accounts of the Company for the financial year ended March 31, 2012.

FINANCIALS HIGHLIGHTS:

(₹ in Lakh)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Income	5,501.04	2,352.33
Profit before Interest and Taxation	1,408.49	203.74
Interest	(47.26)	(10.05)
Provision for Tax	(272.38)	—
Profit after tax for the year	1,088.85	193.69
Add : Balance of Profit / (Loss) for earlier years	(253.03)	(446.72)
Amount available for appropriation	835.82	(253.03)
Proposed Dividend including tax thereon	348.66	—
Balance carried forward	487.16	(253.03)

Operations

"Aqualily" is a premium project developed by your Company, within Mahindra World City, Chennai. Aqualily offers Californian style homes set amidst lush landscapes and gardens adjacent to a perennial lake. Spread over 55 acres of land, Aqualily comprises 151 Villas/Twin homes and 610 apartment covering 1.57 million square feet of development. During the year, the Company launched the final two phases of Aqualily Villas - 1C and 1D, taking the total saleable area of launched villas and apartments to 0.92 million square feet. Construction of the first phase of Villas (1A) which comprises 41 units covering 0.12 million square feet was completed during the Year. Construction of the other launched phases is currently in progress.

Dividend

Your Directors recommend a Dividend of ₹ 3,000 per Preference share on 10,000 Preference shares of the Company of the face value ₹ 10 for the year 2011-12.

The preference dividend (including tax on distributed profits) amounts to ₹ 348.66 lakh and shall be paid out of the profits for the current year.

Capital

The Authorised share capital of the company is ₹ 50 lakhs consisting of equity share capital of ₹ 45 lakh and preference share capital of ₹ 5 lakh.

The paid up equity share capital of ₹ 25 lakh of your Company is held by Mahindra Integrated Township Limited (MITL) and Velands Investments Limited (earlier known as Velands Ventures Limited) in the ratio of 51:49 respectively. The paid up preference share capital of ₹ 1 lakh of your Company is held by Mahindra Integrated Township Limited (MITL).

Your Company continues to be subsidiary of MITL and consequently a subsidiary of the ultimate holding companies viz, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas retires by rotation and being eligible; offers herself for re-appointment at the forthcoming Annual General Meeting.

During the year, Mr. Ramesh Ramanathan resigned from the Board with effect from July 16, 2011. Your Board placed on record its appreciation of the services rendered by Mr. Ramesh Ramanathan during his tenure as Director of the Company.

Mr. S. Chandru was appointed as a Director of the Company in the Casual vacancy caused by resignation of Mr. Ramesh Ramanathan and shall hold office only upto the date upto which Mr. Ramesh Ramanathan would have held office if it had not been vacated as aforesaid.

Director's Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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, 2012 and of the profit of the Company for the year ended on that date.
- 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;
- the annual accounts have been prepared on a going concern basis.

Code of Conduct

The Company had adopted Codes of Conduct ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Certificate under Section 383A of the Companies Act, 1956 from a Company Secretary in Whole-time Practice

In accordance with the provisions of Section 383A of the Companies Act, 1956, a certificate issued by M/s. M. K. SURANA & Co, Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 is given in the Annexure and forms a part of this Report.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or its employees during the year under review.

The Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra and Mahindra Limited.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012, or was employed for a part of Financial Year and was in receipt of remuneration of not less than ₹ 500,000 p.m. during any part of the year.

Acknowledgement

The Directors thank Housing Development and Finance Corporation Limited (HDFC) and all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Place : Chennai **Anita Arjundas**
Date : April 11, 2012 *Chairperson*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

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, 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	:	The above measures have resulted in reduction of energy consumption
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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is furnished in the notes to accounts.

For and on behalf of the Board,

Place : Chennai
Date : April 11, 2012

Anita Arjundas
Chairperson

SECRETARIAL COMPLIANCE CERTIFICATE

Name of the Company	**: M/s. MAHINDRA RESIDENTIAL DEVELOPERS LIMITED**
Company Identification No.	**: U45200TN2008PLC066292**
Registration Number	**: 18 - 066292**
Authorized Share Capital	**: ₹ 50,00,000/-**
Issued & Paid–up Share Capital	**: ₹ 26,00,000/-**

To,
The Members
M/S. MAHINDRA RESIDENTIAL DEVELOPERS LIMITED
Mahindra World City, Administrative Block,
Chengalpattu - 603 002.
Tamilnadu, India.

We have examined the registers, records, books and papers of **M/s. Mahindra Residential Developers Limited** (the Company) having their registered office at Mahindra World City, Administrative Block, Chengelpattu-603 002, Tamilnadu, India, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid period:

1. The Company has kept and maintained all registers as stated in **Annexure "A"** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure "B"** to this certificate, with the Registrar of Companies, Tamil Nadu, except in some of the cases, within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met **Four** times on 20.04.2011, 16.07.2011, 14.10.2011, 18.01.2012 all of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year. The Company does not have any Debenture holders.
6. The Annual General Meeting for the financial year ended on March 31, 2011 was held on May 31, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. **NO** Extra **–** Ordinary General Meeting were held during the financial year under review.
8. According to the information and explanations furnished by the Management, the Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act during the period under review.
9. As informed by the management, the Company has complied with the provisions of Section 297 of the Companies Act, 1956 in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. According to the information and explanations furnished by the Management, there were no instances falling within the purview of Section 314 of the Act and hence the Company has not obtained any approvals from Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment / transfer / transmission of securities during the financial year under review.
    (ii) The Company has not declared any dividend / interim dividend and hence the company has not deposited any amount in a separate Bank Account during the financial year under review.
    (iii) The Company was not required to post warrants to any member of the Company nor was required to transfer unpaid / unclaimed dividend to "Unpaid Dividend Account" as no dividend was declared during the financial year under review.
    (iv) The Company was not required to transfer any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
    (v) The Company has generally complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Director in casual vacancy had been duly made. There was no appointment of additional director or alternate director during the financial year under review.
15. The Company has not appointed any Managing / whole-time Director / Manager during the financial year under review.
16. According to the information and explanations furnished by the Management, the Company has not appointed any sole selling agents during the financial year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under any of the provisions of the Act during the financial year under review.
18. The directors have disclosed their interest in other firms / companies to the Board of directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year. As on date, the paid-up Equity share capital is ₹ 25,00,000/- and paid-up Preference share capital is ₹ 1,00,000/-. One (1) share warrant is issued by the Company.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year under review.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2012 are within the borrowing limits of the Company.
25. The Company has not granted any loans to any other bodies corporate under the provisions of the Act and no entries are made in the register kept for the purpose. The Company has not made advances or has not given any guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the period under review.
31. As informed by the management, there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. According to the information and explanations furnished by the management, the Company has not received any money as security from its employees during the financial year under review as per the provisions of Section 417(1) of the Act.
33. According to the information and explanations furnished by the management, the Company has not constituted any Provident Fund Account inviting application of the provisions of Section 418 of the Act during the financial year. However, the company has been regular in depositing the Provident Fund dues with Provident Fund Authorities

for **M. K. SURANA & Co.,**
Company Secretaries

(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

"**Annexure "A"**"
(Forming part of Compliance Certificate dated April 11, 2012)
Statutory Registers as maintained by M/s. Mahindra Residential Developers Limited

Sl. No.	Section Number	Name of the Register
1	143	Register of Charges
2	150	Register of Members
3	193	Minutes of Meeting of Board of Directors
4	193	Minutes of Meeting of Members
5	205	Books of Accounts
6	301	Register of Contracts in which directors are interested
7	303	Register of Directors
8	307	Register of Directors Shareholding
9	372A	Register of Loans & Investments.
10	—	Register of Share Transfers
11	—	Board Meeting Attendance Register
12	—	General Meeting Attendance Register
13	—	Register of Fixed Assets

for **M. K. SURANA & Co.,**
Company Secretaries

(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

"**Annexure "B"**"
(Forming part of Compliance Certificate dated April 11, 2012)
Forms and Returns as filed by **M/s. Mahindra Residential Developers Limited** with the Registrar of Companies, Tamil Nadu, during the financial year ending March 31, 2012

Sl. No.	Form No.	Relevant Section in the Act	Description	SRN No. and Date of filing	Date of payment in the Bank by credit card	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 32	303	Appointment of Mr. Chandru Sethuraman as Director appointed in casual vacancy of the Company with effect from 16.07.2011.	B17081316	28.07.2011	Yes	—
			Resignation of Mr. Ramesh Ramanathan from Directorship of the Company with effect from 16.07.2011.	28.07.2011			
2.	Form 66	383A	Secretarial Compliance Certificate for the financial year ended 31st March 2011.	P67920710 21.06.2011	21.06.2011	Yes	—
3.	Form 23AC and Form 23ACA	220	Certified True Copy of Balance Sheet, P & L a/c etc. for the financial year ended 31st March 2011.	P67925073 21.06.2011	21.06.2011	Yes	—
4.	Form 20B	159	Annual Return filed for the Annual General Meeting held on 31st May 2011.	P67924803 21.06.2011	21.06.2011	Yes	—
5.	Form 23B	224	Information by auditor to Register	S06171672 11.10.2011	11.10.2011	—	—
6.	Form 23AC - XBRL and Form 23ACA - XBRL	220	Certified True Copy of Balance Sheet, P & L a/c etc. for the financial year ended 31st March 2011.	P79933941 22.11.2011	22.11.2011	Yes	—

for **M. K. SURANA & Co.,**
Company Secretaries

(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

1. Report on the Financial Statements

   We have audited the accompanying financial statements of Mahindra Residential Developers Limited (the Company), which comprise the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

   The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

3. Auditors' Responsibility

   Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5. Opinion

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

   (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

   (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

6. Report on Other Legal and Regulatory Requirements

   As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

7. As required by Section 227(3) of the Act, 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 purposes 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 those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2012 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

B. Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai
Date: April 11, 2012

Annexure referred to in paragraph 6 of the Auditors' Report to the members of Mahindra Residential Developers Limited on the accounts for the year ended March 31, 2012

(i) Having regard to the nature of the Company's business / activities / result, clauses (i), (iii), (v), (vi), (x), (xii) to (xv), (xviii), (xix), and (xx) of CARO are not applicable.

(ii) In respect of its inventory:

(a) As explained to us, the inventories representing land and construction materials were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and the sale of inventory. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.

(v) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that Prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Income tax, Service tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income tax, Service tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) As on March 31, 2012, there were no disputed dues on account of Income tax, Service tax and other material statutory dues which have not been deposited.

(vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.

(viii) The Company has applied term loans for the purpose for which the loans were obtained.

(ix) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

B. Ramaratnam
Partner
Membership Number: 21209

Place : Chennai
Date : April 11, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at March 31, 2012	₹ in lacs As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	26.00	26.00
Reserves and surplus	4	5,922.49	5,182.30
Money received against share warrants (₹ 1, Previous year ₹ 1)	3a		
Non Current Liabilities			
Long-term borrowings	5	—	300.00
Current Liabilities			
Trade payables	6	1,157.02	389.64
Other current liabilities	7	860.16	1,599.04
Short-term provisions	8	397.54	—
Total		8,363.21	7,496.98
ASSETS			
Non-current Assets			
Long term loans and advances	9	40.34	72.29
Current Assets			
Inventories	10	4,804.61	4,567.83
Trade receivables	11	625.00	482.83
Cash and cash equivalents	12	598.83	1,920.36
Short-term loans and advances	13	2,265.55	449.93
Other current assets	14	28.88	3.75
Total		8,363.21	7,496.98

See accompanying notes forming part of the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } *Directors*

Place: Chennai
Date: April 11, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

	Note	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from operations	15	5,351.46	2,309.05
Other Income	16	149.58	43.28
		5,501.04	2,352.33
EXPENDITURE			
Projects Costs	17	3,627.52	2,204.32
Changes in Inventories	18	(236.78)	(723.00)
Finance cost	19	47.26	10.05
Other expenses	20	701.81	667.27
		4,139.81	2,158.64
Profit before tax		1,361.23	193.69
Tax expense			
Current tax		272.38	—
Profit for the year		1,088.85	193.69
Earnings per share			
Basic / Diluted (₹)		296.07	77.48

See accompanying notes forming part of the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } *Directors*

Place: Chennai
Date: April 11, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		₹ in lacs Year ended March 31, 2012	Year ended March 31, 2011
A.	**Cash flow from operating activities**		
	Profit before tax	1,361.23	193.69
	Adjustments for:		
	Finance Costs	45.75	10.05
	Interest income	(142.24)	(33.45)
	Provision for defect liability	30.00	—
	Operating profit before working capital changes	1,294.74	170.29
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	(236.78)	(723.00)
	Trade receivables	(142.17)	189.74
	Long term loans and advances	(0.25)	—
	Short-term loans and advances	(715.62)	(289.72)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	767.38	335.63
	Other current liabilities	(1,038.76)	1,566.19
		(1,366.20)	1,078.84
	Cash generated from/(used in) operations	(71.46)	1,249.14
	Net income tax paid	(221.31)	(4.06)
	Net cash from/(used in) operating activities	(292.77)	1,245.08
B.	**Cash flow from investing activities:**		
	Intercorporate Deposit given	(1,100.00)	—
	Interest received	117.11	30.38
	Net cash from investing activities	(982.89)	30.38
C.	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	—	300.00
	Finance Costs	(45.87)	(9.93)
	Net cash from financing activities	(45.87)	290.07
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,321.53)	1,565.54
	Cash and cash equivalents at the beginning of the year	1,920.36	354.82
	Cash and cash equivalents at the end of the year	598.83	1,920.36

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } *Directors*

Place: Chennai
Date: April 11, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

1. Corporate Information

The company was incorporated on February 1 2008. It is engaged in the business of Development of residential complexes at Mahindra World City, Chennai.

2. Significant Accounting Policies

a) Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c) Inventories:

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the company.

d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f) Revenue Recognition

Income from property development activity is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature. Revenues are recognized only when all the following conditions are met:

1. The project costs incurred exceed 25% of the total estimated project costs including land
2. At least 10% of the sales consideration is realized.
3. At least plinth level is achieved for a particular phase as certified by the architect.

g) Other income

Interest income is accounted on accrual basis

h) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the profit and loss account

i) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

j) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

k) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
3. Share Capital		
Authorized		
450,000 Equity shares of ₹ 10 each	45.00	45.00
50,000 Preference Shares of ₹ 10 each	5.00	5.00
	50.00	50.00
Issued, Subscribed and Paid up		
250,000 Equity Shares of ₹10 each	25.00	25.00
10,000 Tranche I Preference shares of ₹10 each	1.00	1.00
	26.00	26.00

a Rights, preferences and restrictions attached to shares/warrants

Equity Shares: The company has only one class of Equity shares having a par value of ₹ 10/- per share. Every shareholder is entitled to one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital on liquidation will be in proportion to the numbers of equity shares held.

Preference Shares: The company has one class of preference shares having a par value of ₹10 per share. The Preference Shares are redeemable upon payment of dividend of ₹ 2,324.50 Lacs (net of domestic taxes) to the preference shareholder. Preference Shareholder carries all rights including rights to distributions of the Company,other than voting rights.

During the year ended March 31,2012, dividends proposed to be distributed to the preference shareholder is ₹ 3000 Per Share

Money received against Share warrant: The warrant is convertible into 10,000 preference shares of ₹10 each upon payment of dividends to equity share holders in proportion of their equity shareholding until the aggregate distributions received by Velands Investments Limited has yielded an Internal Rate of Return of twenty-five percent.

b Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares/ warrant	% Holding	No. of Shares/ warrant	% Holding
Equity Shares				
Mahindra Integrated Township Limited, Holding company	127,500	51	127,500	51
Velands Investments Limited	122,500	49	122,500	49
Preference Shares				
Mahindra Integrated Township Limited, Holding company	10,000	100	10,000	100
Share Warrants				
Mahindra Integrated Township Limited, Holding company	1	100	1	100

₹ in lacs

4. Reserves & Surplus		As at March 31, 2012		As at March 31, 2011
Securities Premium Account..		5,435.33		5,435.33
Surplus in Statement of Profit and Loss				
Balance at the beginning of the year	(253.03)		(446.72)	
Add: Profit for the year	1,088.85		193.69	
Less Appropriations:				
Dividends proposed to be distributed to preference shareholders (₹ 3000 Per Share)	300.00		—	
Tax on Proposed dividend	48.66		—	
Balance at the end of the year	487.16		(253.03)	
		5,922.49		5,182.30

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
5. Long Term Borrowings		
Term Loan from Financial Institution (HDFC Limited) (secured)	—	300.00
	—	300.00
6. Trade Payables		
Trade Payables	962.85	312.05
Retention Money	194.17	77.59
	1,157.02	389.64
7. Other Current Liabilities		
Current maturities of Term Loan from HDFC Limited (secured)	300.00	—
Accrued Expenses	298.12	14.29
Payable to Related Party	84.44	86.99
With-holding taxes payable	54.79	22.38
Interest accrued but not due on borrowings	—	0.12
Advances from customers	122.81	1,475.26
	860.16	1,599.04

The term loan from HDFC Limited was availed during March 2010 and carries interest @ 14.5% and is repayable by September 2012.The loan is secured by deposit of title deeds of leasehold rights of land.There has been no default in payment of interest.

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
8. Short Term Provision		
Provisons		
Defect Liabilities	30.00	—
Income tax (net)	18.88	—
Proposed preference dividend	300.00	—
Tax on Proposed dividends	48.66	—
	397.54	—
9. Long Term Loans & Advances		
(Unsecured, considered good)		
Deposits with Related Party	19.79	17.79
Security Deposit	20.55	22.30
Advance Payment of tax (net)	—	32.19
	40.34	72.29
10. Inventories		
Construction work in progress (including leasehold land)	4,326.16	4,263.34
Construction materials	402.38	304.49
Stock in trade	76.07	—
	4,804.61	4,567.83
11. Trade Receivables		
(Unsecured, considered good)		
Trade receivables outstanding for more than six months from the date they were due for payment	22.63	—
Other trade receivables	602.37	482.83
	625.00	482.83
12. Cash & Cash Equivalens		
Cash on hand	0.15	0.17
Balances with banks		
— On current accounts	245.86	414.07
— On deposit accounts (maturing within 3 months)	352.82	1,506.12
	598.83	1,920.36

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012	₹ in lacs As at March 31, 2011
13. Short Term Loans and Advances		
(Unsecured, Considered good)		
Mobilisation advances - Secured by Bank guarantee	1,121.09	362.48
Supplier advances	44.46	87.45
Inter Corporate Deposits to Related Party	1,100.00	—
	2,265.55	449.93
14. Other CurrentAssets		
Interest accrued on Intercoporate deposits to Related Party	26.79	—
Interest accrued on deposits with banks	2.09	3.75
	28.88	3.75

	Year ended March 31, 2012	₹ in lacs Year ended March 31, 2011
15. Revenue from Operations		
Income from Projects	5,351.46	2,309.05
	5,351.46	2,309.05
16. Other Income		
Interest on deposits with Banks	86.37	33.45
Interest on Intercoporate Deposits with related party	55.87	—
Interest on Income Tax refund	2.57	—
Cancellation Income	4.77	9.83
	149.58	43.28
17. Project Costs		
Construction costs	2,975.85	1,850.04
Architect fees	80.74	49.36
Project management fees	220.20	139.63
Other expenses	350.73	165.29
	3,627.52	2,204.32
18. Changes in Inventories		
Inventories at the end of the year:		
Construction Material	402.38	304.49
Work-in-progress	4,326.16	4,263.34
Stock-in-trade	76.07	—
	4,804.61	4,567.83
Inventories at the beginning of the year:		
Construction Material	304.49	50.38
Work-in-progress	4,263.34	3,794.45
Stock-in-trade	—	—
Total	4,567.83	3,844.83
Net (increase) / decrease	(236.78)	(723.00)
19. Finance Costs		
Interest on term loan	45.75	10.05
Interest others	1.51	—
	47.26	10.05

	Year ended March 31, 2012	₹ in lacs Year ended March 31, 2011
20. Other Expenses		
Legal & professional fees	106.62	60.60
Deputation Charges	157.68	137.77
Auditors remuneration		
Audit fees	4.00	3.00
Other services	—	0.25
Reimbursement of expenses/levies	0.49	0.33
Advertisement, marketing and business development	300.48	354.92
Travelling & conveyance	12.81	17.07
Office establishment	69.06	70.79
Miscellaneous expenses	50.67	22.54
	701.81	667.27

	2011-2012	₹ in lacs 2010-2011
21. Expenditure in Foreign Currency		
Travel	4.10	3.38
Professional fees	—	7.00
Others	28.15	14.31
	32.25	24.69
22. Earnings in foreign exchange		
Consideration received on sale of residential units	50.49	25.71
23. Value of imports calculated on CIF basis		
Construction materials (₹ in lacs)	4.69	—
24. Commitments		
Work orders to contractors (₹ in lacs)	8,488.00	2,423.36
Sales commitments (₹ in lacs)	12,910.70	10,631.79
25. Earnings per share		
Profit after tax for the year (₹ in lacs)	1,088.85	193.69
Less: Preference dividend and tax thereon		348.66
Net profit / (loss) for the year attributable to the equity shareholders (₹ in lacs)	740.19	193.69
Weighted average number of equity shares (Nos.)	250.00	250.00
Earnings per share (Basic/diluted) (₹ in lacs)	296.07	77.48
Nominal value of equity share (₹ in lacs)		10

26. Related party transactions:

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra Integrated Township Limited
Joint Venture Partner	Velands Investments Limited

Fellow Subsidiary with whom transactions have been entered during the year
Mahindra World City Developers Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

b) The related party transactions are as under: ₹ in lacs

Nature of transaction	Ultimate Parent Company	Ultimate Holding Company	Holding Company	Joint Venture Partner	Fellow Subsidiary
Interest Income			55.87 (—)		
Deposits given					— (19.79)
Purchases	— (39.08)				
Service/Consultancy		357.45 (321.99)			
Office establishment		69.06 (70.79)			
Maintenance Charges					70.46 (55.72)
Inter corporate Deposit given			1,100.00 (—)		
Balances at year end					
Deposits					19.79 (19.79)
Intercorporate deposit			1,100.00 (—)		
Payables		84.44 (86.99)			
Receivables			26.79 (1.34)		

Figures in brackets are in respect of the previous year.

27. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

28. The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the company to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable from the current year and accordingly current tax expense has been computed under these provisions.

29. The Company operates in a single segment, namely Property Development.

30. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Place: Chennai
Date: April 11, 2012

Sangeeta Prasad
Anuj Malik } *Directors*

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Fifteenth Report together with the audited accounts of the Company for the financial year ended March 31, 2012.

FINANCIALS HIGHLIGHTS:

(₹ in lakh)

Particulars		**For the year ended March 31, 2012**	For the year ended March 31, 2011
Income		**6,042.42**	7,049.25
Profit before Depreciation, Interest and Taxation		**4,565.15**	5,542.53
Depreciation		**(194.25)**	(191.76)
Interest		**(2,831.93)**	(1,980.61)
Provision for Tax	- Current Tax	**—**	(470.00)
	- Deferred Tax	**(502.95)**	(624.86)
Profit after tax for the year		**1,036.02**	2,275.30
Add : Balance of Profit / (Loss) for earlier years		**3,691.11**	2,101.52
Amount available for appropriation		**4,727.13**	4,376.82
Less : Proposed Dividend (including tax on distributed profits)		**569.49**	685.71
Balance carried forward		**4,157.64**	3,691.11

Operations

Mahindra World City, Chennai marked a milestone in its evolution, as it ushered in the 10th year, in September 2011. This year, Your Company also added four multinational customers in the Domestic Tariff Area - Sanwa Synergy (Singapore), Ingersoll Rand (USA), Guangdong Greatoo (China) and American Axle Manufacturing (USA).

During the year, Mahindra World City also signed up JSP Hospitals (A unit of Deepam Group of Hospitals) to set up a 30 bed Multi-specialty hospital within Mahindra World City. It is expected to be operational by March 2013.

Johnson & Johnson's DePuy Institute commenced operations of their state-of-the-art training facility during the year. Husky Injection Molding Systems, SMC Pneumatics and Galipoglu Hidromas also began their operations taking the total number of operational customer to 39. Duet Hotels commenced construction of its facility for "Holiday Inn Express" which is expected to be operational in FY13.

Mahindra World City currently has a total of 60 customers of which 28 are in the SEZs and 32 are in the DTA. During the year, direct employment in the business city increased from 23,000 to 27000 people. Exports touched ₹ 4500 crores, an increase of ₹ 1,000 crores over the previous year.

On the sustainability front, a 75 kw off-grid Solar Power plant was commissioned at The Canopy - the Commercial centre. Mahindra World City has been a pioneer in commissioning the Off-grid solar power plant in the State of Tamil Nadu. The solar system is expected to generate approximately 1,16,000 units (kWh) of clean electrical energy annually.

Mahindra World City also added a Super market (Everyday Retail) and Laundry Services provider to the existing portfolio of service providers within The Canopy - the Commercial complex.

The 10th year milestone has started with a series of cultural events being showcased under the Rejoice@MahindraWorldCity banner as part of a focus on community building.

Your Company continued with its endeavour towards inclusive development by engaging the local community in employability training, health and environmental awareness, and by providing infrastructure support to the Chengelpet municipality through the provision of a water tanker.

Corporate Social Responsibility

As a part of the CSR initiatives, over 2,000 youth from the neighboring villages have been trained so far at Company's Employability Training Centre (ETC) and over 1,000 students have completed the Teen Channel program.

Dividend

Your Directors have recommended a dividend of ₹ 0.50 per share on 20,000,000 equity shares of face value of ₹10 per share of the Company for the year 2011 – 2012. Your Directors have also recommended a dividend of ₹ 6.00 per Preference share on 6,500,000 – 6 percent Cumulative Redeemable Preference Shares of ₹ 100 each for the year 2011-12. The total dividend payment for the year (including tax on distributed profits) amounts to ₹ 569.49 lakh.

Capital

The Companies Authorised Capital is ₹ 95 crore and Paid up Capital is ₹ 85 crore. The paid up Capital of Company consists of Equity share capital of ₹ 20 crore and Preference Share capital of ₹ 65 crore. Mahindra Lifespace Developers Limited (MLDL) holds 82.62 percent of equity share capital of your Company and Tamil Nadu Industrial Development Corporation Limited (TIDCO) holds 11 percent of equity share capital of your Company. The entire preference Share Capital of ₹ 65 crore is held by MLDL.

Your Company continues to be subsidiary of MLDL and consequently a subsidiary of the ultimate holding company, viz. Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas and Mr. N. Vaghul, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

During the year, Mr. Debendranath Sarangi, IAS, resigned as Director on July 20, 2011. The Board put on record its sincere appreciation for the valuable services rendered by him during his tenure as a Director.

Ms. Susan Mathew, IAS, was appointed as an Additional Director on July 20, 2011 and she was appointed as a Director at the Annual General Meeting of the Company held on September 26, 2011. Ms. Susan Mathew, IAS, resigned as Dirctor on October 15, 2011. The Board put on record its sincere appreciation for the valuable services rendered by her during her tenure as a Director.

Mr. Sundaradevan, IAS, was appointed as a Director on October 15, 2011 in the casual vacancy caused by the resignation of Ms. Susan Mathew, IAS.

Director's responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 March 31, 2012 and of the profit of the Company for the year ended on that date.
- 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;
- the annual accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee of the Company comprises Mr. Sanjeev Kapoor (Chairman), Dr. N. Sundaradevan, IAS and Mr. V. Balaraman. The Committee met once during the year.

Remuneration Committee

The Remuneration Committee of the Company comprises Mr. N. Vaghul (Chairman), Mr. A.K. Nanda and Dr. N. Sundaradevan, IAS. The Committee met once during the year.

Codes of Conduct

The Company had adopted Codes of Conduct ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required by the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from M/s. A.F.Ferguson & Co., Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or its employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 I to this Report.

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

The Company had 1 (one) employee who was in receipt of remuneration of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012 or not less than ₹ 500,000 per month during any part of the said year. The particulars of remuneration are given in Annexure II to this Report.

Acknowledgement

Your Directors wish to place on record their sincere thanks to the Tamil Nadu Government, Housing Development Finance Corporation Limited, all consultants, associates and the Employees for their support and co-operation extended during the year under review.

For and on behalf of the Board,

Place : Chennai **N. Vaghul**
Date : April 16, 2012 *Chairman*

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

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, 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	: The above measures have resulted in reduction of energy consumption
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 R & D 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 for the last 5 years	: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is furnished in the notes to accounts.

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

N. Vaghul
Chairman

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012

Name of the Employee	Designation / Nature of Duties	Qualification	Remuneration (Subject to tax) (₹)	Age (yrs)	Experience (yrs)	Date of Commencement of employment	Last employment held (Designation / Organisation)
Ms. Sangeeta Prasad	Chief Executive Officer & Manager	M.B.A.	7,565,798	44	19	August 29, 2008	Chief Sales Manager - South TATA Steels Limited

Notes:

1. Nature of employment is contractual, subject to termination at three months' notice from either side.
2. The above employee is/are not related to any other Director of the Company.
3. The employee does not hold by herself or along with her spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and Conditions of employment are as per Company's rules / contract.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, employer's contribution to Provident fund and Superannuation scheme including group insurance premium, leave travel facility, Reimbursement of medical expenses and all allowances / perquisites and terminal benefits as applicable.

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

N. Vaghul
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY DEVELOPERS LIMITED

1. **Report on the Financial Statements**

   We have audited the accompanying financial statements of Mahindra World City Developers Limited (the Company), which comprise the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

   The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

3. **Auditors' Responsibility**

   Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5. **Opinion**

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

   b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

   c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. **Report on Other Legal and Regulatory Requirements**

   As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

7. **As required by Section 227(3) of the Act, 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 purposes 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 those books.

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   e. On the basis of the written representations received from the directors as on March 31, 2012 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai
Date: April 16, 2012

Annexure referred to in paragraph 6 of the Auditors' Report to the members of Mahindra World City Developers Limited on the accounts for the year ended March 31, 2012

(i) Having regard to the nature of Company's business/ activities/result, clauses (iii), (v), (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable to the Company in the current year.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any fixed assets during the year.

(iii) In respect of its inventory:

(a) As explained to us, the saleable inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of inventory. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Value Added Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.

(a) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(b) As on March 31, 2012, there were no disputed dues on account of Income tax, Service tax and other material statutory dues which have not been deposited.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.

(ix) The Company has applied term loans for the purpose for which the loans were obtained.

(x) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai
Date: April 16, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at March 31, 2012	₹ As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	**850,000,000**	850,000,000
(b) Reserves and surplus	4	**422,962,977**	376,310,510
		1,272,962,977	1,226,310,510
Non-current liabilities			
(a) Long-term borrowings	5	**1,482,500,000**	1,400,000,000
(b) Deferred tax liabilities (net)	26.7	**142,983,233**	92,688,177
(c) Other long-term liabilities	6	**31,794,322**	30,857,205
		1,657,277,555	1,523,545,382
Current liabilities			
(a) Short-term borrowings	7	**500,000,000**	200,000,000
(b) Trade payables	8	**8,585,751**	13,661,654
(c) Other current liabilities	9	**598,419,372**	493,939,449
(d) Short-term provisions	10	**61,909,026**	71,546,475
		1,168,914,149	779,147,578
Total		**4,099,154,681**	3,529,003,470
ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		**361,844,721**	365,304,808
(ii) Intangible assets		**1**	1,865,599
(iii) Capital work-in-progress		**12,933,200**	1,940,825
(b) Non-current investments	12	**130,000,000**	130,000,000
(c) Long-term loans and advances	13	**70,828,960**	26,285,534
		575,606,882	525,396,766
Current assets			
(b) Inventories	14	**3,051,759,205**	2,557,063,227
(c) Trade receivables	15	**19,050,037**	5,220,206
(d) Cash and cash equivalents	16	**8,279,706**	38,454,199
(e) Short-term loans and advances	17	**423,880,367**	386,906,293
(f) Other current assets	18	**20,578,484**	15,962,779
		3,523,547,799	3,003,606,704
Total		**4,099,154,681**	3,529,003,470

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul *Chairman*
A.K. Nanda *Vice - Chairman*
Sanjiv Kapoor
Anita Arjundas } *Directors*
Sangeeta Prasad *Chief Executive Officer & Manager*
S. Chandru *Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	**Year ended March 31, 2012**	₹ Year ended March 31, 2011
Revenue from operations	**19**	**583,496,246**	678,273,384
Other income	**20**	**20,745,498**	26,652,455
Total Revenue		**604,241,744**	704,925,839
EXPENSES			
Cost of land and project development		**453,032,311**	774,473,803
Changes in inventories	**21**	**(494,695,978)**	(789,281,960)
Employee benefits expense	**22**	**45,839,651**	34,364,081
Finance costs	**23**	**283,192,939**	198,060,893
Depreciation and amortisation expense	**11**	**19,425,444**	19,176,114
Other expenses	**24**	**143,550,829**	131,117,675
Total expenses		**450,345,196**	367,910,607
Profit before tax		**153,896,548**	337,015,232
Tax expense:			
(a) Current tax expense for current year		**32,000,000**	67,100,000
(b) (Less): MAT credit		**(32,000,000)**	(20,100,000)
Net current tax		**—**	47,000,000
(d) Deferred tax		**50,295,056**	62,485,719
		50,295,056	109,485,719
Profit for the year		**103,601,492**	227,529,513
Basic and diluted earnings per share		**2.91**	9.11

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul *Chairman*
A.K. Nanda *Vice - Chairman*
Sanjiv Kapoor
Anita Arjundas } *Directors*
Sangeeta Prasad *Chief Executive Officer & Manager*
S. Chandru *Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Particulars	Year ended March 31, 2012	₹ Year ended March 31, 2011
A.	**Cash flow from operating activities**		
	Net Profit before extraordinary items and tax	**153,896,548**	337,015,232
	Adjustments for:		
	Depreciation and amortisation	**19,425,444**	19,176,114
	(Profit) / loss on sale / write off of assets		228,138
	Finance costs	**283,192,939**	198,060,893
	Interest income	**(17,710,786)**	(21,576,555)
	Net (gain) / loss on sale of investments	**—**	(4,790,000)
	Operating profit / (loss) before working capital changes	**438,804,145**	528,113,822
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(494,695,978)**	(789,281,960)
	Trade receivables	**(13,829,831)**	1,877,136
	Short-term loans and advances	**(36,974,074)**	66,600,278
	Long-term loans and advances	**(993,812)**	—
		(546,493,695)	(720,804,546)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**(5,075,903)**	(13,736,277)
	Other current liabilities	**4,598,279**	151,392,913
	Other long-term liabilities	**937,117**	5,452,152
	Short-term provisions	**1,984,801**	(151,476)
		2,444,294	142,957,312
	Cash generated from operations	**(105,245,256)**	(49,733,412)
	Net income tax (paid) / refunded	**(42,741,862)**	(40,154,011)
	Net cash flow from / (used in) operating activities (A)	**(147,987,118)**	(89,887,423)
B.	**Cash flow from investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(25,899,886)**	(19,933,228)
	Proceeds from sale of fixed assets	**—**	264,135
	Inter-corporate deposits (net)	**300,000,000**	200000000
	Proceeds from sale of long-term investments		
	- Others	**—**	4,890,000
	Interest received		
	- Joint ventures	**13,095,081**	16,122,653
	- Others	**—**	1,647,156
	Net cash flow from / (used in) investing activities (B)	**287,195,195**	202,990,716
C.	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	**450,000,000**	440,000,000
	Repayment of short-term borrowings	**(260,000,000)**	(260,000,000)
	Finance cost	**(290,811,295)**	(200,191,852)
	Dividends paid	**(59,000,000)**	(51,000,000)
	Tax on dividend	**(9,571,275)**	(8,470,463)
	Net cash flow from / (used in) financing activities (C)	**(169,382,570)**	(79,662,315)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**(30,174,493)**	33,440,978
	Cash and cash equivalents at the beginning of the year	**38,454,199**	5,013,221
	Cash and cash equivalents at the end of the year	**8,279,706**	38,454,199

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul *Chairman*
A.K. Nanda *Vice - Chairman*
Sanjiv Kapoor
Anita Arjundas } *Directors*
Sangeeta Prasad *Chief Executive Officer & Manager*
S. Chandru *Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1 Corporate information

The company is in the business of land development for industrial, commercial and residential use. The company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at lower of cost and net realisable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule XIV to the Companies Act, 1956.

Intangible assets are amortised over their estimated useful life as follows:

Software expenditure incurred is amortised over three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue recognition

a) Land lease premium is recognised 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.

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

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

<u>Capital work-in-progress:</u>

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are adjusted to the carrying value of the assets.

2.13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences

<u>Defined contribution plans</u>

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

<u>Defined benefit plans</u>

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

<u>Short-term employee benefits</u>

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.15 Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred . Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment reporting

The company has a single reportable segment namely, lease of land and properties constructed thereon.

2.17 Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.18 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.19 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

2.20 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.21 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

3 Share capital

Particulars	**As at March 31, 2012**		As at March 31, 2011	
	Number of shares	**Amount ₹**	Number of shares	Amount ₹
a Authorised				
Equity shares of ₹ 10 each with voting rights	**25,000,000**	**250,000,000**	25,000,000	250,000,000
Unclassified shares of ₹ 10 each	**5,000,000**	**50,000,000**	5,000,000	50,000,000
Cumulative Redeemable preference shares of ₹ 100 each	**6,500,000**	**650,000,000**	6,500,000	650,000,000
b Issued, Subscribed and fully paid up				
Equity shares of ₹ 10 each with voting rights	**20,000,000**	**200,000,000**	20,000,000	200,000,000
6% Cumulative Redeemable preference shares of ₹ 100 each	**6,500,000**	**650,000,000**	6,500,000	650,000,000
		850,000,000		850,000,000

Notes:

(i) Terms/rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

The amount of dividend proposed to be distributed to equity shareholders is ₹100 lakhs (₹ 0.50 per share) Previous year ₹ 200 lakh (₹ 1.00 per share)

(ii) Terms/rights attached to Preference Shares

The Cumulative Redeemable Preference shares are redeemable at par after the principal amount outstanding of Tranche - II alongwith interest has been fully paid on the "Term loan from HDFC Limited".

The amount of dividend proposed to be distributed to prefernce shareholders is ₹ 390 lakhs (₹ 6.00 per share)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

3 Share capital (Contd..)

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity shares with voting rights	**6% Cumulative Redeemable preference shares**	Equity shares with voting rights	6% Cumulative Redeemable preference shares
Mahindra Lifespace Developers Limited, the holding company	**16,524,993**	**6,500,000**	16,524,993	6,500,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity Shares with voting rights				
Mahindra Lifespace Developers Limited	**16,524,993**	**82.60%**	16,524,993	82.60%
M/s. Prudential Management & Services Private Limited	**1,275,000**	**6.40%**	—	—
Tamilnadu Industrial Development Corporation Limited	**2,200,000**	**11.00%**	2,200,000	11.00%
M/s. Azrael Investments Pvt Ltd	**—**	**—**	1,075,000	5.38%
6% Cumulative Redeemable preference shares Mahindra Lifespace Developers Limited	**6,500,000**	**100.00%**	6,500,000	100.00%

	As at March 31, 2012	As at March 31, 2011
4 Reserves and Surplus	₹	₹
(a) General reserve		
Opening balance	**7,200,000**	7,200,000
Add: Transferred from Statement of Profit and Loss	**—**	—
Closing balance	**7,200,000**	7,200,000
(b) Surplus in Statement of Profit and Loss		
Opening balance	**369,110,510**	210,152,272
Add: Profit / (Loss) for the year	**103,601,492**	227,529,513
Less: Dividends proposed to be distributed to equity shareholders (₹ 0.50 per share)	**10,000,000**	20,000,000
Dividends proposed to be distributed to preference shareholders (₹ 6.00 per share)	**39,000,000**	39,000,000
Tax on dividend	**7,949,025**	9,571,275
Closing balance	**415,762,977**	369,110,510
	422,962,977	376,310,510
5 Long-Term Borrowings		
Term loans (Secured)		
From HDFC Limited	**1,482,500,000**	1,400,000,000
	1,482,500,000	1,400,000,000

(i) Tranche I - Principal of ₹122.25 Crorres to be repaid in 15 equal quarterly installments of ₹10.75 Crores, each commencing from April 2013.

Tranche - II - Principal to be repaid in 2 instalments of ₹13 Crores each, commencing from August 2013.

(ii) Term loans are secured by equitable Mortgage of specified lands.

	As at March 31, 2012	As at March 31, 2011
6 Other Long-Term Liabilities	₹	₹
Security deposit received	**30,400,162**	30,857,205
Payable on purchase of fixed assets	**1,394,160**	—
	31,794,322	30,857,205
7 Short-Term Borrowings		
From related parties		
Intercorporate Deposit from Holding Company (unsecured)	**500,000,000**	200,000,000
	500,000,000	200,000,000
8 Trade Payables		
Trade payables	**8,585,751**	13,661,654
	8,585,751	13,661,654
9 Other Current Liabilities		
(a) Current maturities of long-term loan from HDFC Limited	**367,500,000**	260,000,000
(b) Interest accrued but not due on borrowings	**—**	7,618,356
(c) Other payables		
(i) Withholding taxes	**5,515**	—
(ii) Accrued Expenses	**81,702,983**	52,705,119
(iii) Earnest money deposit received	**250,000**	500,000
(iv) Advances from customers	**129,106,258**	163,361,913
(v) Rental deposit from customers	**16,998,616**	9,754,061
(vi) Rental advance from customer	**2,856,000**	—
	598,419,372	493,939,449
10 Short-Term Provisions		
(a) Provision for employee benefits:		
(i) Compensated absences	**3,779,318**	2,360,436
(i) Other employee benefits - Gratuity	**1,180,683**	614,764
	4,960,001	2,975,200
(b) (i) Proposed equity dividend	**10,000,000**	20,000,000
(ii) Proposed preference dividend	**39,000,000**	39,000,000
(iii) Tax on proposed dividends	**7,949,025**	9,571,275
	56,949,025	68,571,275
	61,909,026	71,546,475

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

11 FIXED ASSETS

₹

Particulars	Gross block				Depreciation				Net block	
	As at 01.04.2011	Additions	Deletions	**As at 31.03.2012**	As at 01.04.2011	For the year	Deletions	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
A. Tangible assets										
Land	10,779,777	—	—	**10,779,777**	—	—	—	**—**	**10,779,777**	10,779,777
Buildings										
- Own use	105,206,103	3,364,504	—	**108,570,607**	15,417,572	3,505,624	—	**18,923,196**	**89,647,411**	89,788,531
- Given under operating lease	116,977,826	—	—	**116,977,826**	13,075,808	3,907,060	—	**16,982,868**	**99,994,958**	103,902,018
Plant and machinery	158,747,603	9,695,040	—	**168,442,643**	22,170,709	7,803,186	—	**29,973,895**	**138,468,748**	136,576,894
Office equipment	19,232,240	12,800	—	**19,245,040**	3,273,651	892,111	—	**4,165,762**	**15,079,278**	15,958,589
Furniture and fixtures	3,520,011	—	—	**3,520,011**	2,363,530	251,329	—	**2,614,859**	**905,152**	1,156,481
Computers	5,142,325	463,624	—	**5,605,949**	3,901,279	421,835	—	**4,323,114**	**1,282,835**	1,241,046
Vehicles	7,847,300	563,791	—	**8,411,091**	1,945,828	778,701	—	**2,724,529**	**5,686,562**	5,901,472
Total	427,453,185	14,099,759	—	**441,552,944**	62,148,377	17,559,846	—	**79,708,223**	**361,844,721**	365,304,808
B. Intangible assets										
Software	5,558,724	—	—	**5,558,724**	3,693,125	1,865,598	—	**5,558,723**	**1**	1,865,599
Total	5,558,724	—	—	**5,558,724**	3,693,125	1,865,598	—	**5,558,723**	**1**	1,865,599
Total (A+B)	433,011,909	14,099,759	—	**447,111,668**	65,841,502	19,425,444	—	**85,266,946**	**361,844,722**	—
Previous year	415,895,098	17,992,403	875,592	**433,011,909**	47,048,707	19,176,114	383,319	**65,841,502**	**—**	367,170,407

	As at March 31, 2012		As at March 31, 2011	
	Nos.	₹	Nos.	₹
12 Non-current investments				
Investments (At cost): Unquoted, Non-trade Investment in equity instruments in Joint venture company	**13,000,000**	**130,000,000**	13,000,000	130,000,000
	13,000,000	**130,000,000**	13,000,000	130,000,000

	As at March 31, 2012	As at March 31, 2011
	₹	₹
13 Long-term loans and advances (Unsecured. Considered Good)		
Capital advances	**807,752**	—
Security deposits	**3,299,332**	2,305,520
Advance income tax (net of provisions)	**14,621,876**	3,880,014
MAT credit entitlement	**52,100,000**	20,100,000
	70,828,960	26,285,534
14 Inventories (at lower of cost and net realisable value)		
Work-in-progress (representing cost of land and related expenditure)	**3,051,759,205**	2,557,063,227
	3,051,759,205	2,557,063,227
15 Trade receivables (Unsecured, Considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**3,351,444**	1,326,356
Other Trade receivables	**15,698,593**	3,893,850
	19,050,037	5,220,206

	As at March 31, 2012	As at March 31, 2011
	₹	₹
16 Cash and cash equivalents		
(a) Cash on hand	**51,773**	92,827
(b) Balances with banks		
In current accounts	**8,227,933**	38,361,372
	8,279,706	38,454,199
17 Short-term loans and advances (Unsecured unless specifically stated, Considered good)		
(a) Security deposits	**675,000**	675,000
(b) Loans and advances to employees	**28,580**	—
(c) Prepaid expenses	**2,642,396**	2,316,513
(d) Balances with government authorities		
Service Tax input credit	**2,924,784**	2,265,011
(e) Inter-corporate deposit to related party		**73,300,000**
73,300,000		
(f) Advances for purchase of land		
Secured	**332,083,991**	299,303,040
Unsecured, considered good	**8,365,474**	7,130,000
(g) Other advances	**3,860,142**	1,916,729
	423,880,367	386,906,293

Intercorporate deposits represents receivable from Mahindra Integrated Township Limited, Joint venture company

	As at March 31, 2012	As at March 31, 2011
	₹	₹
18 Other current assets		
Interest accrued on deposits	**20,578,484**	15,962,779
	20,578,484	15,962,779

Includes Interest receivable from Mahindra Integrated Township Limited -

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

₹ 2,132,309

		Year ended March 31, 2012	Year ended March 31, 2011
		₹	₹
19	**Revenue from operations**		
	(a) Land Lease Premium	**428,731,913**	549,303,587
	(b) Rental income	**14,970,118**	9,578,565
	(c) Operation and maintenance income	**139,794,215**	119,391,232
		583,496,246	678,273,384
20	**Other Income**		
	Interest on		
	– Advance for purchase of land	**8,426,119**	11,133,395
	– Intercorporate Deposit	**9,284,667**	8,796,004
	– Income tax refund	**1,643,278**	1,647,156
	Profit on sale of fixed assets	**—**	4,790,000
	Miscellaneous income	**1,391,434**	285,900
		20,745,498	26,652,455
21	**Changes in Inventories**		
	Inventories at the end of the year:		
	Work-in-progress	**3,051,759,205**	2,557,063,227
		3,051,759,205	2,557,063,227
	Inventories at the beginning of the year:		
	Work-in-progress	**2,557,063,227**	1,767,781,267
		2,557,063,227	1,767,781,267
	Net (increase) / decrease	**(494,695,978)**	(789,281,960)

Work-in -progress include ₹1,519,389,360 (previous year ₹1,186,346,460) being cost of land for which sale deeds have been executed but are yet to be registered.

		Year ended March 31, 2012	Year ended March 31, 2011
		₹	₹
22	**Employee Benefits Expense**		
	Salaries and wages	**37,490,482**	28,284,618
	Contributions to provident and other funds	**3,023,366**	2,462,206
	Commission to non-whole time directors	**1,000,000**	1,500,000
	Staff welfare expenses	**4,325,803**	2,117,257
		45,839,651	34,364,081
23	**Finance Costs**		
	(a) Interest expense on:		
	(i) Term loan from HDFC Limited	**247,615,890**	195,956,783
	(ii) Intercorporate Deposit	**35,577,049**	2,104,110
		283,192,939	198,060,893
24	**Other Expenses**		
	Power and fuel	**19,568,556**	18,369,043
	Rent including lease rentals	**546,524**	556,666
	Repairs and maintenance - Machinery	**340,455**	—
	- Others	**3,563,244**	1,006,500
	Insurance	**1,713,868**	1,723,904
	Rates and taxes	**2,424,758**	778,607
	Communication	**2,846,609**	1,839,196
	Travelling and conveyance	**7,553,582**	7,399,860
	Printing and stationery	**1,181,284**	874,091
	Sales commission	**5,570,000**	5,068,999
	Business promotion	**13,031,285**	6,753,148
	Legal and professional	**13,216,777**	11,580,203
	Payments to auditors (Refer Note (i) below)	**741,659**	772,508
	Operation and Maitenance Expenses	**68,240,027**	64,823,018
	Miscellaneous expenses	**3,012,201**	9,571,932

		Year ended March 31, 2012	Year ended March 31, 2011
		₹	₹
		143,550,829	131,117,675
	(i) Payments to the auditors comprises (net of service tax input credit)		
	Statutory audit	**700,000**	600,000
	Other services	**40,000**	150,000
	Reimbursement of expenses	**1,659**	22,508
		741,659	772,508
25	**Additional information to the financial statements**	**2011-12**	2010-11
		₹	₹
	25.1 Contingent liabilities and commitments		
	(i) Contingent liabilities		
	Income Tax matters	**—**	11,460,843
	(ii) Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	**24,288,392**	1,276,724
	(b) Work orders to contractors	**45,166,346**	16,687,811
	(c) Sales commitments	**611,344,250**	704,151,500

25.2 There are no dues to Micro and Small Enterprises have been determined to the extent such parties which have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

		2011-12	2010-11
	25.3 Expenditure in foreign currency	₹	₹
	Travel	**214,599**	108,115
	Other Expenses	**1,440,015**	226,220
		1,654,614	334,335
26	**Disclosures under Accounting Standards**	**2011-12**	2010-11
	26.1 Details of government grants	₹	₹
	Government grants towards fixed assets	**3,997,500**	—
	26.2 Details of borrowing costs inventorised		
	Borrowing costs inventorised during the year	**233,450,882**	179,445,793
		Gratuity (Funded)	
	26.3 Additional information to the financial statements - Employee benefits	**2011 – 12**	2010 – 11
		₹	₹
	a. Net Asset/ (Liability) recognized in the balance sheet		
	Present Value of Defined Benefit Obligation	**4,024,903**	2,636,907
	Fair Value of Plan assets	**2,844,220**	2,022,143
	Liability recognised in the balance sheet	**1,180,683**	614,764
	b. Expense recognized in the Profit & Loss account		
	Past service cost	**—**	1,143,871
	Current Service cost	**771,769**	505,623
	Interest cost	**166,100**	106,318
	Expected return on plan assets	**(127,992)**	(80,886)
	Actuarial (gains) / Losses	**1,422,594**	(455,597)
	Total expenses	**2,232,471**	12,19,329
	c. Change in present value of Defined Benefit obligation		
	Present Value of the obligation at the beginning of the year	**2,636,907**	1,417,578
	Past service cost	**—**	1,143,871
	Current Service cost	**771,769**	505,623
	Interest Cost	**166,100**	106,318
	Actuarial (Gains) /Losses	**1,294,602**	(536,483)
	Benefits Paid	**(844,475)**	—
	Present value of the obligation as at the		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		Gratuity (Funded) 2011 – 12	2010 – 11
	end of the year...	**4,024,908**	2,636,907
d.	Change in fair value of plan assets		
	Present value of plan assets as the beginning of the year	**2,022,143**	—
	Expected return on plan assets	**127,992**	80,886
	Contributions made	**(844,875)**	2,022,413
	Benefits paid	**1,666,952**	—
	Actuarial Gains / (Losses)	**(127,992)**	(80,886)
	Present value of plan assets at the end of the year	**2,844,220**	2,022,143
e.	Principal actuarial assumptions		
	Discount Rate	**8.50%**	7.50%
	Expected return on plan assets	**8.00%**	8.00%
	Mortality	**LIC (1994-96) Ultimate**	mortality tables

f. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

g. Basis used to determined expected rate of return. The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed this to be the average rate of return on plan assets.

26.4 Disclosures under Accounting Standards

Related party transactions

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespaces Developers Limited
Fellow Subsidiaries	Mahindra Infrastructure Developers Limited Mahindra World City (Jaipur) Limited Mahindra Residential Developers Limited Mahindra Holidays & Resorts India Limited Mahindra Consulting Engineers Limited Mahindra BPO Service Pvt. Ltd. Mahindra EPC Service Pvt. Ltd
Joint Venture	Mahindra Integrated Township Limited
Key Management Personnel (KMP)	Ms. Sangeeta Prasad, Manager and Chief Executive Officer

Note: Related parties have been identified by the Management and relied upon by the auditors.

b. Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Joint Venture	KMP
Transactions during the year					
Land Lease Premium					
- Mahindra Holidays & Resorts India Limited			—		
			(-25,500,000)		
Operation and maintenance Income	10,801,140	3,913,962		13,782,300	
	(10,801,035)	(3,694,002)		(13,782,300)	
- Mahindra Holidays & Resorts India Limited			—		
			(189,000)		
- Mahindra Residential Developers Limited			4,586,988		
			(4,586,988)		
Water charges	3,726,040	3,321,780		1,132,000	
	(1,513,290)	(3,551,160)		(156,560)	
- Mahindra Residential Developers Limited			2,459,200		
			(985,000)		
Rent received		2,150,700			
		(2,033,815)			
Interest received				9,284,667	
				(8,796,004)	
Professional Charges	60,560				
	(-)				
- Mahindra Consulting Engineers Limited			7,789,940		
			(7,117,161)		
- Mahindra BPO Service Pvt. Ltd			99,000		
			(-)		
Fixed assets purchased including installation charges					
- Mahindra EPC Service Pvt Ltd			13,082,400		
			(-)		
Rent Paid	161,280				
	(151,200)				
Electricity Charges Paid	335,146				
	(329,918)				
Interest Paid		35,577,049			
		(2,104,110)			
Inter Corporate Deposit received		300,000,000			
		(200,000,000)			
Balance Outstanding as at the year end					
Receivables	802,400			75,432,309	
	(-)			(79,242,724)	
Payables	3,543,381	503,282,098		5,666,325	
	(3,279,284)	(203,282,098)		(5,666,325)	
- Mahindra Residential Developers Limited			1,979,247		
			(1,748,583)		
- Mahindra EPC Service Pvt. Ltd			1,394,160		
			(-)		
Managerial Remuneration					7,565,798
					(6,149,652)
Dividend Paid		55,524,993			
		(48,914,996)			

Note: Figures in bracket relates to the previous year

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

26.5 Leases

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

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

	2011-12	2010-11
	₹	₹
Gross carrying amount of premises	**116,977,826**	116,977,826
Accumulated depreciation	**16,982,868**	13,075,808
Depreciation for the year	**3,907,060**	3,907,060

26.6 Earnings per share

	2011-12	2010-11
Basic and diluted	₹	₹
Net profit for the year from continuing operations	**103,601,492**	227,529,513
Less: Preference dividend and tax thereon	**45,326,775**	45,326,775
Net profit for the year from continuing operations attributable to the equity shareholders (Nos)	**58,274,717**	182,202,738
Weighted average number of equity shares	**20,000,000**	20,000,000
Par value per share	**10**	10
Earnings per share - Basic and diluted	**2.91**	9.11

26.7 Deferred tax (liability) / asset

	2011-12	2010-11
Tax effect of items constituting deferred tax liability	₹	₹
On difference between book balance and tax balance of fixed assets	**(40,111,508)**	(35,232,833)
Interest inventorised but claimed as allowable for tax purposes	**(131,203,879)**	(58,221,187)
Tax effect of items constituting deferred tax liability	**(171,315,387)**	(93,454,020)
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	**1,226,200**	765,843
Unabsorbed depreciation carried forward	**11,174,833**	—
Brought forward business losses	**15,931,121**	—
Tax effect of items constituting deferred tax assets	**28,332,154**	765,843
Net deferred tax (liability) / asset	**(142,983,233)**	(92,688,177)

26.8 Joint Venture Disclosures

i. Interest in Joint Ventures

Name of the Company	Country of Incorporation	Proportion of ownership interest
Mahindra Integrated Township Limited	India	26%

ii. interest in assets, liabilities, income, expenses and capital commitment with respect to the Joint Ventures

	2011-12	2010-11
	₹	₹
Tangible fixed assets	**27,851**	34,123
Long term loans and advances	**2,556,551**	1,516,337
Inventories	**212,071,658**	227,053,145
Cash and cash equivalents	**258,183**	4,396,299
Trade receivables	**40,978,758**	—
Short term loans and advances	**3,924,591**	6,325,807
Trade payables	**6,826,107**	4,471,791
Other Current Liabilities	**8,888,903**	34,479,477
Short term borrowings	**133,120,000**	96,720,000
Long term Borrowings	**14,950,000**	—
Income	**75,684,463**	196,426
Expenses	**83,487,967**	14,992,302
Contract commitments	**31,422,243**	56,434,820
Sale Commitments	**248,527,798**	218,297,300

27 Previous year's figures

The Revised Schedule VI has become effective from April 1, 2012 for the preparation of the financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

N. Vaghul	*Chairman*
A.K. Nanda	*Vice - Chairman*
Mr. Sanjiv Kapoor	*Directors*
Anita Arjundas	*Directors*
Sangeeta Prasad	*Chief Executive Officer & Manager*
S. Chandru	*Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Seventh Report together with the audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**911,987,097**	426,335,234
Profit before Tax	**129,881,280**	12,685,795
Less: Provision for Taxation		
— Net Current Tax	**7,200,000**	—
— Deferred Tax	**35,579,340**	3,254,804
Profit after Tax	**87,101,940**	9,430,991
Add: Profit brought forward from previous year	**81,825,950**	72,394,959
Appropriations :		
Proposed Preference Dividend	**55,951,925**	—
Profit carried to balance sheet	**112,975,965**	81,825,950

Performance & Operations

During FY 2011-12, five customers became operational in Mahindra World City, Jaipur taking the total number of operational customers to eight. Infosys Limited, Nucleus Software Exports Limited and Systweak Software in the IT/ITeS SEZ and Knitpro International and Gravita Technomech in the Engineering SEZ became operational during the year. The companies operating out of Mahindra World City have generated direct employment of around 3000 persons. Exports by customers grew by 123% to reach ₹ 299 Crores in 2011-12 as against ₹ 134 Crores of exports in the previous year. Mahindra World City, Jaipur has seen a total investment of over ₹1,000 Crores to date by its customers and your Company.

Presently, the project has five zones viz. IT/ITeS SEZ, Handicrafts SEZ, Engineering & Related Industries SEZ, Gems & Jewellery SEZ and a Domestic Tariff Area. The area under notification, of the current SEZ areas is at 1,480.61 acres.

The scope of the Light Engineering SEZ was enhanced during the year to make it an 'Engineering & Related Industries SEZ', enabling flexibility to attract potential clients in the entire engineering segment.

Your Company has also received the Environment Clearance for 723.18 Hectares of land area (1,786.25 Acres) during 2011-12.

During the year, your Company signed lease deeds for 72 acres of land and 31,000 sq. ft of rentable space. During the year, eleven customers also started development activities in relation to construction of their campuses / facilities at Mahindra World City, Jaipur.

Dividend

Your Company recommends payment of dividend of ₹ 55,951,925/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Shares of ₹ 10/- each as below:-

a) Dividend of ₹ 46,489,000/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Share of ₹ 10/- each issued of December 23, 2008 for FY 2010-11 and FY 2011-12

b) Dividend of ₹ 9,462,925/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Share of ₹ 10/- each issued on November 4, 2011 on pro rata basis for FY 2011-12

Share Capital

Authorized Share Capital of the Company comprises of 150,000,000 equity shares of ₹ 10/- each aggregating to ₹ 1,500,000,000/- and 50,000,000, 8% Redeemable Cumulative Preference shares of ₹ 10/- each aggregating to ₹ 500,000,000/-.

Total Paid-up share capital of the company comprises of:-

a) ₹ 1,500,000,000/- equity share capital (including ₹ 50,000,000/- equity share capital issued during the year on right basis to the existing shareholders of the Company) held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

b) ₹ 500,000,000/- 8% Redeemable Cumulative Preference share capital (including ₹ 250,000,000/- 8% Redeemable Cumulative Preference share capital issued during the year on right basis to the existing shareholders of the Company) held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

Your Company continues to be subsidiary of MLDL and consequently, a subsidiary of the ultimate holding company, viz. Mahindra & Mahindra Limited.

Corporate Social Responsibility (CSR)

CSR forms an integral part of Mahindra Group, and your Company too believes that its initiatives with ethical standards will definitely encourage a positive impact on everyone involved directly or indirectly with project. With a view to achieve inclusive social development, the Company has taken initiatives of organizing training programmes for school dropouts / unemployed youth who are part of local community around Mahindra World City, Jaipur through well recognized NGOs like CAP Foundation and Technology Business Incubator - KIET.

Since the inception of this initiative, around 550 candidates have completed various types of employability training and approximately 400 have been placed in various jobs. Also, 39 Women Self Help Groups (SHG's) have been created in the neighboring villages and these SHG's have enabled the encouragement of savings as well as employability training. Your Company has also been conducting various medical camps & Plantation drives in the villages around Mahindra World City, Jaipur**.**

Directors and Manager

Pursuant to the provisions of Articles of Association, all the following Directors shall retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment:-

1. Shri Sunil Arora
2. Shri Gurdial Singh Sandhu
3. Shri Rajendra Bhanawat
4. Shri Kuldeep Ranka
5. Shri Arun Nanda
6. Shri Raghunath Murti
7. Shri Uday Phadke
8. Ms. Anita Arjundas

During the year, Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) nominated new directors to fill the casual vacancies caused by the posting of officers by Government orders, from time to time.

Dr. Dinesh Kumar Goyal was appointed as director of the Company in the casual vacancy due to change in nomination by RIICO of Shri Sunil Arora effective June 28, 2011.

At the Annual General Meeting of the Company held on July 19, 2011, as Dr. Dinesh Kumar Goyal did not seek re-election, Mr. Sunil Arora was appointed as Director and Chairman.

Shri Kuldeep Ranka was appointed as director of the Company in the casual vacancy due to change in nomination by RIICO of Shri Sudhansh Pant effective July 19, 2011 and was also appointed as Director at the Annual General Meeting of the Company held on July 19, 2011.

Shareholders in its 10th Extra Ordinary General Meeting held on February 06, 2012 had approved re-appointment and payment of remuneration to Shri B. K. Subbaiah as Manager and COO of the Company till 31st March, 2013.

Audit Committee

The Audit Committee of your Company presently comprises of three Directors, namely Shri Gurdial Singh Sandhu, Shri Arun Nanda and Shri Uday Y. Phadke.

Shri Gurdial Singh Sandhu is the Chairman of the Audit Committee. During the year under review, two meetings of the Audit Committee were held on April 20, 2011 and October 13, 2011.

Remuneration Committee

The Remuneration Committee of your Company presently comprises of three Directors, namely Shri Rajendra Bhanawat, Shri Arun Nanda and Shri Uday Y. Phadke. During the year under review, one meeting of Remuneration Committee was held on July 19, 2011.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) the Company, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently, 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 March 31, 2012 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; and

iv) the annual accounts have been prepared on a going concern basis.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members as well as Senior Management and Employees of the Company affirming compliance with the Code.

Auditors

Messers Deloitte Haskins & Sells, Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required by the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has received written certificate from Messers Deloitte Haskins & Sells, Statutory Auditors (ICAI Firm Registration Number 008072S), to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

Since more than 25% of the subscribed capital of the Company is held by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), the appointment or re-appointment of Auditors is required to be made by a Special Resolution.

Public Deposits and Loans / Advances

The Company has not accepted any deposits from the public or employees during the year under review.

The Company has not made any loans/advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent companies viz. Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchange.

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

The particulars relating to energy conservation, technology absorption, 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 I to this Report.

Sustainable Development

Your Company's aspirations of sustaining and enhancing its long term growth plans are well balanced by its conscious commitments to society and in its principles of conducting business in a fully compliant manner. Your Company partakes in letter and spirit its intention of being a responsible corporate citizen and is committed to contribute positively in all activities pertaining to environmental protection, health, safety, energy conservation and societal commitments while at the same time continuing to protect and enhance all stakeholders' interests.

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

The Company had 2 (two) employees who were in receipt of remuneration of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012 or not less than ₹ 500,000 per month during any part of the said year. The particulars are shown in the Annexure II to this report.

Acknowledgement

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner-Noida Special Economic Zone, Development Commissioner – IT/ITeS SEZ, Government of Rajasthan, and all the agencies and Departments of the State Government, Promoters & Shareholders of the Company, Bankers – State Bank of India, State Bank of Bikaner & Jaipur and State Bank of Patiala, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

For and on behalf of the Board,

Rajendra Bhanawat	**Anita Arjundas**
Director	*Director*

Jaipur, April 21, 2012

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

a	Energy conservation measures taken	:	The company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc
b	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	:	No
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	:	Energy saving of 30% due to use of LED street lights
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)

a	Areas in which R & D is carried out	:	The Company has not carried out any specific R&D activities during the year.
b	Benefits derived as a result of the above efforts	:	Not Applicable.
c	Future Plan of action	:	Further quality improvement
d	Expenditure on R & D	:	Nil
e	Technology absorption, adaptation and innovation	:	Nil
f	Imported Technology for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has incurred expenditure in foreign exchange to the extent of ₹ 1,674,864/- during the year under review. Foreign exchange earning during the year was Nil.

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012 is given below.

Name of the Employee	Designation / Nature of Duties	Remuneration (Subject to tax) (₹)	Qualification	Age (yrs)	Experience (years & month)	Date of Commencement of employment	Last employment held (Designation / Organisation)
Mr. B.K. Subbaiah	Manager & Chief Operating Officer	6,213,200	MBA	60 Yrs.	36 Years 8 months	06-Sep-2006	Vice President (Mktg. & Sales) - Escorts Limited
Mr. Sanjay Sinha	Head-Infrastructure & Development	6,024,315	M.E. (Civil Engg.) BE. Civil Engg.	49 Yrs.	25	25-Aug-2006	VP-Projects-Brigade Enterprises Private Limited

Notes:

1. Nature of employment is contractual, and either of the party can terminate the same by giving three month's notice.
2. None of the above employee is related to any Director of the Company.
3. None of the above employee holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.
4. Employment terms and conditions are as per Company rules.
5. Remuneration received as shown in the statement above includes basic salary, house rent allowance, reimbursement of medical expenses, employer's contribution to provident fund, and gratuity fund, all other allowances /perquisites as applicable.

For and on behalf of the Board,

Rajendra Bhanawat *Director*

Anita Arjundas *Director*

Jaipur, April 21, 2012

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY (JAIPUR) LIMITED

1. We have audited the attached Balance Sheet of Mahindra World City (Jaipur) Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) 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 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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 those books and proper returns adequate for the purposes of our audit;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No: 008072S

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai
Date: April 21, 2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (iii), (v), (vi), (x), (xii), (xiii), (xiv),(xv), (xviii), (xix) and (xx) of CARO are not applicable to the Company in the current year.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the saleable inventories representing land and construction materials were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of inventory. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion, the Company has an internal audit system which is commensurate with the size and the nature of business.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) As on March 31, 2012, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of disputes except the following:

Name of the Statute	Nature of the dues	Financial Year	Amount (Rs.)	Forum where the dispute is pending
Income Tax	Income Tax	2008-09	678,860	Commissioner of Income Tax Appeals

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.

(ix) The Company has applied term loans for the purpose for which loans were obtained.

(x) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion there are no funds raised on short-term basis which have been used for long-term investments.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

B. Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai,
Date: April 21, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	As at March 31, 2012	As at March 31,2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's funds			
(i) Share capital	3	**2,000,000,000**	1,700,000,000
(ii) Reserves & Surplus	4	**112,975,965**	81,825,950
		2,112,975,965	1,781,825,950
Non- Current liabilities			
(i) Long term Borrowings	5	**2,277,900,000**	2,639,800,000
(ii) Deferred tax liabilities (Net)	6	**82,682,696**	47,103,356
(iii) Other long term liabilities	7	**9,624,655**	3,478,950
(iv) Long term provisions	8	**1,656,522**	1,101,334
		2,371,863,873	2,691,483,640
Current liabilities			
(i) Short term Borrowings	9	**606,605,453**	328,901,837
(ii) Trade payables	10	**44,625,969**	38,220,434
(iii) Other current liabilities	11	**1,038,141,902**	492,329,649
(iv) Short term provisions	12	**59,996,359**	2,640,850
		1,749,369,683	862,092,770
Total		**6,234,209,521**	5,335,402,360
ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	13	**1,272,360,489**	1,082,373,114
(ii) Intangible assets	14	**1**	1,746,336
(iii) Capital work in progress		**67,907,709**	163,477,238
		1,340,268,199	1,247,596,688
(b) Long term loans and advances	15	**35,197,890**	30,521,245
		1,375,466,089	1,278,117,933
Current assets			
(a) Current Investments	16	**276,749,817**	45,511,874
(b) Inventories	17	**3,767,880,265**	3,872,604,257
(c) Trade receivables	18	**633,897,397**	20,621,987
(d) Cash and cash equivalents	19	**143,456,587**	81,318,082
(e) Short term loans and advances	20	**28,133,176**	19,340,169
(f) Other current assets	21	**8,626,190**	17,888,058
		4,858,743,432	4,057,284,427
Total		**6,234,209,521**	5,335,402,360

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 21, 2012

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas } *Directors*

Place : Jaipur
Date : April 20, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note Ref	2011-12	2011-12	2010-11	2010-11
		₹		₹	
INCOME					
Revenue from operations	22		**898,164,156**		409,875,792
Other income	23		**13,822,941**		16,459,442
			911,987,097		426,335,234
EXPENDITURE					
Cost of land and Project development		**126,465,938**		194,281,577	
Changes in Inventories of work in progress	24	**104,723,992**		(218,411,751)	
Employee benefits expenses	25	**52,406,456**		48,282,203	
Finance costs	26	**400,273,562**		306,820,139	
Depreciation and amortization expenses		**46,126,153**		36,077,992	
Other expenses	27	**79,371,191**		66,440,294	
		809,367,292		433,490,454	
Less : Capitalized		**(27,261,475)**		(19,841,015)	
			782,105,817		413,649,439
Profit before tax			**129,881,280**		12,685,795
Less : Tax expense					
Current tax			**26,200,000**		—
Less: MAT Credit Entitlement			**(19,000,000)**		
Net Current Tax			**7,200,000**		
Deferred tax			**35,579,340**		3,254,804
Profit for the year			**87,101,940**		9,430,991
Basic and diluted earnings per share			**0.37**		(0.10)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 21, 2012

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas } *Directors*

Place : Jaipur
Date : April 20, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		2011-12	2010-11
		₹	₹
A.	**Cash flow from operating activities**		
	Net Profit before tax	**129,881,280**	12,685,795
	Adjustments for:		
	Depreciation and Amortization	**46,126,153**	36,077,992
	Finance costs	**400,273,562**	306,820,139
	(Profit)/loss on sale of fixed assets (net)	**120,042**	341,230
	Gain on sale / redemption of Mutual Fund	**(5,489,673)**	(4,872,368)
	Interest income	**(8,152,313)**	(10,588,671)
	Operating profit before working capital changes	**562,759,051**	340,464,117
	Changes in working capital:		
	Adjustments for (Increase)/ decrease in operating assets		
	Inventories	**104,723,992**	(218,411,751)
	Trade receivables	**(613,275,410)**	22,713,105
	Short Term Loans and advances	**(8,793,007)**	(352,079)
	Long term Loans and advances	**(2,005,681)**	(119,200)
	Other Current Assets	**(1,311,428)**	(3,007,867)
	Adjustments for Increase / (Decrease) in operating liabilities		
	Trade Payables	**6,405,535**	(3,361,914)
	Other Current Liabilities	**(60,123,991)**	22,587,977
	Other Long term Liabilities	**6,145,705**	3,478,950
	Short Term Provisions	**1,403,584**	(401,705)
	Long Term Provision	**555,188**	1,101,334
	Cash generated from Operations	**(3,516,462)**	164,690,967
	Net Income Tax (paid)/ refunds	**(11,952,763)**	2,308,219
	Net cash flow from / (used in) operation activities (A)	**(15,469,225)**	166,999,186
B.	**Cash flow from investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(153,618,526)**	(244,213,197)
	Proceeds from sale of fixed assets	**26,593**	248,817
	Bank balances not considered as Cash and cash equivalents	**(11,795,458)**	(48,204,542)
	Interest received	**18,725,609**	4,502,317
	Gain on sale / redemption of Mutual Fund	**5,489,673**	4,872,368
	Net cash flow from / (used in) investing activities (B)	**(141,172,109)**	(282,794,237)
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares	**50,000,000**	—
	Proceeds from issue of preference shares	**250,000,000**	—
	Proceeds from long-term borrowings	**630,000,000**	—
	Repayment of long-term borrowings	**(376,700,000)**	—
	Preference Dividend paid	**—**	(25,424,658)
	Net increase / (decrease) in working capital borrowings	**277,703,616**	217,524,829
	Finance costs	**(392,781,293)**	(306,820,139)
	Net cash flow from / (used in) financing activities (C)	**438,222,323**	(114,719,968)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**281,580,990**	(230,515,019)
	Cash and cash equivalents at the beginning of the year	**78,625,414**	309,140,433
	Cash and cash equivalents at the end of the year	**360,206,404**	78,625,414

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD...)

	2011-12	2010-11
	₹	₹
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	**143,456,587**	81,318,082
Less: Bank balances not considered as Cash and cash equivalents	**60,000,000**	48,204,542
Net Cash and cash equivalents	**83,456,587**	33,113,540
Add: Current investments considered as part of Cash and cash equivalents Investment in units of Mutual Funds	**276,749,817**	45,511,874
	360,206,404	78,625,414
Cash and cash equivalents at the end of the year *		
* Comprises:		
(a) Cash on hand	**33,788**	27,434
(b) Balances with banks		
(i) In current accounts	**422,799**	1,297,183
(ii) In deposit accounts with original maturity of less than 3 months	**83,000,000**	31,788,923
(c) Current investments considered as part of Cash and cash equivalents	**276,749,817**	45,511,874
	360,206,404	78,625,414

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 21, 2012

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas
Directors

Place : Jaipur
Date : April 20, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1 Corporate information

The company is in the business of land development for industrial, commercial and residential use. The company acquires land and incurs expenditure on its development and related infrastructure facilities for lease. The company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule XIV to the Companies Act, 1956.

Leasehold land is amortized over the period of lease i.e. 99 years

Cost of Interiors of building given on lease is amortized over the period of lease.

Intangible assets are amortized over their estimated useful life as follows: Software expenditure incurred is amortized over three years.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

2.7 Revenue recognition

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

b) 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.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.12 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2.14 Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.15 Segment reporting

The company has a single reportable segment namely, lease of land and properties constructed thereon.

2.16 Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.18 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.19 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

3 Share Capital	**As at March 31, 2012**	₹ As at March 31, 2011
Authorized		
150,000,000 equity shares of ₹ 10 each	**1,500,000,000**	1,500,000,000
50,000,000 Preference shares of ₹ 10 each	**500,000,000**	500,000,000
	2,000,000,000	2,000,000,000
Issued, subscribed and fully paid up		
150,000,000 Equity shares of ₹ 10/- each fully paid up	**1,500,000,000**	1,450,000,000
50,000,000 Preference Share of ₹ 10/- each fully paid up	**500,000,000**	250,000,000
	2,000,000,000	1,700,000,000

a Reconciliation of the shares outstanding at the beginning and at the end of reporting period.

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares ₹	**Value of Shares**	No. of Shares ₹	Value of Shares
Equity Shares				
At the beginning of the period	**145,000,000**	**1,450,000,000**	145,000,000	1,450,000,000
Issued during the period	**5,000,000**	**50,000,000**	—	—
Outstanding at the end of the period	**150,000,000**	**1,500,000,000**	145,000,000	1,450,000,000
Preference Shares				
At the beginning of the period	**25,000,000**	**250,000,000**	25,000,000	250,000,000
Issued during the period	**25,000,000**	**250,000,000**	—	—
Outstanding at the end of the period	**50,000,000**	**500,000,000**	25,000,000	250,000,000

b Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share.

The Company has only one class of equity shares having a par value of ₹10 per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

The Company has declared dividend on preference shares for the period 2010-11 and 2011-12 amounting of ₹ 48,142,077/-

Terms of Conversion / redemption of 8% Redeemable Cumulative Preference Shares (RCPS)

i) The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹10 each on December 23, 2008.

ii) The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10 each on November 4, 2011.

c The company shall be entitled to redeem these shares at the end of the 5th year from the date of issue subject to availability of profits. Otherwise redemption can be extended up to 8 years.

Each holder of RCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to RCPS.

d Details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2012		As at March 31, 2011	
No. of Shares	**Value of Shares ₹**	No. of Shares	Value of Shares ₹	
Holding Company Mahindra Lifespace Developers Limited (74%)				
Equity	**111,000,000**	**1,110,000,000**	107,300,000	1,073,000,000
Preference Shares	**37,000,000**	**370,000,000**	18,500,000	185,000,000
Rajasthan State Industrial Development and Investment Corporation Limited (26%)				
Equity	**39,000,000**	**390,000,000**	37,700,000	377,000,000
Preference Shares	**13,000,000**	**130,000,000**	6,500,000	65,000,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
4	**Reserves & Surplus**		
	Surplus in Statement of Profit and loss		
	Opening Balance	**81,825,950**	72,394,959
	Add: Profit for the year	**87,101,940**	9,430,991
	Less: Appropriations		
	Dividends to preference shareholders for the period 1.4.2010 to 31.3.2012	**48,142,077**	—
	Tax on Dividend	**7,809,848**	—
		112,975,965	81,825,950
5	**Long Term Borrowings**		
	Term loans from banks (Secured)	**2,277,900,000**	2,639,800,000
		2,277,900,000	2,639,800,000

The above term loans include

a ₹ 171.90 Cr carries interest @11.50% to 13.25%. The loan is repayable from June 2013 in 12 equal quarterly installments.

b ₹ 47.89 Cr carries interest @12.50% . The loan is repayable in 100 monthly installments.

c ₹ 8 Cr with interest @12.15% to 12.65% . The loan is repayable in 69 monthly installments.

d The above loans are secured by pari passu first charge by way of equitable mortgage on the immovable properties and specified movable and current assets of the company, both present and future.

e The company has not defaulted in repayment of interest and principal.

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
6	**Deferred Tax Liabilities (Net)**		
	Deferred Tax Liability:		
	Fixed Assets	**83,130,976**	63,773,082
	Others	**1,401,395**	975,902
		84,532,371	64,748,984
	Deferred Tax Asset:		
	Accrued expenses allowable on payment	**1,849,675**	1,214,151
	Unabsorbed depreciation carried forward	**—**	16,431,477
		1,849,675	17,645,628
	Net Deferred tax liability	**82,682,696**	47,103,356
7	**Other Long Term Liabilities**		
	Deposits from lessees	**9,624,655**	3,478,950
		9,624,655	3,478,950

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
8	**Long Term Provisions**		
	Provision for Employee Benefits		
	Gratuity	**1,656,522**	1,101,334
		1,656,522	1,101,334
9	**Short Term Borrowings**		
	Overdraft from banks (secured)	**26,605,453**	28,901,837
	Inter Corporate Deposit from Holding Company repayable on demand- unsecured	**580,000,000**	300,000,000
		606,605,453	328,901,837

Overdraft from banks is secured against Fixed deposits. The overdraft is repayable on demand. Inter corporate deposit is repayable on demand.

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
10	**Trade Payables**		
	Trade payables	**44,625,969**	38,220,434
		44,625,969	38,220,434
11	**Other Current Liabilities**		
	Current maturities of Term Loan from Banks	**615,200,000**	—
	Interest accrued on term loan	**6,455,069**	—
	Statutory Remittances		
	Service Tax payable	**—**	116,723
	Withholding taxes	**3,898,409**	1,754,350
	Others	**282,370**	—
	Other Payables		
	Accrued Expenses	**166,216,930**	270,468,496
	Earnest money deposit received	**347,000**	347,000
	Advances from customers	**161,066,615**	125,059,063
	Rental deposit from customers	**58,529,534**	52,679,534
	Payable on purchase of Fixed Assets	**26,044,812**	41,763,637
	Others	**101,163**	140,846
		1,038,141,902	492,329,649
12	**Short Term Provisions**		
	Compensated absences	**3,173,201**	1,933,128
	Gratuity	**871,233**	707,722
	Proposed Preference Dividend	**48,142,077**	—
	Tax on Proposed Dividend	**7,809,848**	—
		59,996,359	2,640,850

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13 Fixed Assets ₹

Particulars	Gross block				Depreciation				Net block	
	As at 01.04.2011	Additions	Deletions	**As at 31.03.2012**	As at 01.04.2011	For the year	Deletions	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Tangible Assets										
Leasehold land	42,253,019			**42,253,019**	1,914,353	420,560		**2,334,913**	**39,918,106**	40,338,666
Buildings										
Own use	194,206,852	13,994,870		**208,201,722**	5,923,646	3,899,812		**9,823,457**	**198,378,264**	188,283,206
Given under operating lease	640,194,278	168,633,216		**808,827,494**	21,250,173	14,180,602		**35,430,775**	**773,396,720**	618,944,105
Plant and machinery										
Own use	37,284,134	26,875,328	66,000	**64,093,461**	1,119,370	2,695,778	8,623	**3,806,525**	**60,286,936**	36,164,764
Given under operating lease	84,935,654	23,146,554		**108,082,209**	5,789,145	6,999,294		**12,788,439**	**95,293,769**	79,146,509
Office equipment	2,045,196	138,207	140,268	**2,043,135**	323,846	153,854	64,522	**413,178**	**1,629,957**	1,721,350
Furniture and fixtures										
Own use	4,083,070	1,211,211		**5,294,281**	1,103,139	282,842		**1,385,981**	**3,908,300**	2,979,931
Given under operating lease	139,059,988			**139,059,988**	29,360,335	14,652,675		**44,013,010**	**95,046,978**	109,699,653
Computers	3,877,280	514,443	45,000	**4,346,723**	2,070,595	638,743	31,488	**2,677,850**	**1,668,873**	1,806,685
Vehicles	4,796,372			**4,796,372**	1,508,127	455,659	—	**1,963,786**	**2,832,586**	3,288,245
Total Tangible Assets	1,152,735,843	234,513,829	251,268	**1,386,998,404**	70,362,729	44,379,818	104,633	**114,637,914**	**1,272,360,489**	1,082,373,114
Previous year	*947,060,123*	*206,585,362*	*909,642*	*1,152,735,843*	*36,350,668*	*34,331,656*	*319,595*	*70,362,729*		*1,082,373,114*

14. Intangible Assets ₹

Software	5,203,368			**5,203,368**	3,457,032	1,746,335	—	**5,203,367**	**1**	1,746,336
Total Intangible Assets	5,203,368	—	—	**5,203,368**	3,457,032	1,746,335	—	5,203,367	**1**	1,746,336
Previous year	*5,203,368*	—	—	*5,203,368*	*1,710,696*	*1,746,336*	—	*3,457,032*	—	*1,746,336*
Total	1,157,939,211	234,513,829	251,268	**1,392,201,772**	73,819,761	46,126,153	104,633	119,841,281	**1,272,360,490**	
Previous Year	*952,263,491*	*206,585,362*	*909,642*	*1,157,939,211*	*38,061,364*	*36,077,992*	*319,595*	*73,819,761*	—	*1,084,119,450*

₹

	As at March 31, 2012	As at March 31, 2011
15 Long Term Loans and Advances		
(Unsecured Considered Good)		
Capital Advance	**605,138**	1,649,738
Security Deposits	**3,292,852**	1,167,171
Deposits in respect of premises taken on lease	**126,000**	246,000
Advance income tax (net of provisions)	**9,278,471**	24,562,907
MAT credit entitlement	**21,895,429**	2,895,429
	35,197,890	30,521,245

16 Current Investments

	Units		₹	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Investment in Mutual funds (unquoted & non trade)				
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	**14,743.928**	—	**22,514,180**	—
HDFC Cash Management Fund Treasury Advantage/Plan	**2,137,350.706**	—	**49,999,900**	—
Religare Liquid Fund	13,640.845	—	**20,000,000**	—
SBI - Premier Liquid Plan - Inst. Growth	**17,707.026**	—	**29,999,900**	—
Kotak Flexi Debt Scheme - Growth	**911,509.301**	—	**11,968,872**	
Kotak Floater Long Term - Growth	—	1,090,898.576	—	17,000,000
SBI - Magnum Insta Cash Fund - Cash Option	—	345,876.035	—	7,511,874
JM High Liquidity Fund - Institutional Plan - Growth	**8,231,614.532**	—	**138,117,409**	—
JM Money Manager Fund Super Plus Plan - Growth	**278,883.954**	1,522,164.441	**4,149,556**	21,000,000
			276,749,817	45,511,874

	As at March 31, 2012	As at March 31, 2011
17 Inventories		
(at lower of cost and net realisable value)		
Work In Progress	**3,767,880,265**	3,872,604,257
(representing cost of land and related expenditure)		
	3,767,880,265	3,872,604,257

₹

	As at March 31, 2012	As at March 31, 2011
18 Trade Receivable		
(Unsecured considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**11,067,301**	—
Other Trade receivables	**622,830,096**	20,621,987
	633,897,397	20,621,987
19 Cash and cash equivalents		
Cash on hand	**33,788**	27,434
Balances with Banks		
in Current account	**422,799**	1,297,183
in Deposits maturing in 3 months	**83,000,000**	31,788,923
in earmarked accounts (with restriction on usage)	**60,000,000**	48,204,542
	143,456,587	81,318,082
20 Short term Loans and advances		
Prepaid expenses	**2,147,939**	1,632,292
Mobilization advance given to vendors	**11,464,686**	7,614,047
Balances with Government authorities		
Service Tax Refund Receivables	**5,496,660**	5,198,494
Export Duty Refund Receivables	**8,290,887**	—
Other recoverable from vendors	**733,004**	4,895,336
	28,133,176	19,340,169
21 Other current assets		
Deferred lease rent	**4,319,295**	3,007,867
Interest accrued on Fixed Deposits	**4,306,895**	14,880,191
	8,626,190	17,888,058

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 ₹	2010-11 ₹
22 Revenue from operations		
Land lease premium	**728,017,648**	283,144,117
Property rentals	**114,175,896**	82,744,963
Income from Operation and Maintenance	**55,970,612**	43,986,712
	898,164,156	409,875,792
23 Other Income		
Interest on deposits from Banks	**7,264,005**	8,967,313
Interest on Income tax refund	**888,308**	1,621,358
Gain on sale / redemption of Mutual funds	**5,489,673**	4,872,368
Miscellaneous Income	**40,522**	972,976
Unclaimed balances written back	**140,433**	18,851
Profit on sale of fixed assets	**—**	6,576
	13,822,941	16,459,442
24 Changes in Inventory of work in progress		
Opening work in progress	**3,872,604,257**	3,654,192,506
Closing work in progress	**3,767,880,265**	3,872,604,257
	104,723,992	(218,411,751)
25 Employee Benefit Expenses		
Salaries, wages and bonus	**48,733,668**	45,165,357
Contribution to Provident and other funds	**1,701,383**	1,658,416
Gratuity	**787,814**	335,835
Staff welfare	**1,183,591**	1,122,595
	52,406,456	48,282,203
26 Finance Costs		
Interest on term loans	**359,477,402**	285,941,052
Interest on Inter- corporate deposits	**32,748,541**	17,034,314
Interest - Others	**8,047,619**	3,844,773
	400,273,562	306,820,139
27 Other expenses		
Legal and professional charges	**12,445,072**	4,770,266
Electricity	**6,248,463**	4,845,547
Rent	**609,547**	605,284
Rates and taxes	**58,125**	10,000
Insurance	**2,182,100**	1,554,263
Repairs and maintenance - others	**3,335,964**	2,001,908
Marketing & advertisement expenses	**25,519,922**	24,088,694
Travelling	**9,788,517**	8,812,023
Communication	**1,224,190**	1,601,337
Remuneration to auditors		
Audit fees	**450,000**	450,000
Other services	**230,000**	25,000
Reimbursement of expenses / levies	**18,985**	3,220
Security charges	**10,932,445**	10,111,731
Loss on sale of fixed assets	**120,042**	347,806
Miscellaneous	**6,207,819**	7,213,215
	79,371,191	66,440,294

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
28 Contingent liabilities and commitments (to the extent not provided for)		
(i) Disputed Taxes		
Income Tax matters	**7,633,579**	—
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	**94,415,899**	83,991,388
(iii) Amount of Preference Dividend and Dividend Tax thereon not provided from 01.04.2010 to 31.03.2011	**—**	233,244,500

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
29 Value of imports calculated on CIF basis @:		
Capital goods	**581,253**	18,602,617
30 Expenditure in foreign currency		
Travel	**208,615**	158,603
Other Expenses	**884,996**	9,127,095
	1,093,611	9,285,698

31 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no such parties as per the confirmation available.

Additional information to the financial statements - Employee benefits

	Gratuity (Unfunded) ₹ 2011 – 12	2010 – 11
32 Employee Benefits		
a. Net Asset/ (Liability) recognized in the balance sheet as at March 31, 2012		
Liability recognised in the balance sheet	**2,527,755**	1,809,056
Non current	**1,656,522**	1,101,334
Current	**871,233**	707,722
b. Expense recognized in the Profit & Loss account		
Past service cost	**7,762**	481,973
Current Service cost	**741,441**	753,455
Interest cost	**142,581**	117,858
Actuarial (gains) / Losses	**(103,970)**	(1,017,451)
Total expenses	**787,814**	335,835
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	**1,809,056**	1,473,221
Past service cost	**7,762**	481,973
Current Service cost	**741,441**	753,455
Interest Cost	**142,581**	117,858
Actuarial (Gains) /Losses	**(103,970)**	(1,017,451)
Benefits Paid	**(69,115)**	—
Present value of the obligation as at the end of the year	**2,527,755**	1,809,056
d Principal actuarial assumptions		
Discount Rate	**8.50%**	8.00%
Mortality Rate	LIC (1994-96) Ultimate mortality tables	

e Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
33 Details of borrowing costs capitalised		
Borrowing costs capitalised during the year as		
– Inventory	**222,716,207**	186,987,014
– Fixed Assets	**23,158,897**	6,998,759
– Capital Work in Progress	**20,340,834**	6,099,848

34 Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Fellow Subsidiaries	Mahindra & Mahindra Limited Mahindra Lifespace Developers Limited Mahindra BPO Services Private Limited Mahindra EPC Services Private Limited Mahindra Holidays & Resorts India Limited Tech Mahindra Limited
Key Management Personnel (KMP)	Mr. B.K. Subbaiah - Chief Operating Officer

Note: Related parties have been identified by the Management.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Transactions with related parties during the year and balances outstanding as at March 31, 2012: ₹

Nature of Transactions	Mahindra & Mahindra Limited	Mahindra Lifespaces Developers Limited	Mahindra BPO Services Private Limited	Mahindra EPC Services Private Limited	Mahindra Holidays & Resorts India Limited	Tech Mahindra Limited	Mr. B. K. Subbaiah
Rendering of services				12,000 (4,533)	— (34,752)		
Receiving of services	111,070 (108,000)		99,000 (0)				
Finance (including loans and equity contributions in cash or in kind) Equity Share Capital Issued		37,000,000 (0)					
Preference Share Capital Issued		185,000,000 (0)					
ICD Taken		930,000,000 (400,000,000)					
ICD Repaid		650,000,000 (200,000,000)					
Interest on ICD		32,748,541 (17,034,314)					
Preference Shares Dividend Paid		— (18,814,247)					
Remuneration							6,213,200 (6,060,201)
Balances outstanding at the end of the year Trade receivables		85,802 (0)					
Loans and advances						57,000,000 (57,000,000)	
Trade payables	640,700 (912,604)		8,934 (0)				
Borrowings		580,000,000 (300,000,000)					

Note: Figures in bracket relates to the previous year

35 Leases

The Company's significant leasing arrangements are in respect of operating leases for commercial premises. ₹

	As at March 31, 2012	As at March 31, 2011
Gross carrying amount of premises	**1,055,969,691**	864,189,921
Accumulated depreciation	**92,232,224**	56,399,654
Depreciation for the year	**35,832,571**	24,185,669

Future minimum lease payments under non- cancellable operating leases (lock in period of 2 to 3 years for the building and 9 years 5 months for interiors)

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	**44,694,804**	47,811,792
Later than 1 year and not later than 5 years	**127,721,201**	102,053,834
Later than 5 years	**100,548,213**	988,872,991

Significant Leasing Arrangements
Lease is non cancellable during the lock in period.
Primary lease period is for 5 years and is renewable for further 2 terms of 5 years each.

₹

36

Earnings per share from continuing operations	For the year ended March 31, 2012	For the year ended March 31, 2011
Basic & Diluted		
Net profit / (loss) for the year from continuing operations	**87,101,940**	9,430,991
Less: Preference dividend and tax thereon	**32,707,425**	23,244,500
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	**54,394,515**	(13,813,509)
Weighted average no. of equity shares	**147,035,519**	145,000,000
Par value per share	**10**	10
Earnings per share from continuing operations - Basic & Diluted	**0.37**	(0.10)

37 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

₹

38

Deferred tax (liability) / asset	As at March 31, 2012	As at March 31, 2012
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**256,221,225**	196,557,504
Others	**4,319,295**	3,007,867
Tax effect of items constituting deferred tax liability	**(84,532,372)**	(64,748,984)
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	**3,173,201**	1,933,128
Unabsorbed depreciation carried forward	**—**	50,644,095
Others	**2,527,755**	1,809,056
Tax effect of items constituting deferred tax assets	**1,849,675**	17,645,628
Net deferred tax (liability) / asset	**(82,682,697)**	(47,103,356)

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits.

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary
Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas } *Directors*

Place : Jaipur
Date : April 20, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Seventh Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**23,026**	5,099
Profit /(Loss) Before Depreciation, Interest and Taxation	**(105,096)**	(10,292,773)
Less : Depreciation	**7,357**	12,614
Profit / (Loss) Before Interest and Taxation	**(112,453)**	(10,305,387)
Less :Interest	**—**	—
Profit / (Loss) Before Taxation	**(112,453)**	(10,305,387)
Less : Provision for Taxation	**—**	—
Profit / (Loss) for the year after Taxation	**(112,453)**	(10,305,387)
Add : Balance of Profit /(Loss) for earlier years	**(11,194,672)**	(889,285)
Balance carried forward	**(11,307,125)**	(11,194,672)

Operations

Your Company is examining the possibility of a joint venture project with MIDC in Maharashtra

Dividend

In view of the losses, your Directors do not recommend dividend for the year under review.

Capital

The Authorised Equity capital of your Company is ₹1.50 crore. During the year, the paid-up equity capital of your Company was increased from ₹ 1.12 Crore to ₹ 1.1704 Crore. The increase in Equity Share Capital is due to allotment of 50,400 equity shares of ₹ 10 each in rights issue.

Your Company continues to be a 100% subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas retires by rotation and being eligible offer herself for re-appointment.

Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on October 17, 2011. Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni hold office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notices from a member signifying his intention to propose Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni as candidates for the office of Director.

During the year Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Raghunath Murti resigned as Directors of the Company with effect from October 17, 2011. Your Board placed on record its appreciation of the valuable services rendered by Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Raghunath Murti during their tenure as Directors of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members of the Company affirming compliance with the Code.

Auditors

M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

Certificate under Section 383A of the Companies Act, 1956 from a Company Secretary in Whole-time Practice

In accordance with the provisions of Section 383A of the Companies Act, 1956, a certificate issued by M/s. Martinho Ferrao & Associates, Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 is given in the Annexure and forms a part of this Report.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which otherwise are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012, or was employed for a part of Financial Year and was in receipt of remuneration of not less than ₹ 500,000 p.m. during any part of the year.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Rajan Narayan
Chairman

Mumbai, April 19, 2012

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

(a)	Energy conservation measures taken	: The Company is looking out for suitable opportunity in large format development including residential development and adequate energy conservation measures will be taken at an appropriate time.
(b)	Additional investments and proposals, if any, 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 R & D 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 for the last 5 years	: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Rajan Narayan
Chairman

Mumbai, April 19, 2012

SECRETARIAL COMPLIANCE CERTIFICATE

The Members of
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED
5th Floor, Mahindra Towers,
Worli, Mumbai-400 018

I have examined the registers, records, books and papers of **MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED** *(the Company)* as required to be maintained under the Companies Act, 1956, *(the Act)* and the rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the financial year ended on March 31, 2012.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under .
3. The Company being a Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors duly met on April 19, 2011, August 18, 2011, October 17, 2011 and January 19, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The Company has not closed the Register of Members under Section 154 of the Act during the financial year since the same was not mandatory.
6. The Annual General Meeting for the financial year ended on March 31, 2011 was held on June 14, 2011 after giving due notice to the members of the Company. The resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under scrutiny.
8. The Company has not advanced any loan to its directors, or persons, or firms and Companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. In our opinion and according to the information and explanation given to us, there were no transactions with any party that needed to be entered in the register maintained in pursuance of the section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approval from the Board of Directors, members and Central Government.
12. The Board of Directors has not issued duplicate share certificates during the financial year under review.
13. The Company has:
    i) made allotment of 50,400 Equity Shares through rights issue and there were transfer of Equity Shares during the financial year under review.
    ii) not declared any dividend during the year and hence the Company was not required to deposit any amount as unpaid in a separate bank account.
    iii) not paid /posted warrants for dividends to any members, since no dividend was declared during the year under review.
    iv) not transferred any amounts to the Investors Education and Production Fund since there were no unpaid dividends, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, outstanding for a period of seven years.
    v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments/ re-appointment of directors have been duly made.
15. The Company has not appointed a Managing Director/ Whole time Director/ Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. As explained to me, the Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director and/or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures and/ or other securities except 50,400 Equity Shares through rights issue during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. Since the Company has no preference shares/debentures, the Company was not required to redeem any preference share/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
24. The Company has not borrowed any amount from Directors, members, public, financial institutions, banks and others, during the financial year under review.
25. The company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries has been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There were no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment imposed on the company during the financial year under review.
32. The Company has not received any money as security from its employees during the year under review.
33. According to the explanation given to us the Provident Fund Scheme is not applicable to the Company. Hence the Company has not deducted both employee's and employer's contribution to Provident Fund, with prescribed authorities, pursuant to Section 418 of the Act.

For **Martinho Ferrao & Associates**
Company secretaries

Martinho Ferrao
Place: Mumbai *Proprietor*
Date: *April 19, 2012* C P. No. 5676

ANNEXURE 'A'

(Refer Para 1 of report dated April 19, 2012)

No.	Registers as maintained by the Company	Under Section
1	Register of Members	150
2	Minutes Books of proceedings of	
	a) General Meeting	193
	b) Board of Directors	193
3	Register of Contracts, Companies & Firms in which directors are interested	301
4	Register of Directors	303
5	Register of Director Shareholding	307
6	Register of charges	143
7	Register of Transfer of shares	108

ANNEXURE 'B'

(Refer Para 2 of report)

Returns filed by the Company with the Registrar of Companies, Maharashtra, Mumbai, during the Financial Year ended March 31, 2012

No	Form No.	Under Section	Purpose	Filing date with ROC
1	Form 23AC & 23ACA - XBRL - Balance Sheet and Profit & Loss A/c (as on March 31, 2011)	220	As prescribed in the section	November 25, 2011
2	Form 20B - Annual Return (as on June 14, 2011)	159	As prescribed in the section	July 28, 2011
3	Form 66 (Compliance Certificate)	383 [A]	As required under the Issuance of Compliance Certificate Rules, 2001	July 01, 2011
4	Form 32 (Appointment and Resignation of Directors)	266	As prescribed in the section	October 17, 2011
5	Form 2 (Allotment of Shares)	75(1)	As prescribed in the section	September 08, 2011

AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

1. We have audited the attached Balance Sheet of Mahindra World City (Maharashtra) Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to Note 1 of the Financial Statements regarding these accounts being prepared on a going concern basis.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) 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.
5. Further to our comments in the Annexure referred to above, we report that:
   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (ii) 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 those books and proper returns adequate for the purposes of our audit;
   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
      (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **A.F. Ferguson & Co.**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
Membership No.21209

Place: Chennai
Date: April 19, 2012

Annexure referred to in paragraph 4 of the Auditor's Report to the members of Mahindra World City (Maharashtra) Limited on the account for the year ended March 31, 2012

i. Having regard to the nature of Company's business / activities / result, clauses (ii) to (viii),(xi) to (xx) of CARO are not applicable to the Company in the current year.

ii. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The assets were physically verified during the year by the management and no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any fixed assets during the year.

iii. According to the information and explanations given to us in respect of the statutory dues:

a) The Company has been regular in depositing undisputed dues, including Income Tax and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income Tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

c) As on March 31, 2012, there are no dues of Income Tax which has not been deposited on account of disputes.

iv. The accumulated losses of the Company at the end of the financial year have eroded more than 50% of its net worth and the Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year.

v. To the best of our knowledge and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **A. F. Ferguson & Co.**
Chartered Accountants
Registration No: 112066W

B. Ramaratnam
Partner
Membership Number: 21209

Place: Chennai
Date: April 19, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**11,704,000**	11,200,000
Reserves and surplus	4	**(11,307,125)**	(11,194,672)
		396,875	5,328
Current liabilities			
Other current liabilities	5	**110,300**	82,725
Total		**507,175**	88,053
ASSETS			
Non-Current assets			
Fixed Assets			
Tangible assets	6	**1**	7,358
		1	7,358
Current assets			
Cash and cash equivalents	7	**491,369**	68,401
Other current assets	8	**15,805**	12,294
		507,174	80,695
Total		**507,175**	88,053

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*

Anita Arjundas
Suhas Kulkarni
Vijay Paradkar } *Directors*

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note Ref	**Year ended March 31, 2012 ₹**	Year ended March 31, 2011 ₹
INCOME	9	**23,026**	5,099
		23,026	5,099
EXPENDITURE			
Changes in Inventories	10	**—**	10,133,591
Depreciation and amortisation expense		**7,357**	12,614
Other expenses	11	**128,122**	164,281
		135,479	10,310,486
Loss before tax		**(112,453)**	(10,305,387)
Less : Tax expense		**—**	—
Loss for the period		**(112,453)**	(10,305,387)
Earnings per equity share:			
Basic & Diluted		**(0.10)**	(9.20)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*

Anita Arjundas
Suhas Kulkarni *Directors*
Vijay Paradkar

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
A.	**Cash flow from operating activities**		
	Net Loss before tax	**(112,453)**	(10,305,387)
	Adjustments for:		
	Depreciation and amortisation	**7,357**	12,614
	Finance costs	**(22,946)**	(5,099)
	Operating (loss) before working capital changes	**(128,042)**	(10,297,872)
	Changes in working capital		
	Adjustments for increase/ (decrease) in operating assets		
	Other current assets	**(3,511)**	142
	Inventories	**—**	10,133,591
	Increase/(decrease) in current liabilities	**27,575**	—
		(24,064)	10,133,733
	Cash used in Operations	**(103,978)**	(164,139)
	Net cash (used in) operating activities	**(103,978)**	(164,139)
B.	**Cash flow from investing activities:**		
	Interest received	**22,946**	5,099
	Net cash from investing activities	**22,946**	5,099
C.	**Cash flow from financing activities:**		
	Proceeds from issue of shares	**504,000**	—
	Net cash from financing activities	**504,000**	—
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**422,968**	(159,040)
	Cash & cash equivalents		
	Opening balance	**68,401**	227,441
	Closing balance	**491,369**	68,401
	Net increase/(decrease) in cash and cash equivalents	**422,968**	(159,040)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **A.F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 19, 2012

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*

Anita Arjundas
Suhas Kulkarni *Directors*
Vijay Paradkar

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

1 Corporate information

The Company was incorporated in 2005 for development of Multi Product SEZ at Karla, Maharashtra as a Joint Venture with Maharashtra Industrial Development Corporation (MIDC). Owing to the issues faced in land acquisition in that region, MIDC has stated in their letter of January 7, 2011 that the project would not be pursued at Karla but it would work with the Company to examine the possibility of a Joint Venture project elsewhere. Accordingly, the project inventory representing cost on preliminary studies, surveys and interest have been charged off resulting in the accumulated losses eroding its networth in the previous year. The company is exploring alternate locations for the project. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

2 Significant Accounting Policies

a Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable costs of bringing the assets to its working condition for the intended use.

c Depreciation

Fixed assets are depreciated on the Straight Line method in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956 based on the useful life estimated by the Management. Accordingly, computers are depreciated at 20% which is higher than the rate specified in Schedule XIV to the Companies Act, 1956

d Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents lost of land and all expenduture incurred in connection with or attributable to the project, and, being a long term project includes interest.

e Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

f Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

	As at **March 31, 2012** ₹	As at March 31, 2011 ₹
3 Share Capital		
Authorised :		
1,500,000 Equity shares of ₹10 each	**15,000,000**	15,000,000
Issued, subscribed and paid up.		
1,170,400 equity shares of ₹10 each fully paid up	**11,704,000**	11,200,000
	11,704,000	11,200,000

a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

b Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2012		As at March 31, 2011	
	No of Shares	**Value of Shares ₹**	No of Shares	Value of Shares ₹
Equity Shares				
At the beginning of the period	**1,120,000**	**11,200,000**	1,120,000	11,200,000
Issued during the period	**50,400**	**504,000**	—	—
Outstanding at the end of the period	**1,170,400**	**11,704,000**	1,120,000	11,200,000

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
4 Reserves & Surplus		
(Deficit) in the statement of Profit and Loss		
Opening Balance....................................	**(11,194,672)**	(889,285)
Add: Loss for the Year	**(112,453)**	(10,305,387)
Closing Balance	**(11,307,125)**	(11,194,672)
5 Other Current Liabilites		
Other payables.......................................	**110,300**	82,725
	110,300	82,725

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

6 Fixed Assets

Tangible Assets (₹)

	Gross Block		Depreciation			Net Block	
	As at April 1, 2011	**As at March 31, 2012**	As at April 1, 2011	For the year	**As at March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
Computers	61,882	**61,882**	54,524	7,357	**61,881**	**1**	7,358
TOTAL	61,882	**61,882**	54,524	7,357	**61,881**	**1**	
Previous year	61,882	**61,882**	41,910	12,614	**54,524**		7,358

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
7 Cash & Cash Equivalents		
Cash on hand	**49**	63
Balances with Bank		
in current account	**2,632**	2,254
in deposit account	**488,688**	66,084
	491,369	68,401
8 Other Current Assets		
Advance Tax	**15,805**	12,294
	15,805	12,294

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
9 Income		
Interest income		
Interest on deposits	**22,946**	5,099
Interest on Income Tax refund	**80**	—
	23,026	5,099
10 Changes in Inventories		
Opening work in progress	**—**	10,133,591
Closing work in progress	**—**	—
	—	10,133,591
11 Other Expenses		
Rates and taxes	**4,034**	2,040
Legal and Professional Charges	**13,788**	79,426
Auditors' remuneration		
Audit Fees	**100,000**	75,000
Other services	**10,300**	7,725
Miscellaneous expenses	**—**	90
	128,122	164,281

12 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

13 Related Parties

a. Details of related parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

Related parties are as identified by the management

b. Details of Related party Transactions

	Holding Company	
Particulars	**2011-12**	2010-11
Shares issued (₹)	**504000**	—

14 Earnings per Share

Particulars	**2011-12**	2010-11
Basic & Diluted		
Net profit / (loss) for the year (₹)	**(112,453)**	(10,305,387)
Weighted average number of equity shares (Nos)	**1,148,780**	1,120,000
Par value per share (₹)	**10**	10
Earnings per share - Basic & Diluted (₹)	**(0.10)**	(9.20)

15 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

16 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*

Anita Arjundas
Suhas Kulkarni *Directors*
Vijay Paradkar

Place : Mumbai
Date : April 18, 2012

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Second Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the period June 2, 2010 to March 31, 2011
Total Income	**—**	—
Profit /(Loss) Before Depreciation, Interest and Taxation	**(33,758)**	(113,737)
Less : Depreciation	**—**	—
Profit / (Loss) Before Interest and Taxation	**(33,758)**	(113,737)
Less :Interest	**—**	—
Profit / (Loss) Before Taxation	**(33,758)**	(113,737)
Less : Provision for Taxation	**—**	—
Profit / (Loss) for the year after Taxation	**(33,758)**	(113,737)
Add: Balance of Profit / (Loss) for earlier years	**(113,737)**	—
Balance carried forward to the Balance Sheet	**(147,495)**	(113,737)

Operations

Your Company is exploring business opportunity in residential developments and shall undertake a few projects at an appropriate time.

Dividend

In view of the losses, your Directors do not recommend a dividend for the year under review.

Capital

The Authorised Equity Share Capital of your Company is ₹ 10 lakh and the paid-up equity capital of your Company is ₹ 5 lakh.

Your Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Ms. Anita Arjundas retires by rotation and being eligible offers herself for re-appointment

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss 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.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members of the Company affirming compliance with the Code.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from the above auditors proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the year under review.

The Company has not made any loans/advances of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

The particulars relating to energy conservation, technology absorption, 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 to this Report.

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012, or was employed for a part of Financial Year and was in receipt of remuneration of not less than ₹ 500,000 p.m. during any part of the year.

Acknowledgments

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year under review.

For and on behalf of the Board,

Anita Arjundas
Chairperson

Mumbai, April 18, 2012

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

(a)	Energy conservation measures taken	:	The Company is looking out for suitable opportunity in residential development and adequate energy conservation measures will be taken at an appropriate time.
(b)	Additional investments and proposals, if any, 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 R & D 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 for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

Anita Arjundas
Chairperson

Mumbai, April 18, 2012

AUDITORS' REPORT

TO THE MEMBERS OF
WATSONIA DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of Watsonia Developers Limited as at March 31, 2012 and the statement of Profit and Loss 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, (Order) 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 statement of Profit and Loss dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet, the statement of Profit and Loss 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) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and 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 March 31, 2012,

      ii) in the case of the Statement of Profit and Loss, of the loss 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 March 31, 2012, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2012 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
M. No. 44784

Mumbai
Dated: April 18, 2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of Watsonia Developers for the year ended March 31, 2012.

1. The company did not own any fixed assets at the beginning or at the end of the year. Also it has not purchased or sold any fixed assets during the year. Therefore, provisions of sub-clause (a), (b) and (c) of sub-para (i) of para 4 of the Order are not applicable.
2. Since the company does not hold any finished goods, stores, spares and raw materials. Therefore, provisions of sub-clause (a), (b) and (c) of sub-para (ii) of para 4 of the Order are not applicable.
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, provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.
4. Since the company has not dealt in purchase and sale of any finished goods, stores, spares and raw materials. Also neither it owned any fixed assets at the beginning or at the end of the year nor has purchased or sold any fixed assets during the year. Therefore provisions of sub-para (iv) of para 4 of the Order are not applicable.
5. In respect of transactions entered in the register maintained under section 301 of the Companies Act, 1956:
   a) In our opinion and according to the information and explanation given to us, there were no transactions exceeding the value of Rs. five lakhs in case of any party that need to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956.
   b) As there are no transactions exceeding the value of Rs. five lakhs 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 regarding reasonability of price at which such transactions have been entered is not applicable
6. In our opinion and according to the information and explanations given to us, the company has not accepted any loans or deposits within the meaning of Rule 2(b) of the Companies (Acceptance of Deposit's Rule), 1975.
7. The provisions relating to internal audit are not applicable to the Company.
8. We have been informed that the Central Government has not prescribed maintenance of Cost records u/s 209(1)(d) of the Companies Act, 1956.
9. (i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respects of income-tax wealth tax, sales tax, custom duty and excise duty were outstanding, as on March 31, 2012, for a period more than six months from the date they became payable.
   (ii) There are no disputed dues outstanding as on 31st March 2012 on account of sales tax, customs duty, income tax, excise duty, service tax, income tax, wealth tax and cess.
10. The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the period is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institutions and Banks.
12. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/society are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
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 during the year.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not obtained any term loans during the year ended 31st March 2012.
17. In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the company, no funds raised on short term basis have been used for long term investments.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The company has not issued any debentures during the year.
20. During the year the company has not raised any money by way of public issue.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Dated: April 18, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	**2**	**500,000**	500,000
Reserves and surplus	**3**	**(147,495)**	(113,737)
		352,505	386,263
Current liabilities			
Other current liabilities	**4**	**33,090**	16,545
Total		**385,595**	402,808
ASSETS			
Current assets			
Cash and cash Equivalents	**5**	**385,595**	402,808
Total		**385,595**	402,808

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year ended March 31, 2012	June 2, 2010 to March 31, 2011
		₹	₹
EXPENDITURE			
Other expenses	6	33,758	113,737
		33,758	113,737
(Loss) before tax		**(33,758)**	(113,737)
Less: Tax expense		—	—
(Loss) for the period		**(33,758)**	(113,737)
Earnings per equity share:			
Basic & Diluted		**(0.68)**	(2.74)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended Mar 31, 2012	June 2, 2010 to March 31, 2011
		₹	₹
A.	**Cash flow from operating activities**		
	(Loss) before tax	**(33,758)**	(113,737)
	Operating (loss) before working capital changes	**(33,758)**	(113,737)
	Changes in:		
	Increase / (decrease) in current liabilities	**16,545**	16,545
	Cash (used in) operations	**(17,213)**	(97,192)
	Net cash (used in) operating activities	**(17,213)**	(97,192)
B.	**Cash flow from financing activities:**		
	Proceeds from issue of shares	**—**	500,000
	Net cash from financing activities	**—**	500,000
	Net increase / (decrease) in cash and cash equivalents (A+B)	**(17,213)**	402,808
	Cash & cash equivalents		
	Opening balance	**402,808**	—
	Closing balance	**385,595**	402,808
	Net increase / (decrease) in cash and cash equivalents	**(17,213)**	402,808

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan
Beroz Gazdar } *Directors*

Place : Mumbai
Date : April 18, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Background

The Company was incorporated on June 2, 2010 and is engaged in the business of development of Residential complexes and is in the process of identifying lands for acquisition.

1. **Significant Accounting Policies**

   a) Presentation and Disclosure of Financial Statements

   During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statement. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However it has significant impact on presentation and disclosures made in the financial statements. Assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. The Company has also reclassified / regrouped the previous year figures in accordance with the requirements applicable in the current year.

   b) Basis of Accounting

   The financial statements have been prepared under the historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

   c) Taxes on Income

   Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

   Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

   d) Provisions and contingencies

   A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2012	As at March 31, 2011 ₹
2. Share Capital		
Authorised		
1,00,000 Equity shares of ₹ 10 each................	**10,00,000**	10,00,000
Issued, subscribed and paid up. 50,000 equity shares of ₹ 10 each fully paid up	**5,00,000**	5,00,000
(The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)		
	5,00,000	5,00,000

a. Reconciliation of number of shares

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Equity Shares				
Balance as at the beginning of the year	**50,000**	**5,00,000**	—	—
Addition due to new issue	**—**	**—**	50,000	5,00,000
Balance as at the end of the year	**50,000**	**5,00,000**	50,000	5,00,000

b. Shares held by holding company

	As at March 31, 2012		As at March 31, 2011	
Equity Shares	No. of Shares	% holding	No. of Shares	% holding
Mahindra Lifespace Developer Limited	**50,000**	**100.00**	50,000	100.00

	As at March 31, 2012	As at March 31, 2011 ₹
3. Reserves & Surplus		
Opening Balance of Profit & Loss Account	**(1,13,737)**	—
Add: (Loss) for the Current Year	**(33,758)**	(1,13,737)
Closing Balance of Profit and Loss Account ...	**(1,47,495)**	(1,13,737)
4. Other Current Liabilities		
Other payables	**33,090**	16,545
	33,090	16,545

The particulars regarding dues to Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

	As at March 31, 2012	As at March 31, 2011
5. Cash and Cash Equivalents		
Bank Balances		
On current account	**3,85,595**	4,02,808
	3,85,595	4,02,808

	Year ended March 31, 2012	For the period June 2, 2010 to March 31, 2011 ₹
6. Administration & Other Expenses		
Miscellaneous expenses	**1,218**	626
Legal and Professional Charges	**15,995**	—
Auditors' remuneration	**16,545**	16,545
Preliminary Expenses	**—**	96,566
	33,758	1,13,737

7. **Related Party Disclosures**

   (i) List of Related Parties

   Mahindra & Mahindra Limited — Ultimate Holding Company

   Mahindra Life Space Developers Limited — Holding Company

   (ii) Related Party Transactions

	2011-12	2010-11
Issue of Share (₹)	**Nil**	5,00,000
Expenses reimbursed (₹).........................	**Nil**	31,521
Payable at the year end (₹)......................	**Nil**	Nil

8. In line with AS 22, accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

9. **Earnings per share**	2011-12	2010-11
Net (loss) after tax (₹)	**(33,758)**	(1,13,737)
Weighted average number of Equity shares (Nos.)	**50,000**	41,507
Basic and Diluted Earnings per share (₹)	**(0.67)**	(2.74)
Nominal value of shares (₹)	**10**	10

10. Previous year's figures have been regrouped / recast, wherever necessary, to conform to current year's classification. Previous period figures pertains to the period June 2, 2010 to March 31, 2011 and hence are strictly not comparable.

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Place : Mumbai
Date : April 18, 2012

Rajan Narayan
Beroz Gazdar } *Directors*